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# INTERNATIONAL FOOD FOR PEACE

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## HEARING

BEFORE THE

## COMMITTEE ON FOREIGN RELATIONS

## UNITED STATES SENATE

EIGHTY-SIXTH CONGRESS

FIRST SESSION

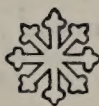
ON

### S. 1711

A BILL TO PROMOTE THE FOREIGN POLICY OF THE UNITED STATES AND HELP BUILD ESSENTIAL WORLD CONDITIONS OF PEACE, BY THE MORE EFFECTIVE USE OF UNITED STATES AGRICULTURAL COMMODITIES FOR THE RELIEF OF HUMAN HUNGER, AND FOR PROMOTING ECONOMIC AND SOCIAL DEVELOPMENT IN LESS DEVELOPED COUNTRIES

JULY 7, 8, AND 10, 1959

Printed for the use of the Committee on Foreign Relations



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WASHINGTON : 1959





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# CONTENTS

## Statement of—

Beale, W. T. M., Deputy Assistant Secretary of State for Economic Affairs; accompanied by Roger Stewart, Chief, Public Law 480 Liaison Branch, International Cooperation Administration; James A. Lynn, Assistant Chief, Economic Development Division, Department of State; and Howard M. Gabbert, Assistant Chief, Commodities Division, Department of State	Page 31
Bliss, Daniel, president, board of directors, Near East College Association, Inc.	128
Bookbinder, Hyman, legislative representative, AFL-CIO	285
Bowles, Hon. Chester W., a Representative in Congress from the Second Congressional District, State of Connecticut	230
Campbell, Wallace J., legislative representative of the Cooperative League of the U.S.A.	289
Empie, Paul C., Lutheran World Relief	254
Godley, Lloyd, chairman, legislative committee, Arkansas Farmers Union	64
Guffio, Frank, CARE	266
Healy, Patrick, assistant secretary, National Milk Producers Association	199
Huge, William E., director, Soybean Council of America, Inc.	168
Humphrey, Hon. Hubert H., U.S. Senator from the State of Minnesota	11
Johnson, Willard R., vice president, International Affairs, U.S. National Student Association	175
Kinney, Edward M., Catholic Relief Services	244
Leavitt, Moses A., American Jewish Joint Distribution Committee	261
Leet, Glen, program director, Save the Children Federation, Norwalk, Conn.	305
Lynn, John C., legislative director, the American Farm Bureau Federation; accompanied by Herbert E. Harris II, assistant legislative director, the American Farm Bureau Federation	131
Miller, Hon. Clarence L., Assistant Secretary of Agriculture; accompanied by Max Myers, Administrator, Foreign Agricultural Service; Ray Ioanes, Deputy Administrator, Foreign Agricultural Service; and Pat O'Leary, Assistant Administrator, Foreign Agricultural Service	69
Morse, Hon. Wayne, U.S. Senator from the State of Oregon	110
Nathan, Robert R., national chairman, Americans for Democratic Action	155
Rudis, Anthony, foreign trade committee, Illinois Manufacturers Association	303
Sims, Albert G., vice president, Institute of International Education	121
Solberg, Harvy R., chairman of the executive committee, National Farmers Union, and president of the Rocky Mountain Farmers Union	275
Soth, Lauren, chairman, agriculture committee, National Planning Association	142
Stambaugh, Lynn U., first vice president, Export-Import Bank of Washington; accompanied by George Blowers, Director; and Eugene Oakes, economist	114
Stewart, Mrs. Annalee, legislative secretary, U.S. section, Women's International League for Peace and Freedom	215
Swanstrom, Msgr. Edward E., chairman, executive committee, American Council of Voluntary Agencies for Foreign Service, Inc.	239
Symington, Hon. Stuart, U.S. Senator from the State of Missouri	269
Touover, Mrs. Denise, Hadassah	266



	Page
Statement of—Continued	
Vance, John B., president, Virginia Farmers Union.....	125
Walley, Ersel, chairman, market development committee, American Soybean Association.....	222
Wilson, E. Raymond, executive secretary, Friends Committee on National Legislation.....	188
Wilson, R. Norris, executive director, Church World Service, National Council of Churches.....	260
Statements submitted for the record by—	
Adams, Arthur S., president, American Council on Education.....	319
Carr, William G., executive secretary, National Education Association.....	319
Carroll, Hon. John A., U.S. Senator from the State of Colorado.....	320
Epstein, Lionel C., attorney, Putney, Vt.....	321
Gabriel, Iris, founder, Silent Guest Foundation.....	321
Hundley, James M., physician, Washington Grove, Md.....	323
Larson, D. T., Sr., Hartford, Conn.....	335
McGovern, Hon. George, a Representative in Congress from the First Congressional District, State of South Dakota.....	335
Nelson, Hon. Gaylord A., Governor of Wisconsin.....	337
Neuberger, Hon. Richard L., U.S. Senator from the State of Oregon.....	338
Poole, Mrs. Ruby H., national legislation chairman, National Federation of Business & Professional Women's Clubs, Inc.....	339
Reuther, Victor G., administrative assistant to the president, UAW.....	340
Rogers, Clyde N. and Margaret Brugler, directors, Christian Rural Overseas Program (CROP).....	341
Williams, Mrs. R. I., Mount Vernon, N.Y.....	341



# INTERNATIONAL FOOD FOR PEACE

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TUESDAY, JULY 7, 1959

U.S. SENATE,  
COMMITTEE ON FOREIGN RELATIONS,  
Washington, D.C.

The committee met, pursuant to call at 10:05, in room 4221, New Senate Office Building, Senator J. William Fulbright (chairman) presiding.

Present: Senators Fulbright, Humphrey Mansfield, Morse, and Aiken.

The CHAIRMAN. The committee will come to order.

Today the Committee on Foreign Relations begins its consideration of S. 1711, the food for peace bill. This bill is a demonstration of the kind of legislative initiative which I think is appropriate for the Congress to display. It is a bill which joins the agricultural resources of the United States with its foreign policy objectives.

(S. 1711 is as follows:)

[S. 1711, 86th Cong., 1st sess.]

A BILL To promote the foreign policy of the United States and help to build essential world conditions of peace, by the more effective use of United States agricultural commodities for the relief of human hunger, and for promoting economic and social development in less developed countries

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That Public Law 480 of the Eighty-third Congress, as amended, is further amended as follows:

(1) The first section (which provides the short title) is amended to read as follows:

"That this Act may be cited as the 'International Food for Peace Act of 1959'."

(2) Section 2 (which consists of a statement of policy) is amended to read as follows:

## "CONGRESSIONAL FINDINGS AND POLICY

"SEC. 2. (a) Because of the increased productivity made possible by science and technology, there is now, for the first time in history, no reason in physical scarcity for the continued existence of hunger, anywhere on this earth. It is now possible and practical for mankind to take cooperative steps to abolish human hunger.

"This being so, massive hunger and suffering from want of clothing, existing in the world in the shadow of unused present and potential surpluses of food and fiber, are no longer tolerable, either morally, politically, or economically.

"The Congress, while recognizing the difficult international, political and economic problems that lie between hunger and want of clothing in many parts of the world and food and fiber surpluses in others, declares it to be the policy of the United States to move as rapidly as possible in cooperation with other friendly nations, toward putting its abundance of food and fiber more effectively in the service of human need.

"(b) Peoples who comprise one-third of the human race have in our generation achieved national independence (or are in the process of doing so) and are



in revolt against the poverty, ignorance, disease, inferior status, and lack of opportunity which have always been their lot. They are determined to achieve that economic and social development necessary to national dignity and individual well-being. To mobilize their resources with reasonable speed and develop their economies to a point where they are self-propelled and self-sustaining they require substantial outside aid over a considerable period of years. If that aid is adequately forthcoming from the free world, they have a good chance to accomplish their purposes in freedom, remaining a part of the free world and contributing to its strength and well-being. If it is not forthcoming, their alternative is to seek it in the Communist world, and in the process to surrender both personal and national freedom. Deeply aware of and sympathetic with the aspirations of the world's peoples who seek in freedom greater national dignity and individual well-being, the Congress declares it to be the policy of the United States to help them achieve those aspirations. The Congress recognizes that for this purpose a number of different kinds of aid are required, but that among them food and fiber aid is a highly important form and one whose effectiveness can be greatly increased. The Congress declares that the agricultural abundance of the United States is not an embarrassment but a blessing to be used in the service of mankind, that it should be so used to the maximum extent possible, and that if it is so used it can help build essential conditions of world peace and freedom.

"(c) To achieve those larger purposes, the Congress directs that this Act shall be administered (1) so as to help other countries carry forward their own national or regional plans for development in freedom and independence; (2) so as to support the efforts and programs of the United Nations, its specialized agencies and affiliated organizations, and regional organizations of friendly countries, directed toward the same ends; (3) so as to leave wide latitude in working out details of national agreements and projects to the United States Chiefs of Missions in negotiations with the governments concerned; and (4) so as to enlist the cooperation of other countries in putting agricultural surpluses more effectively in the service of human need and the economic and social development of less developed countries.

"(d) It is also declared to be the policy of Congress to expand international trade among the United States and friendly nations, to facilitate the convertibility of currency, to promote the economic stability of American agriculture and the national welfare, to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment thereof. It is further the policy to use foreign currencies which accrue to the United States under this Act to expand international trade, to encourage economic development, to purchase strategic materials, to pay United States obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the United States."

(3) Section 101 (which relates to the negotiation of agreements) is amended by striking out "and" at the end of paragraph (d), by changing the period at the end of paragraph (e) to a semicolon, and by adding at the end of such section the following new paragraphs:

"(f) seek, insofar as possible, to enter into such agreement for periods in excess of one year; and

"(g) give maximum attention to utilizing the authority and funds provided by this Act to further the economic and social development plans of underdeveloped countries."

(4) Section 103(b) (prescribing limit on appropriations) is amended to read as follows:

"(b) Agreements shall not be entered into under this title during the period beginning July 1, 1959, and ending June 30, 1964, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$2,000,000,000 annually, plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior fiscal years by this Act as in effect during such fiscal years."



(5) Section 103 is further amended by adding at the end thereof the following new subsection:

"(c) In carrying out programs and activities under this title, the President shall, insofar as possible, coordinate such programs and activities with other United States and international programs and activities directed toward the same end."

(6) Section 104(e) (relating to loans for trade expansion) is amended by striking out "Export-Import Bank for loans mutually agreeable to said bank" and inserting in lieu thereof "United States Development Loan Fund created by title II of chapter II of the Mutual Security Act of 1954, as amended, for loans mutually agreeable to said Fund", and by inserting before the semicolon at the end thereof a colon and the following: "Provided further, That funds which have accrued under this section and which are uncommitted may at the discretion of the President, be placed under the administration of the Development Loan Fund".

(7) Section 104(g) (relating to the promotion of trade and economic development) is amended to read as follows:

"(g) For loans and grants to promote multilateral trade and economic development, made through established banking facilities of the friendly nation from which the foreign currency was obtained or in any other manner which the President may deem to be appropriate. Interest on loans made under this subsection shall be at such rate, not to exceed  $2\frac{1}{2}$  per centum per annum, as the President shall determine. Strategic materials, services, or foreign currencies may be accepted in payment of such loans;"

(8) Section 104(h) (relating to international educational exchange activities) is amended by striking out the words "in such amounts as may be specified from time to time in appropriation acts" and by striking out the semicolon at the end thereof and inserting in lieu thereof a period and the following: "Such currencies may also be used for making grants to United States nonprofit organizations and institutions for carrying out such exchange of persons projects under this paragraph between the United States and other countries as may be agreed upon between such organizations and institutions and the Secretary of State, but no such grants shall be made to any organization or institution which does not agree to provide the dollar funds which the Secretary of State deems necessary to carry forward agreed projects to a successful conclusion;"

(9) Section 104(k) (relating to scientific activities) is amended by striking out "but no foreign currencies shall be used for the purposes of this subsection (k) unless specific appropriations be made therefor" and inserting in lieu thereof the following: "and to promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation".

(10) Section 104(o) (relating to assistance to educational facilities sponsored by United States citizens) is amended by striking out so much thereof as follows the semicolon.

(11) Section 104 (relating to uses of foreign currencies) is amended by inserting after paragraph (o) the following new paragraphs:

"(p) For supporting workshops in American studies or American educational techniques, and supporting chairs in American studies.

"(q) For financing technicians and other personnel of the United Nations Food and Agriculture Organization and World Health Organization (including necessary equipment and supplies) engaged in (i) consulting and advising on, conducting, or administering government programs designed to relieve chronic hunger and malnutrition, (ii) consulting and advising on programs for the storage, management, and operation of national food reserves, or (iii) training local technical, administrative, and other personnel needed to carry out such programs;

"(r) For financing research, surveys, conferences, publicity, and other activities which the President shall find to be helpful in support of the projected 'Free the World From Hunger' campaign of the United Nations Food and Agriculture Organization; and for such purposes and the purposes of paragraph (q) any currencies of any country available under this Act may be transferred to and used in any other country;

"(s) For financing local currency cost components of projects undertaken by the United Nations Special Fund for which such Fund pays foreign exchange costs;

"(t) For contributions, in addition to United States dollar contributions, to the capital fund of any international development association or organization



of which the United States is a member which may be established as an affiliate of the International Bank for Reconstruction and Development for the purpose of making long-term loans for economic development;

"(u) for financing the preparation, distribution, and exhibiting of audio-visual informational and educational materials, including Government materials, abroad;

"(v) For transfer to the International Finance Corporation for the purpose of promoting private investment abroad under such arrangement as may be agreed upon between the President, said Corporation, and the country whose currency is involved;

"(w) For financing the services of technicians, advisers, and administrators who are nationals of any friendly country, which may be needed to further economic and social development programs in other friendly countries;

"(x) For financing relief and rehabilitation projects undertaken following disasters or for assistance to refugees."

(12) Section 104 is further amended by inserting before the period at the end thereof a comma and the following: "and from time to time release for the general purposes of this title funds that may have accrued in excess of prospective needs for payment of United States obligations".

(13) Section 106 (which relates to determination of nations with which agreements shall be negotiated) is amended by striking out the words "Secretary of Agriculture" where they appear the second time and inserting in lieu thereof "President".

(14) Section 107 (which defines "friendly nation") is amended by inserting before the period at the end thereof a colon and the following: "Provided, That such term shall not exclude any nation referred to in clause (2) if the President determines that the making and carrying out of agreements with such nation under this Act will be in the interest of attaining the foreign policy objectives of the United States".

(15) Section 109 (which relates to the duration of the program under title I) is amended by striking out "December 31, 1959" and inserting in lieu thereof "June 30, 1964".

(16) Section 202 (authorizing grants of surplus commodities for famine relief) is amended by striking out "with friendly governments or through voluntary agencies" and inserting in lieu thereof "by or with friendly governments or voluntary relief agencies to carry out the purposes of section 201 and to assist friendly nations in establishing, expanding, or carrying out programs, including programs undertaken with the assistance of experts and technicians of the United Nations Food and Agriculture Organization, and the World Health Organization for the relief of chronic hunger and malnutrition".

(17) Section 203 (which imposes limits on expenditures under title II) is amended by striking out the first sentence and inserting in lieu thereof the following: "Not more than \$250,000,000, including the Corporation's investment in the commodities, shall be expended annually for all such transfers and for other costs authorized by this title".

(18) Section 204 (which relates to the duration of the program under title II) is amended by striking out "December 31, 1959" and inserting in lieu thereof "June 30, 1964".

(19) Section 304(b) (which prohibits certain transactions with the Union of Soviet Socialist Republics and areas dominated or controlled by the Communist regime in China) is amended by striking out "title I or title III" and inserting in lieu thereof "title I, title III, title IV, title V, or title VI".

(20) Title III is further amended by adding at the end thereof a new section as follows:

"SEC. 306. Notwithstanding any other provision of law, the Commodity Credit Corporation is hereby directed—

"(1) to dispose of its stocks of edible oils or products thereof by donation, upon such terms and conditions as the Secretary of Agriculture deems appropriate, to nonprofit voluntary agencies registered with the Department of State, appropriate agencies of the Federal Government or international organizations, for use in the assistance of needy persons outside the United States;

"(2) to purchase for donation as provided above such quantities of edible oils and the products thereof as the Secretary determines will maintain the support level for cottonseed and soybeans without requiring the acquisition of such commodities under the price support program.



Commodity Credit Corporation may incur such additional costs with respect to commodities to be donated hereunder as it is authorized to incur with respect to food commodities disposed of under section 416 of the Agricultural Act of 1949, and may pay ocean freight charges from United States ports to designated ports of entry abroad."

(21) Such Act is further amended by adding at the end thereof the following new titles:

#### "TITLE IV—LONG TERM SUPPLY CONTRACTS

"SEC. 401. The purpose of this title is to utilize agricultural commodities and the products thereof produced in the United States, including but not limited to agricultural commodities in surplus supply, to assist the economic development of friendly nations by assuring such nations a stable supply of agricultural commodities on long-term credit for domestic consumption during periods of economic development so that the resources and manpower of such nations may be utilized more effectively for industrial and other domestic economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use.

"SEC. 402. In furtherance of this purpose, the President is authorized to enter into agreements with friendly nations under the terms of which the United States shall undertake to deliver annually (a) certain quantities of wheat, rice, cotton, feed grains, or tobacco, or (b) such other surplus agricultural commodities as may from time to time be available, for periods of not to exceed ten years.

"SEC. 403. Payment for such commodities shall be in dollars or in services or in strategic or other materials of which the United States does not domestically produce its requirements, as the President may from time to time determine, with interest at such rate as the President may determine but not more than 2½ per centum per year. Payment may be made in approximately equal annual amounts over periods of not to exceed forty years from the date of the last delivery of commodities under the agreement and interest shall be computed from the date of such last delivery.

"SEC. 404. Any such agreement shall include the following undertakings on the part of the purchasing nation as conditions of such contract:

"(1) That commodities provided hereunder will not replace any usual imports of the same or similar commodities by such nation from friendly nations;

"(2) That commodities provided hereunder will be used only for domestic consumption and that none of such commodities will be sold outside the purchasing nation either directly or through replacement of domestic production.

"SEC. 405. In entering into such agreements, the President shall endeavor to reach agreement with other exporting nations of such commodities for their participation in the supply and assistance program herein authorized on a proportionate and equitable basis.

"SEC. 406. In carrying out this title, the provisions of sections 101, 102, 103(a), 106, 107, and 108 of this Act shall be applicable to the extent not inconsistent with this title.

#### "TITLE V—NATIONAL FOOD RESERVES

"SEC. 501. The President is authorized to implement the resolution adopted by the United Nations on February 20, 1957 (United Nations Resolution 1025 [XI]), which was sponsored by the United States, calling for international cooperation in the establishment of national food reserves by making transfers of surplus agricultural commodities for the purpose of establishing such reserves. The Commodity Credit Corporation shall make available to the President out of its stocks such agricultural commodities as he may request for this purpose.

"SEC. 502. In making transfers under this title, the President may provide for delivery free on board vessels in United States ports and, upon a determination by the President that it is necessary to accomplish the purposes of such resolution, for the payment of ocean freight charges from United States ports to designated ports of entry aboard, and for the furnishing of technical and other assistance in providing storage facilities for the food reserves so established.

"SEC. 503. (a) No assistance under this title shall be furnished to any nation or organization of nations unless such nation or organization agrees—

"(1) to use the commodities furnished under this title to establish national food reserves;

"(2) to maintain the food reserves so established at agreed levels;

"(3) to consult with and utilize the services of experts and technicians of the United Nations Food and Agriculture Organization with respect to technical problems of storage, management, and operation of national food reserves;

"(4) to maintain and operate such reserves in such manner that they will not interfere with normal commercial trade of the United States or other friendly nations.

"(b) The President is authorized to make transfers of commodities under title II wherever necessary to replenish reserves which are depleted as a result of famine or other urgent or extraordinary relief requirements.

"SEC. 504. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this title. Sums appropriated for such purpose shall be available to reimburse the Commodity Credit Corporation for the Corporation's investment in commodities transferred hereunder and for all costs referred to in section 103(a).

"SEC. 505. No grants or other assistance shall be furnished under this title after June 30, 1964.

#### "TITLE VI—BINATIONAL FOUNDATIONS

"SEC. 601. (a) The President is authorized to negotiate and carry out agreements with friendly nations to provide for the establishment in such countries of nonprofit foundations to foster and promote research, education, health, and public welfare.

"(b) A foundation established under this title shall be under the direction of a board of trustees consisting of—

"(1) a number, to be determined by the agreement between the United States and the country in which the foundation is located, of the nationals of such country appointed by the Government thereof;

"(2) an equal number of nationals of the United States (one of whom shall be the chief of the United States diplomatic mission to such country) appointed by the President; and

"(3) one member, who shall be chairman, who shall be appointed by the government of such country with the approval of a majority of the members appointed as provided in clauses (1) and (2).

Members of a board of trustees shall serve at the pleasure of the appointing authority, and vacancies shall be filled in the same manner as in the case of the original appointments.

"SEC. 602. Notwithstanding the provisions of section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President is authorized to grant to any foundation established under this title for use in carrying out the purposes specified in section 601(a) any unexpended local currencies which accrue to the United States, as repayments of principal or payment of interest on loans heretofore or hereafter made by the United States under section 104. Any such currencies may be used for direct expenditure, or may be invested and the proceeds used, for carrying out this title.

#### "TITLE VII—ADMINISTRATION

"SEC. 701 (a) There is hereby established in the Executive Office of the President an agency to be known as the Peace Food Commission, which shall be headed by a Peace Food Administrator appointed by the President by and with the advice and consent of the Senate. The Peace Food Administrator shall serve at the pleasure of the President and shall receive compensation at the rate of \$21,000 per annum.

"(b) (1) The President shall carry out the functions conferred upon him by this Act and section 402 of the Mutual Security Act of 1954, as amended, either directly or through the Peace Food Administrator.

"(2) The President is authorized to transfer to the Peace Food Administrator the functions of any other agency which he determines are related to the functions of, and can be more effectively or economically carried out by, the Peace Food Administrator, together with any personnel or property used primarily in carrying out such functions.

"(c) The Peace Food Administrator is authorized to make such expenditures and appoint and fix the compensation of such personnel as may be necessary to enable him to carry out his functions.



"SEC. 702. (a) There is hereby established a Peace Food Policy Committee which shall consist of an Assistant Secretary, or officer of comparable level, of each of the following departments or agencies: Departments of State, Treasury, Agriculture, Commerce, Health, Education, and Welfare, and the International Cooperation Administration.

"(b) It shall be the duty of the Peace Food Policy Committee to advise and consult with the Peace Food Administrator concerning the administration of this Act. The Committee shall meet from time to time upon request of the Peace Food Administrator and at such other times as it may deem necessary.

"SEC. 703. (a) There is hereby established a Peace Food Advisory Committee which shall consist of representatives of the following and such other groups as the President deems advisable who shall be appointed by the President for terms of two years:

"(1) The major agricultural organizations;

"(2) Exporters of food and fiber;

"(3) Voluntary agencies such as Cooperative for American Remittances to Europe (CARE) and church groups;

"(4) Educational groups; and

"(5) Voluntary health groups.

"(b) It shall be the duty of the Peace Food Advisory Committee to advise and consult with the Peace Food Administrator, and to make such recommendations as it deems advisable, concerning the administration of this Act. The Committee shall meet from time to time upon request of the Peace Food Administrator and at such other times as it may deem necessary. In carrying out its duties under this Act, the Committee shall invite a representative of the United Nations Food and Agriculture Organization to meet with the Committee in order that, through him, the views of other exporting countries might be heard and their interests taken into account.

"(c) Members of the Advisory Committee shall be entitled, while attending meetings of the Committee, to receive compensation at the rate of \$50 per diem, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons in the Government service employed intermittently.

"SEC. 704. In negotiating agreements under this Act, the President shall give due consideration to the internal and external political and economic conditions of the countries concerned by drawing upon the appropriate title or titles of this Act in such manner as to carry out more effectively the policy set forth in section 2."

The CHAIRMAN. There are many different features in the proposed legislation which the committee will want to examine with great care. Basically, the broad goals of many of the specific provisions of the bill are worthy of our serious study and support.

Congress in recent weeks has produced other examples of this kind of initiative, leadership, and foresight that is exemplified by S. 1711.

I can only say to Senator Humphrey, who is to be our first witness, and who is the sponsor of this bill, and to the other cosponsors of this measure, that I hope this bill fares better than the proposal of our Committee on the Development Loan Fund. In the latter case those of us who saw the wisdom of sound financing long-term planning in the execution of our foreign lending program were rebuffed by the administration, which chose the expediciencies of the budget rather than the more fundamental needs and requirements of our foreign policy.

I hope that the administration will make some attempt to see the merits of the food for peace bill, because there is great merit in the proposal.

Undoubtedly, some of the details should be modified in the light of the testimony we are about to receive. The witnesses scheduled to appear before the committee include members of Congress, executive agencies, private organizations, and interested and informed individuals speaking for themselves.



I wish to insert in the record at this point the reports from the Department of State and the Department of Agriculture, both of which I may say disapprove of the legislation.

(The letters referred to follow :)

DEPARTMENT OF STATE,  
Washington, July 6, 1959.

Hon. J. W. FULBRIGHT,  
*Chairman, Committee on Foreign Relations,*  
*U.S. Senate.*

DEAR SENATOR FULBRIGHT: In compliance with your request the Department of State has reviewed S. 1711, introduced by Senator Humphrey for himself and others to promote the foreign policy of the United States and help to build essential world conditions of peace, by the more effective use of U.S. agricultural commodities for the relief of human hunger, and for promoting economic and social development in less developed countries.

1. This bill would effect several fundamental changes in Public Law 480 of particular interest to the Department of State:

(a) By shifting the emphasis of the act's purposes from surplus disposal to support for foreign economic development;

(b) By extending the authority to 5 years and directing the conclusion, "insofar as feasible," of multiyear sales agreements;

(c) By increasing the obligational authority from \$1.5 billion to \$2 billion per year;

(d) By transferring responsibility for administering Cooley amendment loans from the Export-Import Bank to the Development Loan Fund;

(e) By establishing a fixed interest rate of 2½ percent on economic development loans under subsection 104(g);

(f) By providing for additional uses of sales proceeds which would extend the present categories from section 104(o) through 104(x);

(g) By adding a new title IV authorizing the conclusion of long-term supply contracts (up to 10 years) involving sales of commodities on a dollar basis, with credit extended at a rate of interest not to exceed 2½ percent on 40-year terms;

(h) By adding a new title VII establishing an agency known as the Peace Food Administration, as a part of the President's Executive Office, to administer the act.

2. The Department of State is opposed to this bill for the following reasons:

(a) The proposed shift of emphasis in the act's purposes from surplus disposal to foreign economic development assistance would create a misleading impression of the extent of the possibilities of using agricultural surpluses for additional development. It would create among some countries exaggerated expectations of economic aid and among other friendly exporting countries would create apprehension about our policies with respect to surplus disposal. Agricultural surpluses are not capital goods, they are consumption goods, and are useful as aid only in countries suffering from agricultural deficits. They cannot be substituted for capital goods, or for the hard currencies needed to buy them. To attempt to increase the use of agricultural surpluses for economic development, to the extent envisaged in the bill, would tend to discourage or depress domestic agricultural production in aid recipient countries which must depend upon their agricultural resources for economic development. Moreover, reliance on long-term supplies of agricultural commodities from abroad on concessional terms would create serious problems if such supplies were cut off.

(b) The 5-year extension period and directive for multiyear programs implies a degree of permanency which is not in accord with the administration's policy to eliminate gradually the incentives which are responsible for overproduction and surpluses in the first place. Regarding multiyear programs, experience has shown that the theoretical advantages of multiyear programs are illusory. In most cases it simply is not possible to predict commodity requirements more than 1 year in advance with sufficient accuracy to make them meaningful. The signing of a title I agreement for 3 or more years does not necessarily mean that the importing country will take all the supplies contracted for. We do not have this assurance even in 1-year agreements. For example, in 1958 Greece agreed to take about \$25 million worth of surplus commodities under title I, of which approximately \$20 million was allocated for wheat. However, since it subsequently produced a bumper wheat crop it was unable to take any of

the wheat, which reduced the value of the program to about \$5 million. This year Greece is exporting wheat and edible oils and is not able to absorb any Public Law 480 commodities. India provides another instance of this type of situation. It usually has been assumed that India could absorb unlimited quantities of any kind of food; yet we were unable to program 150,000 metric tons of rice for India this year because it had a bumper rice crop which, with its normal purchases from Burma, satisfied its total market requirements.

Another illustration of these difficulties is the case of Korea. The Department of State is particularly interested in maximizing title I programs with Korea; between 85 to 90 percent of the sales proceeds resulting from such programs are used for mutual defense. The value of the program in fiscal year 1956 was \$47 million, in fiscal year 1957 it was \$19.2 million and rose to \$50 million in fiscal year 1958. Because of the importance of this program to Korea and the United States we would like to maintain the value at about \$50 million. However, Korea cannot absorb more than approximately \$33 million worth of title I commodities this year. It has a good rice crop and is looking for customers to which to export rice. This is an example of a situation that could not have been anticipated in advance and illustrates the futility of attempting to plan multiyear agreements with such countries.

However, there are occasional instances where consumption requirements are fairly steady and depend largely on imports. In such cases we have negotiated multiyear agreements, which we can do under present legislative authority. We shall continue to use this type of agreement when warranted.

(c) We believe that an increase in the annual title I authority substantially above the current \$1.5 billion could result in the displacement of our own commercial marketings and those of other friendly countries. It is important to note that the latter include countries, such as Burma, Thailand, Vietnam, Pakistan, Spain, Greece, Peru, and Argentina, which are heavily dependent on agricultural exports and to which we are providing assistance under various aid programs. These countries are already highly sensitive concerning our surplus disposals and legislation that envisaged a large increase in such disposals would create serious problems in our foreign relations with them.

(d) We oppose the transfer of administrative responsibility for Cooley amendment loans to the Development Loan Fund. The Export-Import Bank has gained valuable experience in its handling of Cooley loans. It is doing an effective job in promoting U.S. private investment abroad and we can see no justification for making the proposed change.

(e) We do not believe that it is desirable to fix arbitrary interest rates such as the 2½ percent for economic development loans under subsection 104(g) by legislation. The executive branch should have flexibility in determining interest rates on foreign loans in accordance with circumstances existing at any particular time.

(f) Although there might be certain advantages in having authority for some of the suggested new currency uses, in general we believe any additional use categories should be avoided. They tend to reduce the share of the sales proceeds made available to recipient countries in the form of loans or grants. This reduces the interest of such countries in title I agreements.

(g) We do not believe that the proposed title IV which would authorize long-term dollar supply contracts with credit up to 40 years would result in larger disposals. The absorptive capacity of the less developed countries is already being satisfied by present title I programs, together with commercial purchases. In the case of the more developed countries, which are able to purchase their requirements from the United States and other suppliers on a normal commercial basis long-term credit such as proposed would only result in displacement of normal purchases.

(h) The Department is opposed to the new title VII which would establish a Peace Food Administration in the Executive Office of the President. We believe the statutory establishment of an interagency coordinating committee and a public advisory committee is unnecessary and undesirable since the present interagency organization assures that the interest of the Department of State and other agencies are taken fully into account in developing title I programs and adequate means now exist for ascertaining the views of interested private organizations and individuals. Experience shows that this organization operates effectively and we believe, therefore, that it should be continued.

The administration is now preparing specific recommendations involving amendments to Titles I and II of Public Law 480 in furtherance of the President's food for peace program. These will soon be submitted to the Congress.



If we can be of further assistance to you and your committee please do not hesitate to call on us.

The Department has been informed by the Bureau of the Budget that there is no objection to the submission of this report.

Sincerely yours,

WILLIAM B. MACOMBER, Jr.,  
Assistant Secretary  
(For the Secretary of State).

DEPARTMENT OF AGRICULTURE,  
Washington, D.C., July 6, 1959.

Hon. J. W. FULBRIGHT,  
Chairman, Committee on Foreign Relations,  
U.S. Senate.

DEAR SENATOR FULBRIGHT: This is in response to your letter of April 23, 1959, requesting our comments on S. 1711, an act cited as the "International Food for Peace Act of 1959."

The Department opposes enactment of the bill.

The principal purposes of S. 1711 are to (1) extend title I through June 30, 1964, and authorize foreign currency sales of \$2 billion a year at cost to the Commodity Credit Corporation for the 5 fiscal years starting July 1, 1959; amend certain existing uses of foreign currency sales proceeds, provide grants of foreign currencies to certain international organizations, and authorize establishment of binational foundations abroad through the use of loan repayments; (2) extend title II through June 30, 1964, and authorize emergency grants abroad of \$250 million annually at cost to the Commodity Credit Corporation; (3) authorize sales of agricultural commodities on a long-term credit basis without limitation as to the time or amount with supply commitments up to 10 years; (4) authorize grants of CCC commodities for establishment of national food reserves abroad; and (5) establish a Peace Food Administrator in the Executive Office of the President to administer Public Law 480 and foreign currency sales authorized under section 402 of the Mutual Security Act of 1954.

Public Law 480, particularly title I, has contributed significantly to maintaining U.S. agricultural exports at a high level. An extension during this session of Congress will permit us to continue programing commodities without interruption since the present authorization does not expire until December 31. We believe there is little to be gained by extension beyond 1 year and it is not essential to efficient operation of the program. Every effort will be made, consistent with the objectives of the food for peace program, to maximize the utilization of our surpluses, however, and any additional authorization needed will be requested of the Congress before the end of the fiscal year 1960.

We have entered into several 2- and 3-year supply commitments under title I for commodities clearly in surplus supply during these periods and where there was room for increased consumption of the commodities without adverse effect on normal commercial trade. With such existing authority, therefore, the proposed amendment of section 101 to seek, insofar as possible, the negotiation of agreements for periods in excess of 1 year is not necessary.

We oppose the transfer of responsibility of private enterprise loans under section 104 (e) from the Export-Import Bank of Washington to the Development Loan Fund. The promotion of economic development with foreign currencies through the private sector is being administered vigorously by the Export-Import Bank. The Bank has the experience, general know-how, and operating responsibilities best suited for this activity which was largely intended for U.S. industry participation.

We oppose the establishment of a maximum interest rate of 2½ percent per annum for 104(g) loans because this requirement would not permit flexibility in loan operations. The amendment to section 104 concerning release for other purposes authorized in section 104 of funds excess to needs for the payment of U.S. obligations is not necessary since the act now gives the President this authority.

New currency uses 104(q) through (x) would expand an already wide range of authorized uses and would further complicate the administration of foreign currency sales proceeds. In many countries the need for foreign currencies for U.S. programs exceeds the availability of such currencies. Authorized additional uses would increase the competition for currencies and result in less effective

U.S. programs. As to the possible use of loan repayments to establish nonprofit foundations to foster and promote research, education, health, and public welfare as provided in title VI of S. 1711, the use of loan repayments is not yet a real problem because of the limited amounts of foreign currency which accrued this year and are expected to accrue in the fiscal year 1960.

We favor the use of surplus agricultural commodities for the establishment of national food reserves as provided in title V of S. 1711. We believe, however, that it would be preferable to amend title I to permit grants of commodities for establishing reserves in underdeveloped countries, under conditions requiring payment to be made for any quantities of such reserves utilized in commercial channels.

Specific recommendations regarding amendments of title I as well as title II in furtherance of the food for peace program will be submitted to the Congress soon.

We oppose the changes in administration provided for in title VII of S. 1711. The mere adding of another echelon of administrative machinery would not result in increased movement of commodities abroad. We believe such increases can be attained within the concepts of the food for peace program, through the existing mechanism for interagency coordination which has proved to be effective.

Every effort will be made to increase the utilization of our surpluses under policies and safeguards consistent with the best interests of the United States. We are convinced that the establishment of a new agency is not necessary to effective operation of the program, and that the additional costs incurred would be an unjustified use of public funds.

We oppose the provisions of title IV of S. 1711 for the same reason that we oppose a longer term extension of title I. Moreover, title IV would create additional problems. Supply commitments up to 10 years, without requiring determinations that commodities are surplus, might obligate the United States to finance commodity purchases from the commercial market which might not otherwise be made under the price support program. Long-term supply commitments of this kind will tend to create the unfortunate impression that surpluses will be with us for at least that forward period. We are not aware of advantages to be gained in title IV provisions since it appears they are aimed at the same countries now participating in title I programs. Also, it would be undesirable to establish surplus disposal on a permanent basis since the problem of utilizing our agricultural abundance and appraising the domestic agricultural situation is too important and has too many implications to legislate years ahead.

Although we favor the donation of surplus edible oils and products thereof to needy persons abroad, we oppose the proposal to make such donations mandatory. Current market situations indicate the strong possibility that all surplus edible vegetable oils in the United States may be needed to meet demands of dollar sales or title I agreements. The continued low production of coconut oil, the flood disasters in the Argentine area, and the failure of Communist China to deliver in accordance with earlier indications may develop a tightness in the world market for edible oils which will be more than enough to absorb the indicated surplus in the United States.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

The CHAIRMAN. The first witness is Senator Hubert Humphrey, the principal sponsor of the legislation.

Senator Humphrey, will you proceed?

Senator HUMPHREY. Thank you, Mr. Chairman.

## STATEMENT OF HON. HUBERT H. HUMPHREY, U.S. SENATOR FROM THE STATE OF MINNESOTA

Senator HUMPHREY. As you have probably noted, the bill is not only sponsored by the present witness, but by 15 other Senators.

I introduced the bill on April 16, 1959. At that time I gave a detailed description of the titles, the subsections and features of the



bill, as well as a comparison between this particular proposal and the basic proposal or law that we now have; namely, Public Law 480; the Agricultural Trade and Development Act, which was originally passed by the Congress in 1954, and which has been modified, amended, revised and extended every year.

Regardless of the motives and intentions of the Members of Congress who have drafted and supported Public Law 480 in the past—and I am sure we will agree that those motives and intentions have been mixed—the administration of the Public Law 480 program by the executive branch has been consistently dominated by the less than positive attitude of “surplus disposal.” In other words, getting rid of unwanted surpluses of food and fiber.

The International Food for Peace Act of 1959, which is S. 1711 to which I referred earlier, proposes to bring about a fundamental change in the spirit and administration of our farm surplus program. I believe it would be better to say our farm production program.

The passage of the proposed act would mean a complete abandonment of the so-called surplus disposal mentality, and it would launch us upon a course of using America’s agricultural abundance avowedly, explicitly, and effectively to relieve human hunger and to build in the world some of the essential conditions of peace.

The new character and emphasis of the proposed Food for Peace Act is well illustrated by the fact that this year it has been appropriately referred to the Committee on Foreign Relations rather than, as in the past, to the Committee on Agriculture and Forestry. I might add that both committees, of course, have a positive jurisdictional interest in this subject matter, but the implications and the purpose of the International Food for Peace Act is to buttress, fortify, and carry out the objectives of American foreign policy.

May I draw your attention to the fact that Public Law 480 expires on December 31 of this year, unless extended by the Congress at this session.

There are very few Members of Congress who would be willing to see the program terminate. The question is not whether it is to be renewed, but, rather, the form in which it is to be renewed.

#### PURPOSE OF THE INTERNATIONAL FOOD FOR PEACE ACT

The purpose of the International Food for Peace Act of 1959, as stated in the bill, is “to promote the foreign policy of the United States and help to build essential world conditions of peace, by more effective use of U.S. agricultural commodities for the relief of human hunger, and for promoting economic and social development in the less developed countries.”

The most fundamental arguments in support of the proposed act are stated succinctly in the “Congressional Findings and Policy,” which serves as a preamble. In order to launch discussion here, I should like to read a few paragraphs from that preamble:

(a) Because of the increased productivity made possible by science and technology, there is now, for the first time in history, no reason in physical scarcity for the continued existence of hunger—anywhere on this earth. It is now possible and practical for mankind to take cooperative steps to abolish human hunger.

This being so, massive hunger and suffering from want of clothing existing in the world in the shadow of unused present and potential surpluses of food and fiber are no longer tolerable, either morally, politically, or economically.

The Congress, while recognizing the difficult international, political, and economic problems that lie between hunger and want of clothing in many parts of the world, and food and fiber in others, declares it to be the policy of the United States to move as rapidly as possible in cooperation with other friendly nations toward putting its abundance of food and fiber more effectively in the service of human need.

(b) Peoples who comprise one-third of the human race have in our generation achieved national independence (or are in the process of doing so) and are in revolt against the poverty, ignorance, disease, inferior status, and lack of opportunity which have always been their lot. They are determined to achieve that economic and social development necessary to national dignity and individual well-being. To mobilize their resources with reasonable speed and develop their economies to a point where they are self-propelled and self-sustaining they require substantial outside aid over a considerable period of years. If that aid is adequately forthcoming from the free world, they have a good chance to accomplish their purposes in freedom, remaining a part of the free world and contributing to its strength and well-being. If it is not forthcoming, their alternative is to seek it in the Communist world, and in the process to surrender both personal and national freedom. Deeply aware of and sympathetic with the aspirations of the world's peoples who seek in freedom greater national dignity and individual well-being, the Congress declares it to be the policy of the United States to help them achieve those aspirations. The Congress recognizes that for this purpose a number of different kinds of aid are required, but that among them food and fiber aid is a highly important form and one whose effectiveness can be greatly increased. The Congress declares that the agricultural abundance of the United States is not an embarrassment but a blessing to be used in the service of mankind, that it should be so used to the maximum extent possible, and that if it is so used it can help build essential conditions of world peace and freedom.

(c) To achieve those larger purposes, the Congress directs that this act shall be administered (1) so as to help other countries carry forward their own national or regional plans for development in freedom and independence; (2) so as to support the efforts and programs of the United Nations, its specialized agencies and affiliated organizations, and regional organizations of friendly countries, directed toward the same ends; (3) so as to leave wide latitude in working out details of national agreements and projects to U.S. chiefs of missions in negotiations with the governments concerned; and (4) so as to enlist the cooperation of other countries in putting agricultural surpluses more effectively in the service of human need and economic and social development of the less developed countries.

#### A LOOK AT THE PUBLIC LAW 480 PROGRAM

With these purposes, how does the proposed act differ from the Public Law 480 program which we have been carrying on for 5 years? Let us take a brief look at operations under Public Law 480.

In the 4½ years of Public Law 480 operations which ended December 31, 1958, agricultural commodities valued at more than \$4.5 billion were sold to 36 countries, or contracted for shipment, against payment in local currencies usable only for agreed purposes in the countries concerned. Most of these currencies were turned back as loans for economic and social development projects. In addition, farm commodities valued at nearly one-half a billion dollars were donated to 36 countries for famine and other emergency assistance; commodities valued at nearly \$1.5 billion were donated for foreign and domestic relief through nonprofit voluntary American agencies and intergovernmental organizations; and farm commodities valued at nearly \$1 billion were bartered abroad for strategic materials needed by the United States.



So you have a total there of about \$7.5 billion in the period of 4½ years.

All of these farm commodities were from domestic supplies exceeding an effective dollar demand, and all moved with care to protect normal dollar export markets.

I know this is a point which is often raised about the use of our so-called food surpluses; namely, that they invade normal export and dollar markets.

I believe it is to the credit of the Department of Agriculture that this has been at a minimum. There is no positive guarantee that some overlapping on the normal export market may not take place. But there has been a determined and concerted effort to see that this did not take place, and I believe that the techniques developed have been rather effective.

The people of the United States have reason for great pride in what has been accomplished with their farm surpluses. On the whole these surpluses have relieved wants and supplied needs throughout the world that would otherwise not have been met through commercial purchases.

Without the program, tens of millions of people would have gone hungry. In human terms, and even in terms of the national needs of the developing countries, the program has accomplished enormous good.

#### NEED FOR A REVISED PUBLIC LAW 480 PROGRAM

Nevertheless—and this is the salient point—the Public Law 480 program has fallen short of its vast potentialities. It contains glaring deficiencies in law, in spirit, and in administration that can and should be remedied to make it a more effective instrument for meeting human needs and for serving the foreign policy of the United States.

The annual revisions of Public Law 480 during the past 5 years have dealt only in part with these deficiencies.

The International Food for Peace Act of 1959 is a bold and imaginative attack on these weaknesses. It was not hastily designed. It is the outgrowth of long study, of 5 years of experience, and of careful research.

Two years ago the chairman of the Committee on Agriculture and Forestry, Senator Ellender, directed me to make a study on behalf of the committee, of operations under Public Law 480. The law had been in effect then for 3 years, and the committee wished to know what had been accomplished, what more could be accomplished, and what changes, if any, were needed in the law. The study continued throughout most of a year and included testimony from 71 witnesses taken in 10 days of hearings during June and July of 1957. I presented a report to the chairman in February of 1958.

Many of the proposals in the International Food for Peace Act of 1959 are the direct outcome of that study.

#### SPECIAL REPORTS ON AGRICULTURAL SURPLUSES

In making this study I had the benefit of an excellent previous study entitled "Agricultural Surplus Disposal and Foreign Aid" prepared the year before by the National Planning Association at the request of the special Senate Committee To Study the Foreign Aid Program.

At this point, I refer to that particular study made by the National Planning Association for the Foreign Relations Committee. Regrettably the recommendations in that study, which were done by competent staffs were not incorporated in the law. One of the studies that was used to formulate this bill is the National Planning Association study.

This report, published by the Senate, was thoroughgoing and contained extensive recommendations for change.

Two other highly significant studies of Public Law 480 operations are relevant, and in light of the fact that the chairman has placed in the record the report of the State Department, and the report of the Department of Agriculture—

The CHAIRMAN. Yes, sir; both.

Senator HUMPHREY. I want the next two reports to be viewed and studied by the committee very carefully.

These reports were asked for by the administration, and the bill that is before you carries out the recommendations of the reports which this Administration has had made at the request of the respective Departments of Agriculture and State.

One of the reports was a six-country survey made in 1958 by a team of experts under the direction of Dr. John H. Davis, formerly an Assistant Secretary of Agriculture.

I believe he is presently in Beirut, Lebanon, and it might be a good idea to have Dr. John Davis come back and tell this committee and the Congress again what he found in his report. This report has been conveniently buried, and has been given only slight notice by the Department of State.

Dr. Davis' summary report and his memorandum, entitled "Policy Considerations Pertaining to Public Law 480," were made public by the State Department.

I also call your attention to the field investigation of the "Accumulation and Administration of Local Currency" made last year by a team of American businessmen appointed by Mr. James H. Smith, Jr., then the Director of the International Cooperation Administration. The businessmen's report was submitted to the Director of the International Cooperation Administration on August 5, 1958, and was then published.

Dr. John Davis, Mr. Chairman, was also engaged by the State Department to make a special report on the operations of Public Law 480. He has a rich background as former Assistant Secretary of Agriculture, and on his special assignment to study the operations of Public Law 480, he made recommendations as to the use of food and fiber in American foreign policy. The bill which I present represents the recommendations of the National Planning Association, which were the recommendations presented by this committee to the Congress, the recommendations of Dr. John H. Davis, and the recommendations of Mr. James Smith's special investigative team on the use of Public Law 480 currencies.

In drafting the proposed act, I not only drew heavily upon the recommendations of these various studies, which were surprisingly unanimous in their suggestions, but I also had other studies made of how, in the opinion of knowledgeable people, the program might be improved.



For example, I called in many of the voluntary agencies; many of the religious or church groups which were operating overseas in terms of the donation program for the needy, and these recommendations have been incorporated, after months of study, into this particular proposal.

#### RECOMMENDATIONS OF SPECIAL STUDIES

The overwhelming conclusion of all of these studies, and the overwhelming opinion of nearly all who have been associated with Public Law 480 operations, are that countries receiving food aid find it constructive and helpful to economic development. Interference with normal commercial trade markets and expectations is minor; but there are, nevertheless, defects and inadequacies both in the law and its administration which need correction.

All are in general agreement as to what the defects are and how they can and should be corrected, and all believe the program should be continued on a longer term basis.

I want to state, that every single recommendation, and every study for which this Government has spent thousands and hundreds of thousands of dollars to make, suggests at least a 5-year extension of the surplus food program.

Despite that, the administration makes a 1-year request for extension, year after year, despite the testimony of its own experts stating that this is wasteful, costly, and promotes inefficiency and ineffectiveness. Those are practically the words of the Government's, or the administration's, own investigative teams.

#### CRITICISM OF ADMINISTRATION POLICY

Here are some of their chief criticisms which we have sought to take into account:

1. That the program, conceived in terms of "surplus disposal," has been administered in that spirit with only casual attention to humanitarian and foreign policy goals;

2. That eagerness on the part of the administration to unload "unwanted" commodities has too often lead our friends abroad to assume they are doing us a favor in accepting our surpluses;

3. That the program, authorized for only a year at a time, has never been regarded in this country or abroad as a continuing one, with the result that food-deficit countries planning for economic development have never known from year to year what food supplies or local currency grants and loans they could count on. This has frustrated planning and retarded development.

This point was made specifically by Dr. John Davis.

4. Perhaps none of these would have been insurmountable barriers to an effective program had the President established adequate administrative machinery or had the Secretary of Agriculture or the Secretary of State taken a genuine interest in the program.

Mr. Chairman, I traveled in nine countries in southern Europe and the Middle East in 1957. I stopped in each one of the embassies in those countries to inquire about the administration of Public Law 480. On occasion I found someone who was keenly interested, and very well informed, but in the main I found out more from the govern-

ments of the countries where our embassies were located than I could from anyone in our own Embassy. And I stated this in the hearings which were held following that study trip.

I said that there has been a lack of genuine interest. Instead, our officials have given the program only lipservice and have allowed it to struggle along in one of the worst administrative morasses known to Washington.

As I said on the Senate floor, when introducing the proposed act—

It is a remarkable and shameful fact that no one is really in charge of the store that sells or otherwise distributes billions of dollars worth of our surplus agricultural commodities. There is literally no one in high authority in the entire Government who devotes full time to the administration of Public Law 480.

#### NINE AGENCIES RESPONSIBLE FOR HANDLING ADMINISTRATION UNDER PUBLIC LAW 480

I brought along the testimony I gave in the Senate on this question. This was as a result of the studies made by the committees to which I alluded earlier, and may I point out that one of these administrative studies was made by the National Planning Association. It points out, for example, that in distributing the authority among these agencies, there are nine separate agencies involved in the handling of Public Law 480 operations. There are two interagency committees, the International Cooperation Administration, the Department of State, the Department of the Treasury, the Department of Agriculture, the Department of Defense, and other agencies involved in the administration of the act.

In distributing authority among these agencies, the President assigned to the several departments and agencies those aspects of Public Law 480 which are related to the type of work they normally carry on. The result is divided responsibility, overlapping authority, and clashing points of view.

Policy decisions are made by a six-agency committee chaired by a member of the White House staff. This body is called the Interagency Committee for Surplus Disposal. Its Chairman is Mr. Clarence Francis. Member agencies are the Departments of Agriculture, Commerce, Treasury, State, ICA and the Bureau of the Budget. But operational decisions are made by a nine-agency committee chaired by a representative of the Department of Agriculture.

This body is called the International Agency Staff Committee, and it is headed by the Director of the Department of Agriculture's Foreign Agricultural Service.

Other member agencies are the Departments of State, Commerce, Defense, Treasury, ICA, Office of Civil and Defense Mobilization, Bureau of the Budget, and the U.S. Information Agency.

As the head of the International Agency Staff Committee, the Department of Agriculture is responsible for initiating agreements for the sale of surpluses for foreign currencies, and for seeing that these agreements are pushed through in getting the commodities delivered.

The Secretary of Agriculture is also directed to arrange barter transactions through private trade channels.

One of the purposes of this bill is to bring some order out of the apparent confusion of administration.



Again may I say that the present administrative setup does work, but whether it works as well as it should or not is a question which needs to be carefully studied.

I will only say this: Every objective administration survey that has been made of Public Law 480, administrative machinery recommends that it be changed.

I see no reason to have even Clarence Francis at the head of the policy committee. All of these many groups recommend fundamental changes, and yet each year we get another 1-year extension of the same act. In fact, without any reference to the sponsors of this bill, may I most respectfully state that there isn't a single investigative team who has looked into Public Law 480 that has not recommended a basic change.

The present law, as I have indicated, leaves the administration to the President, who, by Executive order, has distributed authority and operations among no less than nine Government agencies.

In operational practice, a large number of people in nine different agencies have a veto and no one below the President has the power to cut through the administrative jungle. The result is that negotiations for agreements are usually long, tedious, and at times acrimonious, often raising the question in the minds of the negotiators on both sides as to whether the transactions are worth the trouble.

There is, therefore, general agreement that, although the program has accomplished great good, it has quite unnecessarily generated ill will in the receiving countries; that it has unnecessarily alarmed other exporting countries; that it has unnecessarily fallen short of its potentialities for promoting economic and social development in the underdeveloped countries; and that it has failed to establish itself adequately in world opinion either as a great humanitarian program or as an important American instrument of economic and social progress.

Even the best friends of Public Law 480 agree that it has done only a fraction of what it might have done to accomplish the foreign policy objectives of the United States.

#### SIGNIFICANCE OF CHANGES IN FOOD FOR PEACE ACT

Let us consider briefly the chief changes which the Food for Peace Act would bring about:

1. If the Congress should adopt the new statement of purposes, and if the administration should adopt its spirit, at least half the battle for a fully effective use of American agricultural abundance would be won.

2. The proposed Food for Peace Act would create a new Peace Food Administration modeled on the War Food Administration of World War II. A Peace Food Administrator would report only to the President and would have full authority to make decisions, and see to it that our farm surpluses serve the purposes of the act, which are to relieve human want and hunger and to help other countries achieve economic and social development necessary for independence and freedom.

3. The proposed act would establish an intergovernmental Peace Food Advisory Committee to advise and consult with the Peace Food Administrator on the administration of the act.

4. It would authorize the establishment of a Citizens Peace Food Advisory Committee, consisting of representatives of major agricultural organizations, exporters of food and fiber, voluntary agencies, church groups, educational groups, and health groups. This citizens committee would advise the Peace Food Administrator on the administration of the act. I regard this citizens committee as a significant new feature of the bill.

5. It would face up to the fact of our continuing agricultural abundance and authorize a 5-year program with annual sales against local currencies at a rate of \$2 billion a year, as compared with the present program of \$1.5 billion. Famine and emergency grants of food and cotton would also be authorized for 5 years at a rate of \$250 million a year, which is somewhat larger than at present.

The Food for Peace Act in many other important respects goes far beyond Public Law 480.

Mr. Chairman, I want to state for the record that I don't believe there is anyone who can produce evidence before this or any committee of Congress that we are going to be able to bring American agricultural production into balance with sheer demand, that is, the dollar or domestic demand. We are faced with a situation where the technology and the efficiency of American agriculture produce vast quantities of goods, and to cut it back to a point where we would live on a program of the philosophy of scarcity, would not only wreck a large part of the American economy, but would be immoral and beneath the dignity of this country. I believe the time is at hand to start to think in terms of agricultural abundance as a positive asset and to program the use of our food accordingly.

All of this effort to cut back is resulting in all kinds of regulations, in all types of so-called subsidies, incentives, and efforts that are being made to try to bring supply into balance with demand at the domestic and normal export level. It just isn't working, and I am of the opinion that it won't work.

Therefore, we ought to try to use what we have in a more constructive manner.

#### BUILDING UP FOOD RESERVES IN FOOD DEFICIT COUNTRIES

I have said that this bill would go beyond Public Law 480. It would authorize grants of food surpluses for building up minimum national food reserves in food deficit countries.

Mr. Chairman, this was the American position in 1957 at the United Nations. I was privileged to handle this particular topic for our Government. The Government of the United States offered to the United Nations a program in which we would make grants of food surpluses to countries that were food deficit areas in order to provide them with national food and fiber reserves. This was our counterproposal to the so-called international food and fiber reserve program which had been advocated.

This program of grants would not only provide for food reserves, but grants would also be provided to build storage facilities. One of the needs in some of the countries like India and Pakistan, for example, is for storage facilities. At present, to send more food commodities into many of these countries without adequate storage facil-



ities really complicates the problem. You have to have storage areas, and there are many ways in which this could be done.

For example, one of these methods could be to use the fleet of ships currently storing American wheat in our harbors and streams and place them in other parts of the world as temporary granaries or reserve stations.

This bill would authorize a 10-year program of long-term supply contracts—interest rates not to exceed 2.5 percent—with payment of both interest and principal deferred for 10 years, and then spread over the succeeding 40 years. In other words, long-term credits at low rates of interest to food deficit areas, to be repaid not in local currencies, but to be repaid in a convertible or a negotiable currency.

The bill would authorize food grants not only in cases of famine and emergencies, but also grants to local programs to relieve chronic hunger and malnutrition.

It would open the way to more grants and fewer loans of local currencies accruing from sales to avoid the undesirable accumulation of such currencies.

#### PROBLEM OF LOCAL CURRENCIES ACCUMULATION

I must say that we have to face up to this very difficult and serious problem of the accumulation of local currencies. This bill would widen grants of local currencies for economic development and permit, for the first time, grants for social development; that is, for research, health, education, and public welfare.

I might add that on this point since writing the bill, I find that there is authority in existing Public Law 480 for this kind of social development.

It would widen the use of U.S.-owned local currencies for educational and other exchanges with the United States. And it would authorize the use of such currencies in economic and social development projects and activities of the United Nations Special Fund, FAO, WHO, the International Finance Corporation, and an International Development Association if and when such may be established.

A final provision is worth noting. In no version of Public Law 480 has Congress ever specified what should be done with payment of interest and repayment of principal on local currency loans made for economic development. This is a serious omission, for these loans can run into the billions (loans of over \$1.5 billion are planned under sales agreements already signed) and repayments will lead to accumulations that could mean financial disaster for the countries concerned and political disaster for the United States.

The Food for Peace Act would commit these funds to locally controlled binational foundations to be used as grants for research, health, education, and public welfare.

Mr. Chairman, in my opinion, the bill we are considering here is one of the most important to come before us this session or any session. It involves a revolutionary change in our attitude toward American agricultural abundance and its use to meet human need and build conditions of peace in the world. It means abandoning once and for all the idea of "surplus disposal" and adopting the attitude and policy

that food is a God-given asset to be shared with others in need and to help nations grow strong in freedom. And I might add that we look upon food as an economic asset, as a part of a total foreign economic policy.

I am confident that the committee will give this proposed legislation the full attention it deserves.

Mr. Chairman, I ask that a summary of the titles relating to this bill be made a part of my testimony at this time. There are six titles to the proposed act.

The CHAIRMAN. Without objection, so ordered.

(The document referred to is as follows:)

#### SUMMARY OF SENATOR HUMPHREY'S FOOD FOR PEACE ACT

The purpose of the Food for Peace Act is to so amend and revise Public Law 480 as to make it a more effective instrument for using U.S. abundance of food and fiber to help build essential world conditions of peace and freedom and thereby strengthen and promote the foreign policies of the United States. It is intended to enable the United States to promote more effectively the economic and social development of friendly nations and to lead the way in cooperation with other nations toward the abolition of human hunger.

A Peace Food Administration would be established (title VII) in the Executive Office of the President, headed by a Peace Food Administrator, to aid the President in carrying out the purposes of the act and also the purposes of section 402 of the Mutual Security Act of 1954, as amended. There would also be created an interdepartmental Peace Food Policy Committee to advise and consult with the Peace Food Administrator, and also a Peace Food Advisory Committee consisting of representatives of private U.S. groups and organizations.

The act would authorize:

*Title I.*—A 5-year program of local currency sales of U.S. surplus agricultural commodities at a rate of \$2 billion a year (as compared with \$1½ billion a year under the present Public Law 480).

*Title II.*—Continuation of title II of Public Law 480 to provide emergency assistance, through grants of surplus agricultural commodities, over a period of 5 years at a rate not exceeding \$250 million a year, to friendly peoples in meeting famine or other emergency or extraordinary relief requirements; and, in addition authorizes grants of such commodities to assist friendly nations in establishing, expanding, or carrying out programs for the relief of chronic hunger and malnutrition.

*Title III.*—Continuation of title III of Public Law 480, with minor changes, which now provides for (1) use by Federal agencies in making payment for commodities not produced in the United States; (2) barter of surplus agricultural commodities for strategic or other materials; (3) grants to public and private agencies for use in the United States in nonprofit school lunch programs, nonprofit summer camps for children, charitable institutions (including hospitals), and assistance to needy persons; and (4) grants to nonprofit voluntary agencies and intergovernmental organizations for use in the assistance of needy persons outside the United States.

*Title IV.*—A 10-year program of long-term supply contracts for U.S. surplus agricultural commodities with interest not to exceed 2½ percent per year, payment—in dollars, services, strategic or other materials—to be made over a period of 40 years from the date of the last delivery of commodities under the contracts and interest computed from the date of such last delivery.

*Title V.*—Grants of surplus agricultural commodities over a period of 5 years to help food-deficit countries, under agreements, build up and maintain minimum national food reserves (in accordance with the U.S.-sponsored resolution adopted by the United Nations on February 20, 1957).

*Title VI.*—Negotiation of agreements with friendly countries to establish in such countries binational nonprofit foundations to foster and promote research education, health, and public welfare, and to grant to such foundations unexpended local currencies which accrue to the United States as repayments of principal or payment of interest on local currency loans heretofore made by the United States under Public Law 480 or made hereafter under the Food for Peace Act.



In addition to the foregoing, the Food for Peace Act would authorized a number of additions to the authorized uses (in addition to those in Public Law 480) for local currencies accruing from sales of surplus agricultural commodities under title I. Of these, five would permit the use of such currencies to buttress and extend social and economic development projects and activities of the United Nations Special Fund, the United Nations Food and Agriculture Organization, the World Health Organization, the International Finance Corporation, and an International Development Loan Association if and when such may be established. Others would permit more effective use of such currencies in promoting international educational exchanges; research, educational development, and health and education; and technical assistance. On loans of local currencies for economic development, the act would specify a maximum interest rate of 2½ percent.

Senator HUMPHREY. I thank the chairman and the committee.

#### USE OF VESSELS FOR STORAGE

The CHAIRMAN. Thank you very much, Senator.

May I ask one question: Do you know how many of these ships are now serving as storage bins in this country?

Senator HUMPHREY. I do not know, but they run into the hundreds.

The CHAIRMAN. I hadn't heard about that recently. I had assumed that maybe they had been put into use.

Senator HUMPHREY. No.

The CHAIRMAN. These are World War II vessels?

Senator HUMPHREY. Yes, sir. They are the ones that have been found, Mr. Chairman, to be watertight. I mean by that there is little or no danger of spoilage. There are fewer of these vessels than there were before because of the vast amount of commercial storage facilities which have been developed in recent years, and which are presently being rented.

The CHAIRMAN. Senator Aiken, do you have any questions?

Senator AIKEN. No. I would say that the discussion by Senator Humphrey, the Senator from Minnesota, has been very interesting. The bill which he introduced does contain some provisions that, I think, would be helpful if put into effect.

I do believe, however, that probably our first concern at this time is to keep what we now have and then see what can be done in the way of improvement. Some of our recent experiences in the changes in public thinking which are taking place, make me wonder if we are going to be able to hold onto what we now have. The trend toward turning mutual security programs, economic assistance, and development loans over to private investment interests does pose a problem which could have very far-reaching effects if we don't meet it properly.

So I would say, first, let's make sure that we can retain all or most of what we now have, and then see what can be done in the way of improvement.

Senator HUMPHREY. Senator, as I tried to indicate, I was hopeful that we would not do less than renew Public Law 480. I think that is what you mean, to hold what we now have. Then I said: What improvements, if any, can we embody into new legislation?

I am convinced of just two things. I see no way where any administration or government can design a farm program that is going to cut back production in this country to meet what we call normal demand without (1) wrecking vast areas of American agri-

culture; and (2) laying our country open to severe criticism abroad from food-deficit areas for really an almost inhuman and immoral act. This abundance of food and fiber is a tremendous asset to us if properly used.

I also feel that the recommendations which have been made now by at least three committees of the Government, of the administration and of this body, should not go unheeded. Without any pride of authorship, may I say most respectfully, I would be content to have this committee cast aside S. 1711 and take the report of Dr. John Davis, and the reports that I have alluded to from the National Planning Association, and the others, and embody those recommendations into a bill. I am convinced that until those recommendations are put into effect, we are wasting a substantial portion of what we think we are doing.

Dr. John Davis is considered to be one of the finest of our public servants. He has served in two administrations in high capacities; he has given his time and his talent and his ability as a professor, as an economist, and as a knowledgeable man in the field of agricultural economics. He came up with recommendations which have been totally ignored, and that, I think, is poor management at best. The least that can be done is to take some of those recommendations.

#### EXTENSION OF PUBLIC LAW 480 AND USE OF CURRENCIES

I want to say one other thing: I recognize that the amount of funds involved is always a subject of negotiation. I recommended \$2 billion for 5 years. Some of the committees who have studied this have said you must have a minimum of 10 years. The distinguished minority leader in the Senate, Mr. Dirksen, recommended 3 years recently when we had a bill up in the Congress where he presented what was a complete substitute for the so-called wheat bill; and I was encouraged when I saw the 3-year extension recommended.

But whatever amount of time, the extension should be for more than 1 year.

Another point I think we need to consider is the use of these currencies.

I will, during the course of these hearings, present to the committee, the study which has been made on the use of the currencies which accumulate from the sales under title I of Public Law 480, and the problem that comes with repayment.

It is a fact that this Government cannot afford to have a continuous accumulation of currencies of other countries because to do so promotes antagonism, friction, and I think fiscal irresponsibility on the part of the other countries.

The CHAIRMAN. Senator Mansfield, do you have any questions?

Senator MANSFIELD. Yes, Mr. Chairman.

Senator Humphrey, I agree with Senator Aiken that your testimony has not only been interesting, but if I may say so, provocative. There are some questions I would like to ask.

You mentioned, for example, that in 1957 you took a trip to seven countries in southern Europe and the Middle East.

Senator HUMPHREY. That is right.



## KNOWLEDGE OF PUBLIC LAW 480 ON PART OF U.S. OFFICIALS ABROAD

Senator MANSFIELD. And that you were surprised to learn in some of those countries our own people knew less about the Public Law 480 program than did the countries who were the recipients of that program.

Senator HUMPHREY. Yes, sir.

Senator MANSFIELD. Do you mean to say in all these countries in which were located agricultural attachés, I assume, that they didn't know the extent and possibilities inherent in this program which has meant so much to this country in spreading good will.

Senator HUMPHREY. I don't wish to leave the impression that in all of the countries was this the case, because that is not true. This was not true in Italy. One official there was very well informed.

Senator MANSFIELD. But some were not?

Senator HUMPHREY. I found, for example, primarily the Ambassadors, who seem to have, may I say, a lack of understanding of the program.

I can understand an Ambassador has a lot to do, and I was specializing on this particular aspect. Maybe I was of the opinion, that since he was not as interested in what I was interested in, that he was not very well informed on it.

Senator MANSFIELD. Did you find a lack of sympathy for the program?

Senator HUMPHREY. I found a lack of appreciation; yes, sir.

## COMBINING THE PROPOSED ACT WITH FOOD STAMP PLAN

Senator MANSFIELD. The second question: What would you think about a combination of your proposal, in which incidentally you have been joined by 15 other Senators and on this committee by 4 other Senators, with the Aiken food stamp plan in which you are interested as well as the Senator from Vermont?

Senator AIKEN. And the Senator from Montana, too.

Senator MANSFIELD. So we could take care of our aged and needy and other Americans in want at the same time we take care of the needy people overseas?

Senator HUMPHREY. Yes, sir. I not only think that is a sensible suggestion, but it is something we can recommend, and I would hope that could be done.

By the way, the food allotment plan which has been sponsored for several years by Senator Aiken and others of us is, in my mind, the most constructive domestic food use program that we have. One of these days I am hopeful we will be able to put it into effect. We are going to try to do something with it this year on a trial-run basis.

I think Senator Aiken has encouraged some pilot studies. Rather than make it a national plan, let us see if we can't try it out first in a few areas as a pilot project. I think, however, it would be a very good thing to put them together.

Senator MANSFIELD. Has his plan been one with the approval of the administration?

Senator HUMPHREY. Regrettably, not.

## BENEFITS OF PLAN

Senator MANSFIELD. I understand that the average span of life in southeast Asia is somewhere between 28 and 30 years; that people, generally speaking, get on the average about one meal a day.

Would it be possible under your plan to supplement the economies in the food and fiber fields in that area so that there would be no competition with normal channels of trade and thereby bring about more in the way of hope to these people who are getting by on so little at the present time?

Senator HUMPHREY. Yes, sir. May I point out that the main responsibility, of course, in these areas would rest with the U.S. chiefs of missions. They would be directly responsible to the Food Administrator who, in turn, is responsible to the President. This is an attempt to keep these lines of authority clearcut and without any confusion.

Senator MANSFIELD. Would you say it would be possible if we could export to these people in need our surplus food and fiber, that, in so doing, we would lay the groundwork so that, in a comparatively short time, they would be able to do more in the way of exploiting and developing their own countries? And, in turn, we would be able or should be able to expend less and less in the form of dollars in our foreign aid program?

Senator HUMPHREY. Yes, sir. I do not, however, attempt to interest people or to persuade Members of Congress as to the merits of this bill by saying that it will supplant dollar aid. It will not. It will supplement. It should be able, however, to reduce some dollar aid, particularly if it is well directed and well used.

## INDIA: AN EXAMPLE OF A FOOD DEFICIT COUNTRY

One of the suggestions, Senator Mansfield, that I feel is worthy of our consideration, is this: Take for example a country such as India. We know that India is going to have a food deficit need for years to come. She is currently engaged in a program of industrialization and she is now planning her third 5-year program which will again emphasize certain areas of industry and public service development. She will be needing food for a long time to come.

If we are interested in the political and economic well-being and independence of India—I use this one country only as an example—why isn't it desirable for us to make a long-term food commitment? Then that country can plan a better use of its limited capital for other types of projects and not be faced each year with a constant reevaluation of whether or not it is going to have to spend its limited pound sterling or dollar balances—or whatever its form of convertible currency—for food or for capital goods.

There are two ways under this bill that this can be done.

One is the long-term credits up to 40 years, with no payments the first 10 years.

Senator MANSFIELD. Fifty years credits?

Senator HUMPHREY. Forty years credits, but no payments the first 10.

Senator MANSFIELD. I see. I understood you to say there would be no payments on the interest or principal for the first 10 years, and



then there would be 40 years to bring about the payments. It is a 40-year loan altogether.

Senator HUMPHREY. A 40-year loan altogether.

The other one is direct sales for foreign currencies which is incorporated in the present law; that is, title I, Public Law 480.

I want to say that more and more countries need this kind of long-term commitment.

There is one other point I should like to leave with the committee.

#### COMPETITION WITH SOVIET UNION IN AGRICULTURE PRODUCTION

Our Government agencies have reports to the effect that the Soviet Union is currently planning to step up its agricultural production to a point where it will not only meet local Soviet needs, which apparently have been met in the main already, but will meet vast overseas commitments. The Soviet Union is looking forward to developing commodities which are desired and desirable in areas such as Africa.

I have predicted before, and I will do so again, that in the next 5 years the Soviet Union will be a major competitor in world food markets. We are in a much bigger struggle than relates to a simple food deal. The struggle today is across the board in everything, and therefore it seems to me that we have to be willing to take calculated risks. These long-term credits, not only help other nations help themselves, but are also in our long run benefit.

Senator MANSFIELD. Are you saying, Senator, that we can look forward to competition from the Soviet Union in practically every field in the years ahead?

Senator HUMPHREY. Yes, sir, and I feel particularly that we can look forward to competition in agriculture during the next 5 years.

Senator AIKEN. Will the Senator yield?

I might add that the Soviet Union estimated to have a production of 2,300 million bushels of wheat this year, which is considerably more than that of the United States and Canada combined, according to the latest figures released by our Department of Agriculture. The Soviet Union is behind us only in the production of milk at this time. Of course in corn they are way behind.

Senator HUMPHREY. I think we will keep ahead of them this year.

Senator AIKEN. But they have surpassed us in wheat. I think the increase in production this year is about 500 million bushels. Also they are in a position to put that wheat on the market at whatever price they see fit.

Presently, the United States is probably a residual supplier of wheat. In the future I would expect the surpluses produced in the United States and Canada would virtually have to be given away.

#### NUMBER OF FOOD SURPLUS COUNTRIES

Senator MANSFIELD. Senator, could you tell the committee how many food surplus countries there are in the world? What countries ordinarily produce a surplus of food?

Senator HUMPHREY. Well, of course, there are food surplus countries in terms of particular export commodities, but they are very limited.

I would imagine that the total number of food surplus countries would be less than 20.

Senator MANSFIELD. Less than 20?

Senator HUMPHREY. That figure can be obtained for the record. I will ask the staff to obtain it.

Senator MANSFIELD. If we could get that figure from the Department of Agriculture I think we ought to have it in the record, and I wish the staff would do that.

(The material referred to is as follows:)

COUNTRIES NORMALLY EXPORTING COMMODITIES OF THE SAME TYPE EXPORTED  
UNDER U.S. DISPOSAL PROGRAMS

Wheat:

Canada  
Australia  
Argentina  
France  
Italy  
Spain

Feed grain:

Canada  
Australia  
South Africa  
Argentina

Rice:

Burma  
Thailand  
Vietnam  
Ecuador

Edible oil:

Philippines  
Israel  
Argentina  
Malaya  
India  
Ceylon

Tobacco (U.S. type):

Federation of Rhodesia and Ny-  
asaland

Canada

Dairy products:

New Zealand  
Denmark  
Netherlands  
Australia  
Canada

Cotton:

Peru  
Mexico  
UAR  
Sudan  
Greece  
Iran  
Turkey  
Nicaragua  
Pakistan  
India  
Brazil  
Guatemala  
El Salvador  
Paraguay  
British, French, Portuguese, and  
Belgium territories in Africa

The CHAIRMAN. May I clarify the point? Do you mean the surplus in any commodity, or overall food?

Senator MANSFIELD. Overall.

The CHAIRMAN. Take a country like Thailand and a country like Burma, for example. Are they surplus in items other than rice?

Senator HUMPHREY. No. Most likely it would be a single commodity, but I think it will be well for us to know the countries which have substantial surpluses of food commodities for export.

Senator MANSFIELD. Yes, sir; and I would say as long as the Senator from Vermont has mentioned wheat and the possibility, I take it, that the Soviet Union will become an exporter of that commodity, we ought to make a case study of the countries which produce wheat in surplus above their needs.

Senator AIKEN. About half a dozen.

Senator MANSFIELD. About a half dozen? Would you name them?

Senator AIKEN. Canada, Australia, Argentina, United States, France. I am not sure about some of the Middle Eastern countries, but they have been stepping up production. And Russia, of course.

Senator MANSFIELD. Russia?



Senator AIKEN. Russia will be producing surpluses, and probably she is producing a surplus this year. If they had all the protein foods they wanted, they probably would not have an overall surplus of any great size as yet.

#### MAGNITUDE OF FOOD-FOR-PEACE BILL

Senator MANSFIELD. Senator Humphrey, how much more surplus products could be generated to needy people abroad under your proposal than is provided under Public Law 480 at the present time?

Senator HUMPHREY. My proposal would actually authorize only \$500 million a year more in sales.

It is \$2 billion a year instead of \$1.5 billion. It would authorize a slight amount more in famine relief, but this has always been something that is rather flexible anyway. It would authorize long-term credits for sales to whatever amount of supplies we have available.

Title I of my bill would authorize a 5-year program, at the rate of \$2 billion a year, as compared with the present \$1.5 billion.

Under title II of my bill, emergency assistance would be continued over a period of 5 years at a rate not to exceed \$250 million a year. I believe the present rate runs about \$200 million.

Title III incorporates the barter provisions, and grants to public and private agencies. This would depend upon what appropriations the Congress would want to make.

Title IV provides for a 10-year program of long-term supply contracts for U.S. surplus agricultural commodities. Interest is not to exceed 2.5 percent and payments are to be made in dollars, in services, or strategic or other materials, leaving that up to the Food Administrator to negotiate.

This would be an open-ended thing, depending upon what good business arrangements you could make.

The other titles relate just to the use of currencies.

So, actually, in terms of money, Senator, the bill before you on a yearly basis is very modest in its increase. But the main feature is the 5-year extension, so that you get continuity in planning and in administration. On that basis I think it would be a more effective program.

Senator MANSFIELD. What you are trying to do is to put the Development Loan Fund idea into practice?

Senator HUMPHREY. Exactly the same general principle.

Senator MANSFIELD. Does the Soviet Union, in its commitments abroad, operate on a loan or a grant basis?

Senator HUMPHREY. Mostly on a loan basis.

However, in the instance of food they have operated on a grant basis. They did so with the United Arab Republic, as I recall, some years ago, and they have in some other food deficit areas also, but not as much as we have, may I add.

We have contributed substantial amounts of food under the grant program of title II, in which the President is authorized to make emergency assistance available.

I believe that large amounts of this food can be moved on long-term credits as well as under title I provisions. Those are all sales or loans.

Senator MANSFIELD. You do not contemplate that Public Law 480 will go out of existence at the end of this year?

Senator HUMPHREY. I do not contemplate it. I am confident that it will continue. It must continue.

I tried to indicate that I think in the main there has been a lot of good accomplished under the provisions of Public Law 480.

#### FOOD RESERVES AND DEFENSE

Senator MANSFIELD. Just one more question. What would you think of the possibility of creating a food reserve in this country to be used in time of emergency, not in the form of storage which we have at present; but in the form of constant traded foods or food products?

Senator HUMPHREY. Senator, I think we are going through a period now of reevaluation and reexamination of what we call our real defense posture in depth.

I have long believed that the United States would be a much stronger Nation in the areas of negotiation and diplomacy, as well as real military strength, if we not only had this strong shield of massive retaliation that we talk about, but also the capacity to survive; the capacity to withstand a blow.

This is why I have supported in an ineffective way, but nevertheless supported, civil defense.

I really believe we need this. I really believe this is one of the ways we can demonstrate to the Soviets, and anyone else who would launch an aggressive attack upon us, that we are prepared to defend ourselves not only with the momentary retaliation but over the long term as well.

So we need all types of civil defense apparatus and organization, and above all we need medical and food supplies. It would seem to me, Senator, that a nation which spends the amount that we do for military weaponry, would be well advised, regardless of what the future may offer, and we hope that it offers nothing but peace to store in strategic and dispersed points food concentrates or at least storable commodities in sufficient quantity to sustain metropolitan areas and to sustain workers in factories and the general population.

I also think we need some of this overseas. I will never forget what Admiral Briscoe, who is in charge of the southern flank of NATO, told me at Naples. This is not a matter of conjecture any longer.

As a matter of fact, the Defense Department answered an inquiry relating to this very matter, and I asked if I could make it public. I was told I could.

The question was this: What are our food supplies in the southern areas of Europe in case of an attack?

I was told, forthrightly, and I am sure honestly, by the commander in charge of the southern NATO forces, that we had less than a week's supply of food if an attack took place. What is more, the populations would have to take care of themselves, and we would be lucky if we could take care of our own troops.

Well, all I can say is that this is not very good planning.

We need these food reserves just as surely as we need military depots, particularly when you can put food up in concentrates and



particularly when food deficit countries are willing to install, with our cooperation, national food reserves.

Senator MANSFIELD. That is interesting.

I did not know that the food supply in Western Europe was so low.

Senator HUMPHREY. It may be better. This was in 1957 and, by the way, this was after the Suez crisis. As a matter of fact, we went into this matter as to what would have happened if we had engaged in combat during this time.

Senator MANSFIELD. You have referred to our surplus as an asset. I think you are right. I think it is a blessing, too. At the same time, it is something to worry about. However, I would rather worry about surpluses than have fears about scarcities.

It is my understanding that our Government has at the present time something on the order of \$10 billion worth of surplus commodities on hand; is that correct?

Senator HUMPHREY. I believe it has an investment of about that amount; yes sir.

Senator MANSFIELD. And it costs us about \$1 billion a year for storage alone.

Senator HUMPHREY. Yes, sir; that is last year's figure. It will be more this year.

Senator MANSFIELD. And the prospects for next year are that our surpluses will be increased.

Senator HUMPHREY. I believe that would be a fair prediction.

Senator MANSFIELD. Then it is up to us to really find some way by which we can distribute this asset, this blessing, this surplus we have, for the benefit of people less fortunate than we are, and at the same time use it in a way which will be conducive to a better relationship among the peoples of the world.

Senator HUMPHREY. Yes, sir.

Senator MANSFIELD. I want you to know I appreciate your testimony, Senator Humphrey, and that I am in full accord with the proposal.

Senator HUMPHREY. Thank you.

Senator MANSFIELD. Thank you, Mr. Chairman.

Senator HUMPHREY. I know of your interest, Senator. Your recent speech in the Senate on this subject was one of the very best statements that has been made on it. I thank you.

#### S. 1711 NOT NEW DATA

Mr. Chairman, I conclude on this note: I want the record to be quite clear about S. 1711. It is not as if it were brandnew material. Much of this is updating current law, and bringing into one bill all of the many provisions of law which are presently within Public Law 480. This is not what you might call a substitute for Public Law 480. It takes Public Law 480 as the base, includes all provisions of law which we presently have, and then takes the recommendations which have been made by administrative committees and committees of the Congress and blends them in with what we currently have in existing statute.

I thank the committee.

The CHAIRMAN. Thank you, Senator Humphrey.

The next witness is W. T. M. Beale, Deputy Assistant Secretary of State for Economic Affairs.

Senator Humphrey, would you act as chairman?

Senator HUMPHREY. I will be happy to.

The CHAIRMAN. We are preparing for debate on the mutual assistance program which, as you know, is on the floor, and a very important amendment is about to come up. So I will ask you if you will conduct the hearing.

Senator HUMPHREY (presiding).

Mr. Beale, we are happy to have you here, and you may proceed. Do you have a copy of your statement?

Mr. BEALE. Yes, sir, if I may read it.

**STATEMENT OF HON. W. T. M. BEALE, DEPUTY ASSISTANT SECRETARY FOR ECONOMIC AFFAIRS, DEPARTMENT OF STATE; ACCOMPANIED BY ROGER STEWART, CHIEF, PUBLIC LAW 480 LIAISON BRANCH, INTERNATIONAL COOPERATION ADMINISTRATION; JAMES A. LYNN, ASSISTANT CHIEF, ECONOMIC DEVELOPMENT DIVISION, DEPARTMENT OF STATE; AND HOWARD M. GABBERT, ASSISTANT CHIEF, COMMODITIES DIVISION, DEPARTMENT OF STATE**

Mr. Chairman and members of the committee, I appreciate this opportunity to present the views of the Department of State on S. 1711, the International Food for Peace Act of 1959. As you know, President Eisenhower, on January 29, 1959, announced that he was setting steps in motion to "explore anew," with other exporting countries, practical means of making greater use of food in bolstering world peace.

At the President's request, the Secretary of Agriculture has taken the lead, in close collaboration with the Department of State and other agencies concerned, in organizing and carrying forward this effort.

#### INTERNATIONAL FOOD FOR PEACE CONFERENCE

Because wheat is one of the primary commodities in greatest supply and is one of the world's most important basic foods, it was decided to base our food for peace program on that commodity.

An International Food for Peace Conference was held on May 5-6 of this year. The five major wheat-exporting countries participated. Ways and means of utilizing wheat to relieve hunger and to promote economic development among the less-developed countries of the free world were discussed.

A Food for Peace Wheat Utilization Committee was established to consider specific problems, such as how we can make more effective use of wheat in improving living standards, in raising nutritional levels, and in strengthening the economies of friendly countries, while at the same time protecting normal commercial marketings.

This committee met on June 15-17. We believe that its deliberations resulted in a better understanding of the problems involved in making surplus wheat available to needy countries.

At the conclusion of the meeting the other wheat-exporting countries expressed their willingness to cooperate to the fullest extent pos-



sible in carrying out the objectives of the President's food for peace program.

#### AGREEMENT ON OBJECTIVES

There can be no argument on the principal objectives we seek and those embodied in S. 1711. I believe we are substantially in accord on that score. Under Secretary Dillon in his statement to the first Food for Peace Conference said:

Our objectives, I believe, can be simply stated:

1. We wish to strengthen commercial markets for world trade in food and to build larger markets for the future.

2. We wish to find ways of using food more effectively to further the economic development of the less-developed areas, which are important to all of us in the worldwide struggle for freedom.

3. We wish to assure the greater use of surplus foods for constructive purposes of human well-being, while avoiding their use in destructive ways which impair markets, or which promote unsound agricultural policies.

While we believe there are opportunities, under the food for peace program, to make fuller and more effective use of food surpluses, we recognize that there are difficulties which impose limitations on the extent to which the surplus disposal program can be expanded.

#### DEPARTMENT'S OBJECTIONS TO SHIFT IN EMPHASIS OF PROGRAM

It is in the light of these difficulties that we view with concern the apparent shift of emphasis of S. 1711 from surplus disposal to increased foreign assistance. We believe that this shift of emphasis would result in a misleading impression of the possibilities for increased economic development. It would thus create, in some cases, false hopes and exaggerated expectations of economic aid on the part of recipient countries or would tend to result in overprogramming of commodities in an attempt to meet these expectations.

Furthermore, agricultural surpluses are not capital goods. They are consumption goods and are useful only to the extent that they provide help to countries suffering from agricultural deficits. They cannot be substituted for capital goods such as machinery and related items required for all-around economic development, or for the hard currency needed to buy such goods.

One of the most important problems we must consider relates to normal commercial marketings. The increase in surplus disposals envisioned in S. 1711 would not only tend to jeopardize normal commercial marketings of our friends and allies such as Canada, Australia, Denmark, the Netherlands, and New Zealand, but would likewise affect the economies of many aid-recipient nations. These include such countries as Burma, Thailand, Vietnam, Pakistan, Sudan, Spain, Greece, Peru, and Argentina.

Senator HUMPHREY. May I ask, do you wish to be interrupted in your statement or wait until you have finished it?

Mr. BEALE. May I say, Senator, I would appreciate it if I could finish this.

Senator HUMPHREY. All right.

Mr. BEALE. We know from experience that even where countries have been recipients of substantial assistance under our foreign aid programs, any interference with their normal exports that might result from our surplus disposals causes adverse reactions.

PROBLEM INVOLVING AID COUNTRIES EXPORT TRADE RESULTING FROM  
SURPLUS DISPOSALS

A good example of this type of problem was brought out by a statement made by the delegate from Pakistan to the GATT meeting in November 1958. He said that his country had greatly benefited from the U.S. surpluses, and he thanked the U.S. Government. But he pointed out that the disposal by the United States of cotton surpluses had resulted in lower foreign exchange earnings from Pakistan's cotton exports, and he went on to express his fear that the situation was getting worse, observing that in the first quarter of 1958 as compared with the first quarter of 1957, Pakistan's foreign exchange earnings from cotton had dropped nearly 50 percent.

In conclusion, he stated that this trend if continued would force Pakistan into making special bilateral arrangements in order to dispose of its cotton. Although we believe we convinced Pakistan that this was not a valid conclusion, the example illustrates the care that must be exercised in carrying out our surplus disposal programs.

Many of these aid-recipient countries, which are pursuing economic development programs, naturally hope eventually to become economically independent to the greatest extent possible. This is to our advantage as well as to theirs. Some of them do not have the resources ever to advance far industrially. They depend to an important degree—and will no doubt continue to do so—on exports of agricultural products to earn foreign exchange.

It certainly would not make sense to the American taxpayer for us to tear down with one hand what we are trying to build with the other. This point was made recently by a representative of a country which has received substantial dollar aid from the United States. He said that his government greatly appreciated this assistance but could not understand why the United States was, at the same time, displacing his country's normal marketings by sales of Public Law 480 tobacco.

Furthermore, insofar as other countries, whether or not they are aid recipients, are potential commercial markets for U.S. products, we must avoid undermining their export trade by surplus disposals.

There is another problem that arises in connection with the desire of most of the aid-receiving countries to promote, to the highest degree possible, their economic development. If we supply their requirements to an excessive degree under Public Law 480, there is the danger that in the long run such action will prejudice the best use of their natural resources by discouraging their domestic agricultural development.

In such circumstances, reliance on long-term supplies of agricultural commodities from abroad on concessional terms would create serious problems if such supplies were cut off in the future. These are considerations which directly affect U.S. foreign relations and must be taken into account. We believe they will require serious thought both by the administration and by the Congress.

## FRANK CONSULTATION WITH AID COUNTRIES ON SPECIFIC PROGRAMS

We have learned by experience how to conduct our programs under Public Law 480 and, at the same time, provide adequate safeguards to



protect the interests of our friends. One of the most important factors is frank consultation with them on specific programs.

In the early days of Public Law 480, there was a fear on our part that prior consultations would somehow interfere with our Public Law 480, title I, sales. We received numerous written and oral representations from various governments protesting against our operations.

However, we found from experience that we had little if anything to lose by discussing our plans with them, and much to gain from the standpoint of improving our relations and building up their confidence in the United States.

We soon became convinced that most of these early protests were based on fear of what might happen rather than on any actual experience under the program.

With practice, we have developed a standard procedure for working out title I programs and we have been following that procedure very successfully for the past several years. After a request for Public Law 480 commodities is received—let us take a hypothetical example of country A, which has asked for 900,000 tons of wheat—we analyze the historical trade patterns for a past representative period. We evaluate the information concerning such factors as existing stocks, domestic production, estimated consumption, foreign exchange resources, and total import requirements. On the basis of the results we can determine approximately how much wheat we can put into country A without impairing normal commercial imports from the United States and other suppliers.

Let us assume, for instance, that 600,000 tons turns out to be a reasonable amount to offer under title I. We then consult the other suppliers and explain what we have in mind. We point out that available data show that country A should be required to import 300,000 tons of wheat on a regular commercial competitive basis; that we believe this leaves room for them as well as ourselves to maintain our respective normal commercial exports to country A, and that we would like to have their views.

If we have done our job well and our estimates are reasonable and realistic, the other suppliers will agree with us and express their sincere appreciation for taking their interests into account. They know that they have no veto power over us, but the very fact that we have consulted and have demonstrated our desire to be fair pays big dividends in terms of maintaining and improving friendly relations.

We believe this is an important consideration in carrying out any food for peace program.

We are convinced that if the United States were to embark on a greatly expanded program such as envisioned by S. 1711—with a 5-year extension—multiyear agreements—an increase in title I authorization from \$1.5 billion to \$2 billion—long-term dollar supply commitments up to 10 years with repayment at 2½ percent for periods up to 40 years—it would have an immediate and serious impact on our foreign relations with friendly exporting countries.

This would more than offset any foreign relations benefits it might produce, for there would be relatively few recipient countries which do not export one or more of the surplus commodities we have for disposal.

## MULTIYEAR SURPLUS DISPOSAL AGREEMENTS

As to multiyear surplus disposal agreements, there are instances in which they may be advantageous. We have made such agreements in the past and plan to make them in the future when they are warranted by special circumstances. However, we do not need additional authority in order to negotiate such agreements.

Senator HUMPHREY. I do not want to interrupt you further but I wish you would cite the law which gives you that power. I know you have been doing this.

I have examined the law, and I would like to know where you get the authority.

Mr. BEALE. It is my understanding it is under the present Public Law 480.

Senator HUMPHREY. It is? Go ahead. I will ask you about this at the end.

Mr. BEALE. I have got a technical man, if I may refer the question to Mr. Gabbert for reply later.

I should like to mention several cases, taken from our experience, to illustrate why we do not favor legislation which would require or encourage an expanded use of multiyear agreements.

First, it may be pointed out that it is not possible to see far enough into the future to predict with any accuracy what a country's requirement for foreign supplies of a commodity will be in the next 2 or 3 years. Such factors as unusual weather conditions, improved seed, improved cultural practices, better insecticides and fungicides, increased use of fertilizers and better land use in general, can upset the best of calculations.

We certainly know the results of such factors in the United States. Occasionally our regular Public Law 480 customers produce bumper crops of the same commodities which they had already contracted for, or which we were planning to provide, and in some cases they have shifted from an importing to an exporting status with respect to these commodities.

It will be recalled that during the special hearings on Public Law 480 several years ago, particular interest was expressed in our providing 1.0 million tons of wheat to Spain under title I. It finally turned out that Spain not only did not need that amount of wheat but has since become a wheat exporter. Accordingly, in working out a recent title I program involving wheat, with a country which is a market for Spanish wheat, we consulted with the Spanish Government in accordance with established procedure to assure it that our title I sale would not prejudice Spanish exports to that country.

I may cite another example in South America. In 1957 we concluded a title I agreement with Ecuador which involved 4,600 tons of corn. This was a relatively small amount, and we had received a firm request from the Ecuadorian Government for this corn. Nevertheless, when the public announcement was made, it caused such a furor among Ecuadorian farmers that the Ecuadorian Government was forced to cancel the corn portion of the agreement because of "complaints from the Chamber of Agriculture, agricultural centers of the mountain region, the farmers of Manobi, and the public in general."

In Asia, India provides another example. When we think of food for peace and feeding hungry people, we almost always assume that



India could absorb almost unlimited quantities of food. Yet India could not take the 150,000 tons of rice this year, which we had tentatively programed in advance for that country. India had a bumper rice crop.

Also, Burma, which is a normal supplier of rice to India, had an unusually good crop. The Indian Government explained that its own supplies, supplemented by its imports from Burma, were adequate to meet its needs.

In the situations cited above, multiyear agreements would have been ineffective. One of our representatives who testified before the Subcommittee on Rice of the House Agricultural Committee in March was asked the following question by one of the committee members:

The point I am trying to get to is, if we could, in some way, feed the hungry people an additional bowl of rice, the people that have become accustomed to eating rice, don't you think that would build a lot of goodwill?

The reply indicates briefly the point I want to make:

Certainly, provided that as long as we are doing that, we do not take the bowl of rice away from some other country that might customarily provide it, which would only result in creating ill will.

#### USE OF FOREIGN CURRENCY PROCEEDS UNDER TITLE I SALES

Another problem involved in disposing of surpluses relates to the many specified uses which, by law, may be made of foreign-currency proceeds resulting from title I sales. In general, we seek in the negotiation of agreements to earmark 25 percent of these currencies for loans to private enterprise under the Cooley amendment. This normally leaves approximately 25 percent available for all other U.S. uses, since, as a negotiating matter, it is usually necessary to make about 50 percent available to the purchasing country.

Formerly, a substantially larger percentage was made available to the purchasing country. There are now altogether 15 principal categories of uses, mostly for the United States, ranging from market development under subsection 104(a) to assistance under 104(c) to schools, colleges, or universities founded or sponsored by citizens of the United States. Each time Public Law 480 has been extended, new currency uses have been added.

This development has added to the difficulties of preparing and negotiating title I agreements. Without going into the merits of the nine additional currency use categories proposed in S. 1711, we believe that a further increase in the number of categories would not only slow down the working out of agreements, and negotiating instructions by the Interagency Staff Committee in Washington, but also would most certainly cut into the purchasing country's share of the sales proceeds which many recipients already believe is too low, and would thus make the agreements less attractive and more difficult to negotiate. We believe this feature of S. 1711 would therefore seriously impede the disposal of U.S. surpluses.

With respect to the local currency proceeds from title I sales which are made available to the purchasing country, from 50 to 60 percent is usually made available in the form of loans or grants to finance economic development, although in some cases the proportion is higher. Such local currency loans or grants do not, of course,

add resources to the economy of the recipient country. Their significance lies in the fact that they can influence the use of existing resources within the country.

By obtaining agreement that the funds be used for specific selected projects and programs, we are able to assure the use of local resources for high priority projects rather than for purposes of relatively less importance.

There is a considerable accumulation of local currencies set aside for economic development which have not been utilized. In large part the slow utilization of such currencies has resulted from the terms of the loans. We have recently taken steps, pursuant to recommendations of various expert studies, including the report of John Davis, the Berenson-Bristol-Straus report and the Boeschenstein report, to liberalize the loan terms and promote more expeditious use of these currencies for economic development.

For instance, the National Advisory Council has approved a proposal to eliminate the maintenance-of-value provision for loans of local currency. This provision has been particularly onerous. It is not realistic to expect a borrower to assume a risk of devaluation at some future date when he can borrow internally without assuming such a risk.

Furthermore, we have adopted the practice of reaching mutual understandings on the principal features of the loan agreement at the time the sales agreement is negotiated. This practice should result in minimizing difficulty in executing the loan.

Also, we have authorized our missions in the field, subject to general guidelines, to conclude agreements concerning the specific projects and programs against which these local currency funds are to be used. This delegation of authority will expedite decisions by placing the responsibility upon the field missions for resolving issues as they arise.

Moreover, we have been making available to the purchasing country a larger part of its local currency proceeds in the form of grants, particularly for the purpose of financing non-self-liquidating projects.

Some countries consider that they cannot afford to enter into loan obligations to promote public works and welfare programs, such as roads and education—and, I should also add, health—the repayment of which would impose a strain on the general budget.

The expanded use of such grants not only increases the attractiveness of title I transactions, but also makes it possible to put excessive accumulations of local currencies to use in ways which will basically benefit the recipient countries and strengthen international relations.

We believe that these changes in the administration of Public Law 480 programs, which our experience indicates are desirable but which require no new legislation, will facilitate and expedite fuller and better utilization of our surpluses to the benefit of both the United States and recipient countries.

My remarks have related primarily to title I commodity sales for foreign currencies. These account for the largest part of our Public Law 480 surplus disposals. While title I sales of surplus commodities may help recipient governments to conserve foreign exchange, they do not directly affect the consumer who buys the commodities at regular market prices and may not even be aware that they came from the United States.



## PROVISIONS UNDER TITLES II AND III

Programs such as those under titles II and III which provide food directly to needy people are especially important in terms of our foreign relations. Under title II, we are able to provide prompt relief assistance in cases of natural disasters or other extraordinary situations.

Title III, which operates on a people-to-people approach through American voluntary agencies such as CARE and various religious organizations, provides for gifts of food to needy groups such as schoolchildren, low-income families, refugees, and inmates of public institutions.

We believe that both of these titles offer opportunities to make positive gains in furthering food for peace. We are intensifying our efforts in that direction.

## PEACE FOOD ADMINISTRATION PROVIDED IN S. 1711 NOT EXPEDIENT

Although the new title VII of S. 1711, which would establish a Peace Food Administration in the Executive Office of the President, is designed to facilitate and expedite administration of Public Law 480, we do not believe that the establishment of such an administration is necessary or desirable.

The present interagency system of administration, which has developed with our experience and which takes into account the interest of the various Government agencies concerned, as any adequate organization would have to do, has functioned satisfactorily and with increasing effectiveness. In fact, under this system we have disposed of the full amount of surpluses authorized under title I, even prior to the end of the period covered by the authorization.

Such delays as have occurred in the conclusion of Public Law 480 agreements have been due largely to substantive problems arising in negotiations or to other causes lying outside the field of administration.

Such problems involve, for instance, the determination of exchange rates to be used in translating dollar values into currency terms of the other country, objection to Cooley amendment provisions, disagreement over the portion of the local currency proceeds to be made available for loans or grants, and reluctance to accept provisions for maintaining normal commercial imports.

We have been successful in resolving such problems, but the process has resulted in unavoidable delays. Delays arising from such causes as I have mentioned are to be expected in the operation of the Public Law 480 program.

We do not believe that the setting up of a new organization to administer the program will eliminate them. Moreover, we feel that the present interagency system has worked remarkably well.

Administration recommendations for amending Public Law 480 will be submitted to the Congress soon. We believe that adoption of these recommendations would give real substance to the concept of food for peace without incurring the disadvantages which, in light of our experience, we think would result from the enactment of S. 1711.

Thank you, Mr. Chairman.

Senator HUMPHREY. Thank you very much, Mr. Beale. I have a few questions I should like to ask you.

AMOUNT OF SALES UNDER TITLE I LAST YEAR

Did I understand you to say that you had already been able to program the sale under title I of commodities up to the amount of the authorization?

Mr. BEALE. That is correct, sir.

Senator HUMPHREY. Why did the administration ask for a half billion dollars less last year and told us they doubted they could use it?

Mr. BEALE. I was just referring to what we had been able to accomplish.

Senator HUMPHREY. I know. That is what I am referring to also. Apparently you are able to accomplish more than you anticipated.

Mr. BEALE. In this case we were, sir.

Senator HUMPHREY. I asked you a question.

Mr. BEALE. Yes, sir; we were able to accomplish more than we had anticipated, sir. You are correct.

Senator HUMPHREY. I remember the vigor with which this billion and a half dollars was resisted. I also gather then you think there is a substantial increase provided by the \$2 billion contemplated in S. 1711; is that right?

Mr. BEALE. Yes, sir.

Senator HUMPHREY. Do you not think that out of all this great wealth of experience you gentlemen have had, that you might possibly be able to sell \$2 billion worth? We were able to get you to sell a half billion dollars' worth, more than you thought you could, last year.

Mr. BEALE. Senator, it would be cumulative in this case, however.

Senator HUMPHREY. What do you mean, "cumulative"?

Mr. BEALE. Well, we were able to increase from \$1 billion to \$1.5 billion.

Senator HUMPHREY. And you could have done more. You know you have many more requests on hand than you have been able to program; is that not right?

Mr. BEALE. Well, we have our serious doubts as to whether we can expect what would have been a doubling over the figure that we had recommended last year.

Senator HUMPHREY. Are you telling me now, for this record that you do not have requests in the Department of Agriculture, or in what you call an interagency committee, of over \$500 million worth more for Public Law 480 stocks? Do you want to put that on the record?

Mr. BEALE. May I ask what the situation is from one of the members—

Senator HUMPHREY. Yes; you may ask anybody you wish.

NEED FOR FOOD-FOR-PEACE ADMINSTRATOR

Mr. BEALE. Mr. Senator, I am afraid I will have to refer that to Agriculture, if I may.



Senator HUMPHREY. You see what I mean. Nobody can ever get the answers.

Mr. BEALE. I am sure the Department of Agriculture will be able to give the answer to that question.

Senator HUMPHREY. Yes; and they will have something which they will have to refer back to you. This is what I have been talking about. In order to get answers to these questions we have to go to the administration, and then we will have to go to Treasury, and then we will have to go to Commerce, and then we will have to go to ICA. This is a very poor way to run a government or a railroad. I am sure that no other department of Government would want it that way.

Well, now, your testimony is to the effect that you have been able to program a billion and a half dollars' worth thus far this year.

Mr. BEALE. That is correct, sir.

Senator HUMPHREY. So you did not get too much authorization last year.

REQUESTS IN DEPARTMENT OF AGRICULTURE NOT FULFILLED UNDER  
TITLE I OF PUBLIC LAW 480

Mr. BEALE. We were able to meet that figure; that is correct, sir.

Senator HUMPHREY. Well, the year is up June 30. You were able to meet it.

The next question I ask is: Are there any more requests? And you say you do not know.

Mr. BEALE. The Department of Agriculture will be able to give that figure.

Senator HUMPHREY. The Department of Agriculture knows.

Mr. Miller, you are in the room. Are there any more requests?

Mr. MILLER. Yes? Would you repeat the question? I was talking to Mr. Myers.

Senator HUMPHREY. I asked if there were any more requests in the Department of Agriculture for Public Law 480 title I commodities.

Mr. MILLER. Yes, sir; there are, sir. There are, generally speaking, always more requests than we have authorization for.

That is not to say that all of them are acceptable requests. We evaluate their desirability.

Senator HUMPHREY. I just asked a simple question: How many more requests? Whether they are good or bad is not the point. That is a matter of value judgment, and your value judgment may be different from mine.

Mr. MILLER. We have three—just a moment, Senator—we have three requests which have just come in.

Senator HUMPHREY. How many do you have altogether? I do not care when they came in. I just want to know how many of these requests do you have which have not been met under arrangements or agreements?

Mr. MILLER. Only three, sir.

Senator HUMPHREY. Just three?

Mr. MILLER. Yes, sir.

Senator HUMPHREY. All other requests have been satisfied?

Mr. MILLER. They have either been rejected or—

Senator HUMPHREY. I see.

Mr. MILLER. We do not accept all the requests.

Senator HUMPHREY. That is right.

Mr. MILLER. We have to decide whether we are going to appropriate—to give authorizations to one who makes a case.

Senator HUMPHREY. How many dollars worth of requests do you reject? You see, I do not consider that you are infallible.

Mr. MILLER. That is right.

Senator HUMPHREY. Your judgment may not always be right.

We will get this for the record. I would like a listing for the record of the amount of requests for the fiscal year 1959 which were received, the amount of requests that were fulfilled or consummated by agreements—that will give us the amount rejected—plus the three new ones you have.

Mr. MILLER. We will be glad to submit it for the record.

(The material referred to above follows:)

There were 35 requests for sales under title I in fiscal 1959. Twenty-three agreements or supplemental agreements were signed in fiscal 1959. Eight agreements were being negotiated at the end of fiscal 1959. Three requests were pending at the end of fiscal 1959. In a number of cases the volume of food requested was substantially reduced in the agreement.

Senator HUMPHREY. How much did the State Department recommend in its Interagency Policy Committee last year? Did you make any recommendations?

Mr. BEALE. We recommended a billion and a half, Senator.

Senator HUMPHREY. You recommended a billion and a half. The Bureau of the Budget recommended a billion. Why did you fellows not support us when we wanted a billion and a half?

Mr. BEALE. Well, on a matter of that sort, we take the combined judgment, sir.

Senator HUMPHREY. Well, I am glad ours was better than yours. Yours is all right. I want to compliment you.

#### INTERAGENCY COMMITTEE OPERATING UNDER PUBLIC LAW 480

Now, I read this sentence. I am starting at the back of your statement:

We do not believe that the setting up of a new organization to administer the program will eliminate them—

speaking of some of the problems that you face—

Moreover, we feel that the present interagency system has worked remarkably well.

Would you give me one other example in government where a program handling the sum of money involved in Public Law 480, which in the past 4 or 5 years has been over \$7.5 billion, operates on an interagency basis?

Does the Department of Defense do that?

Mr. BEALE. I know of no specific case where that amount of money is involved. I do know of specific cases of interagency committees which, by implication, might be said to cover equally large amounts.

The Interdepartmental Committee on Trade Agreements, for example, affects a large volume of trade in the decisions which it recommends to the President, and that is an interagency organization.

Senator HUMPHREY. But it is not an operating agency.



Mr. BEALE. It is not an operating agency, no.

Senator HUMPHREY. Who operates the program, then?

Mr. BEALE. Well——

Senator HUMPHREY. Would you mind telling me who operates Public Law 480?

Mr. BEALE. Well, I would say——

Senator HUMPHREY. Take your guess.

Mr. BEALE. I would say the operations are carried out according to the responsibilities under the law, by the separate agencies. The decisions——

Senator HUMPHREY. Yes, I know.

Mr. BEALE. The decisions as to how they would be carried out are made by this interagency group.

Senator HUMPHREY. Who operates it?

Mr. BEALE. But I would not define them as an operating group in the sense of a separate organization in that sense.

Senator HUMPHREY. Who operates Public Law 480?

Mr. BEALE. The Interagency Staff Committee and the Francis Committee.

Senator HUMPHREY. Yes, and who are they? Who are these people? Who are these people with a passion for anonymity?

Mr. BEALE. They are representatives—the Francis Committee are what we call official level, and——

Senator HUMPHREY. Who are they?

Mr. BEALE. Well, for example, the Director of the Office of International Finance and Development in the Department of State——

Senator HUMPHREY. Who is that?

Mr. BEALE. His name is Charles Adair.

Or his Deputy, Mr. William Turnage.

Senator HUMPHREY. We ought to have him over here and let him tell us all about Public Law 480. I want to get each of these people, because I want to know how much they really know about the operation of this law. It is well known that everybody's business is nobody's business.

I know who operates the Post Office Department. His name is Mr. Summerfield, and they do not bring in everybody from all the other agencies of Government, and generally I can even find out who operates the Weather Bureau.

But who operates and who runs Public Law 480? Who do you think runs it?

Mr. BEALE. Well, I would also like to say that Mr. Robert Carr, who is the Director of the Office of International Resources in the Department of State——

Senator HUMPHREY. What does he do about it, Mr. Beale?

Mr. BEALE. I beg your pardon, sir?

Senator HUMPHREY. What does he do about Public Law 480?

Mr. BEALE. He is one of the State Department's representatives on this committee.

Senator HUMPHREY. What does he do?

Mr. BEALE. Attends the meetings of the committee, brings the judgments of the experts in his office to bear on these particular problems.

Senator HUMPHREY. When this committee meets, what do they do?

Mr. BEALE. They consider the recommendations which have been made by the Department of Agriculture as to the volume of a program, as to the modicum position.

Our function in the Department of State, is to bring to bear the considerations which relate to the foreign relations aspect of the problem. It is our responsibility as to whether the program that has been put forward to the committee, in the light of the available commodities and the needs of the countries as we see them, to estimate what the effect would be in those countries and the interests of the countries that would normally export to the recipient countries.

Senator HUMPHREY. Are you really satisfied, Mr. Beale, with this interagency type of operation, the one of the Francis Committee level and the other at the Department of Agriculture level? Do you really think this is sound organization in light of the Hoover Commission reports?

PUBLIC LAW 480 IN LIGHT OF HOOVER COMMISSION REPORT

You are an intelligent public servant. I respect you very much. I have handled all the reports of the Hoover Commission, with few exceptions, in the 10 years I have been in Congress. I believe in effective governmental organization. I think it is inexcusable to have a hodgepodge when you are dealing with public funds.

Now you name me one principle of the Hoover Commission recommendations which is abided by or which is supported by the concept of administration that manages Public Law 480.

Mr. BEALE. Well, sir, I am not sufficiently familiar with all the recommendations of the Hoover Commission.

Senator HUMPHREY. You support the recommendations of the Hoover Commission, do you?

Mr. BEALE. I would say generally, I do, sir.

Senator HUMPHREY. I mean the basic principles.

Mr. BEALE. But if I may express my own view on the basis of experience, it is that in a case like this you can have effective administration by having the various agencies directly concerned represented rather than by establishing a new organization which would be imposed over the various existing ones.

Actually, I suppose that in the end, exactly the same people would have to attend exactly the same meetings, even though a separate administration were to be established. I would assume, for example, that such an administration would wish to take into account the foreign policy considerations.

Senator HUMPHREY. Yes.

Mr. BEALE. And in that event, we would undoubtedly assign exactly the same person to attend the meetings at which our views were to be put forward on that. I also assume that the Administration itself, the Food for Peace Administration, would not wish to assume the responsibilities for making those foreign policy considerations.

Senator HUMPHREY. We provide for an advisory body. But there is a great deal of difference between an advisory body and an operative body. I asked you a simple question: What is the name of the man who runs Public Law 480?

Mr. BEALE. Well, sir—



Senator HUMPHREY. What is the name of the Secretary of State? Mr. Herter, is it not?

Mr. BEALE. Mr. Herter.

Senator HUMPHREY. Who runs Public Law 480?

Mr. BEALE. Well, the Secretary of Agriculture.

Senator HUMPHREY. Does he run all of it?

Mr. BEALE. Title I, yes.

Senator HUMPHREY. I am trying to find out who runs the store.

Mr. BEALE. Well, there is no single officer charged with responsibility—

Senator HUMPHREY. Exactly.

Mr. BEALE. For all of the titles.

Senator HUMPHREY. Exactly, under this act.

Let us for the moment assume that we have no agreement upon the change of administration as S. 1711 provides. Do you see any need for administrative improvements in the existing administration of Public Law 480, or is this perfection?

Mr. BEALE. It is by no means perfection, sir, but I think the changes we have made recently and which have been made since the Davis report indicate progress in better administration.

#### DAVIS REPORT RECOMMENDATIONS

Senator HUMPHREY. You feel that the Davis report is meritorious; is that right?

Mr. BEALE. We have adopted the parts which we felt should be adopted, sir, in connection with the administration of the program.

Senator HUMPHREY. Would you like to adopt some of the parts which some of the rest of us feel are meritorious? For example, can you name me one single Government report which studied the use of our surplus agricultural commodities and recommended a 1-year extension?

Mr. BEALE. No, sir; I cannot.

Senator HUMPHREY. Do you think there are any?

Mr. BEALE. No; I know of none.

Senator HUMPHREY. That is right. Have they recommended several years' extension?

Mr. BEALE. Yes, sir; they have.

Senator HUMPHREY. Why?

Mr. BEALE. That was their judgment as to the needs, sir.

Senator HUMPHREY. And it was their judgment, was it not, also, as to the need of supplies in the recipient countries and effective administration?

Mr. BEALE. That is correct, sir. As I recall, the Davis report contemplated, however, a gradual phasing out, did it not, over the period?

Senator HUMPHREY. Yes, sir; it did. Mr. Davis said from \$10 billion to \$13 billion of U.S. farm commodities are almost certain to exist over requirements for domestic uses or in dollar sales. I think he recommended that Public Law 480 type operations during the next 5 years should be extended without seriously interfering with any regular commercial trade.

Mr. BEALE. Senator, as I recall my conversations with him, he did have in mind—and I would not want to quote him—he did have in

mind a gradual phasing out over that 5-year period. He contemplated that the surpluses would exist during that, but did not—

Senator HUMPHREY. He did not phase out as much as I am doing. He phased out at \$13 billion in 5 years. I am willing to phase out at 10.

Mr. BEALE. That is correct, sir.

#### NEED FOR TIMELY EXECUTIVE RECOMMENDATIONS

Senator HUMPHREY. You see what bothers me about this is that the Departments come up here and refuse to take the advice of the expert people whom they hire to give them advice. I can show, and will, when Mr. Miller testifies, that they have had numerous delays in negotiating these agreements in the past because of the 1-year extensions.

I remember last year the Departments said Congress delayed it. We had the President and the Secretary of Agriculture saying we were delaying. We passed it in the Senate quickly. It went over to the House. We had some difficulty there. Finally we came out with an 18-month program.

Where are the recommendations? This program is terminated December 31. When are you making your recommendations to the Congress?

Mr. BEALE. Sir, we expect to be able to make them in conjunction with Agriculture within the next week or so.

Senator HUMPHREY. Within the next week or so.

Mr. BEALE. We are coordinating with Agriculture, of course.

Senator HUMPHREY. Well, it is pretty late, because, after all, this is a very busy period for the Congress. The thing that bothers me is that about June of last year the administration was whiplashing us here for delay. Now the Congress is not going to be in session in November. It is not going to be in session in October. And, most likely, it is not going to be in session in September.

Are we to get a rush treatment on these recommendations in which you say "either accept them or reject them"?

Mr. BEALE. I would hope it would not be that.

Senator HUMPHREY. When did you make your recommendations to the Interagency Committee?

Mr. BEALE. I understand that it has all taken place within the past 6 weeks or so, Senator.

Senator HUMPHREY. And you understand the Department of Agriculture is to make its presentation very shortly; is that correct?

Mr. BEALE. That is correct.

Senator HUMPHREY. Have you read the Davis report?

Mr. BEALE. Yes; at the time it came out. I have not reviewed it recently, sir, and I am not as familiar with it as I would be if I had reread it.

Senator HUMPHREY. The first line of the Davis report says that—4 years' experience in Public Law 480 operations has demonstrated the U.S. food and fiber can be used as a positive force in international relations. Of necessity, Public Law 480 operations thus far have been experimental in nature, because little precedents existed to serve as a guide. Those responsible for the operations deserve much credit for having made the program as good as it is. The strong points predominate. Nevertheless, the prospect of continuing a large



Public Law 480 type program for another 5 years or more makes it important that the U.S. Government remedy the weak points in Public Law 480 operations.

You name me one recommendation that has been sent to Congress on Public Law 480 operations, since Mr. Davis made his report, of a corrective or of a remedial nature. I have handled all the hearings on it, and I would like to be reminded of what I missed in the messages.

Mr. BEALE. I know of none that has been sent to the Congress. We have made administrative changes, and, as I pointed out, the National Advisory Council, for example, made a decision regarding maintenance of value.

Senator HUMPHREY. Yes.

Mr. BEALE. And other steps were taken.

Senator HUMPHREY. What other steps?

Mr. BEALE. I have listed them here in my statement.

For example, the National Advisory Council has approved a proposal to eliminate the maintenance of value provisions.

Senator HUMPHREY. Yes; I am familiar with that. That is highly controversial, as you know.

Mr. BEALE. Yes. We have adopted the practice of reaching mutual understandings on the principal features of the loan agreement at the time the sales agreement is negotiated. That practice has resulted in minimizing the difficulty in executing the loan.

We have also authorized our missions in the field to approve the projects there, which we feel has expedited the use of the local currency funds.

And we have also been making available to the purchasing country a larger part of its local currency proceeds in the form of grants.

Senator HUMPHREY. Now, that was not because of anything you did. We did that by law. I sponsored that amendment, and I had a little trouble getting you people to recognize that it was the law.

Mr. BEALE. This is one of the changes that have been made as a result of—

Senator HUMPHREY. That is right. We call that non-self-liquidating projects. As you may recall, last year we put in several new uses of currency—my amendments. I have lived with this bill and this law. So I think I have a pretty good idea of what is in the law.

But I want to know what basic administrative changes you have made, because there were some recommended in these reports. I am going to go over them with you gentlemen who testify from the Government.

Mr. BEALE. Well, other than these, sir, I am unable to cite any that come to mind at the moment.

#### DAVIS REPORT FINDINGS AND SECTION 2 OF S. 1711 SIMILAR

Senator HUMPHREY. Here are the principal weaknesses that Mr. Davis pointed out. By the way, he made some very fine positive findings. You perhaps notice that I and my cosponsors have here in the bill a preamble, so to speak, of congressional findings and policy.

Mr. BEALE. Yes, sir.

Senator HUMPHREY. If you will look at section 2 of the bill and then look at the Davis report, you will see that our findings are pretty

much the same for this kind of a program. I think the people who have examined it—the National Policy Association, the Davis report, the committee, the Francis Committee—have come up with the same type of general policy findings.

Have you reviewed section 2 of S. 1711?

Mr. BEALE. Yes, sir, I have.

Senator HUMPHREY. Do you disagree with these findings, in particular? They go over to page 5, line 12.

Mr. BEALE. I would not disagree with the substance of those findings, sir.

Senator HUMPHREY. I think you will see those are, in the main, very much as the five declarations of findings of Mr. Davis and his committee. He said, for example, relating to this program, that 4 years of Public Law 480 operation have demonstrated the following points of strength:

1. It is an effective device for getting surplus food to hungry people without unduly disturbing established monetary and commercial trading operations, thus contributing to the achievement of a basic international goal of some 30 years' standing.
2. It reduces the handicapping fear of famine in low-income countries. In the knowledge that food reserves are available, countries more readily undertake direct development effort along the lines of their long-term interests.
3. It bolsters the combined economic strength and security of the free world.
4. It strengthens the economy of the United States and contributes to the world commodity price stability by moving excess commodity stocks into use.
5. It augments economic development in the low-income countries by increasing the productive potential of workers and by increasing available monetary resources, both domestic and foreign.

Do you agree with those?

Mr. BEALE. Yes, sir.

Senator HUMPHREY. All right.

Here are the points of weakness:

The principal weaknesses, not corrected in the first 4 years of Public Law 480 operations, are as follows: we are on the fifth year now, I believe.

1. The danger that a food crisis can eventually ensue in those participating countries which have serious food deficits unless such countries promptly anticipate and plan to meet the ultimate phasing out of Public Law 480 operations as U.S. surpluses diminish probably beginning as early as 1962.
2. The danger that Public Law 480 disposal of surpluses can seriously reduce the incentives essential to bring about the adjustment to technological change within the food and fiber sector of the U.S. economy.
3. The threat of weakening U.S. relations with certain exporting countries as a result of resentment engendered by the concern that Public Law 480 disposal is interfering with their commercial exports.

Then there are three more:

4. The danger that the excessive buildup of unused local currencies will contribute to reduction of foreign aid appropriations, thereby impairing the the strength and the security of the free world.
5. The danger that undue program control and supervision from Washington can engender local resentment.
6. The danger that potential benefits of Public Law 480 for economic development will not be fully realized by failure to properly coordinate with other economic programs.

All of these points were taken into consideration, Mr. Beale, in the preparation of S. 1711.



## PROPOSED REMEDIES IN WEAKNESSES OF PUBLIC LAW 480

Mr. Davis in his report went to these six areas of weakness and proposed remedies for them; is that correct?

Mr. BEALE. That is correct.

Senator HUMPHREY. Let's see what some of the remedies are.

He said, No. 1: There is need for the development of a statement of longer run goals and objectives to guide short-run Public Law 480 planning and operations which, among other things, reconciles Public Law 480 policies with agricultural and foreign policy objectives.

That is what we are trying to do in this bill, is it not?

Mr. BEALE. That is correct, sir.

Senator HUMPHREY. That is why the bill is before the Foreign Relations Committee rather than in Agriculture.

Mr. BEALE. Yes, sir.

Senator HUMPHREY. No. 2: It anticipates a satisfactory phasing out of Public Law 480 operations as supply and demand forces move toward balance within the food and fiber sector of the U.S. economy.

Mr. Davis recommends how many years for this?

Mr. BEALE. Five years, if I understood it.

Senator HUMPHREY. Yes, sir.

Do you recall the method by which Mr. Davis and his committee used to prepare this report?

Mr. BEALE. As I recall it, he made a general study here, and then went out in the field.

Senator HUMPHREY. Right.

Mr. BEALE. And then came back and wrote a separate study. His preliminary report, as I recall, was written in March of 1958; his final report must have been in about August of 1958.

Senator HUMPHREY. Yes. That is correct. In other words, this was not what you might call a staff study or a field study.

Mr. BEALE. If I may say, sir, I talked with him on a number of occasions when he was formulating his ideas prior to going out, and when he returned.

Senator HUMPHREY. Right.

## AGRICULTURAL SURPLUSES AID INDUSTRIAL DEVELOPMENT

In your statement you make certain charges that I think merit a little of our time and consideration. No. 1, you point out that the agricultural surpluses are not capital goods. They cannot be substituted for capital goods such as machinery and related items. This is correct; is it not?

Mr. BEALE. Yes, sir.

Senator HUMPHREY. You recall Mr. Davis pointed out, however, that the availability of food supplies, such as we could provide, increases the borrowing power and the financial power of the recipient country for industrial and commercial development. Do you recall that?

Mr. BEALE. Yes, sir.

Senator HUMPHREY. In other words, and I quote from his statement:

If properly coordinated with other economic programs, the Public Law 480 program improves the borrowing power of the country, the country becomes.

a better financial risk in that its debt service capacity has been increased. This, of course, is more true if the program is expected to continue for some years than if it is looked upon as a very short run.

My point is that Mr. Davis emphasizes again and again the improvement in the economic stability of the recipient country of agricultural commodities when it is on a long-term basis and; No. 2, that the availability of agricultural surpluses, while not a substitute for capital goods, makes it possible for the recipient country to use its limited currency, for capital goods. Is that not the conclusion?

Mr. BEALE. I would agree, sir; yes.

Senator HUMPHREY. Well then, what is this concern about having a long-term program?

Mr. BEALE. Well, as I pointed out, sir, we have found by experience that it is very difficult to plan or to be quite sure which crops are going to be the ones which are bumper crops and where the need will be over a long term.

#### NEED FOR A PLANNED PROGRAM ON NATIONAL FOOD AND FIBER GOALS

Senator HUMPHREY. Well, would it not be possible, and do you not think, the time is at hand when there must be national food and fiber goals and objectives?

Mr. BEALE. That may be, sir. That is a matter of agricultural policy which is entirely outside of my department.

Senator HUMPHREY. I disagree with you. It is not a matter of agricultural policy. It is a matter of national security.

Mr. BEALE. In the broad sense, no doubt it is.

Senator HUMPHREY. You bet it is in the broad sense. Do you think we planned by accident on the number of planes we were going to have? Do we say, "How would you fellows like to make planes? Would you like to make planes this weekend?" We plan the number of planes and atom bombs we are going to have, we plan the number of ships we are going to have, we plan the amount of ammunition we are going to have, and we plan where it is going to be. What makes you think food is less important?

Mr. BEALE. Food is not less important.

Senator HUMPHREY. It is equally important; is it not?

Mr. BEALE. It would be equally important, I agree.

Senator HUMPHREY. Do you not think we ought to plan not only how much money we should send to India, but also how much food we ought to send if she needs it? I am going to come back to your statement on India in just a minute.

Mr. BEALE. We do now plan, but of course only on an annual basis.

Senator HUMPHREY. We plan on the basis of production accident; do we not?

Mr. BEALE. We plan on the basis of the information that we have available regarding their production, their consumption, the imports they would have from other countries, and all other factors.

Senator HUMPHREY. That is right. But basically what we plan to have available for India is what we have left over.

Assuming we did not have a surplus of wheat, do you think we would go to our wheat farmers, for example, and say, "We would



like to have you plan on producing so much more for overseas development"?

Mr. BEALE. Not under present policies.

Senator HUMPHREY. No; that is right and that is what is wrong with the present policy.

In other words, right now in countries where we have encouraged people to utilize powdered milk, butter, and dairy products, for example when we run out of them, we are just out of them, that is all, even though the people may still be there, even though the need may still be there, even though powdered milk may be more important to our foreign relations than all the ambassadors you can send there.

When we just happen to have a domestic agricultural policy that says we are going to slow down on milk production, is that the end of our foreign aid production; is that the way we plan ICA?

Mr. BEALE. No, sir.

#### FOOD PROGRAM PHASED TO ECONOMIC SECURITY OF RECIPIENT COUNTRY

Senator HUMPHREY. Of course it is not. This is what we are getting at, and that is why this bill is going to be before this committee. If you are going to have a food and fiber program, should it not be phased into the total economic security program of the country?

Mr. BEALE. I would agree, sir. It would require a great deal of planning with other countries, of course.

Senator HUMPHREY. Of course. But it requires planning with other countries to send tanks to them, does it not?

I sit in this committee and hear about how many billions of dollars worth of military assistance we program. Are you telling me this is by accident?

Mr. BEALE. Not at all, sir.

Senator HUMPHREY. It is planned.

We even have charts here showing how much equipment they are going to get in each country. We know where this material basically is going to move.

You even plan how many spare parts you are going to send to Yugoslavia, do you not?

Mr. BEALE. We do, sir.

Senator HUMPHREY. How many brakebands you are sending for trucks.

Why can't you plan on how much food we are going to have? Don't you think this is important?

Mr. BEALE. Sir, as I suggested, we would not only have to plan our own agricultural production, and with the recipient countries, but we would have to plan the production of all the other agricultural producing countries.

Senator HUMPHREY. We have to plan a little bit with some of the other military producing countries, too, do we not? Don't you think some of our NATO allies like to sell a little military goods once in a while? You plan with them, do you not?

Mr. BEALE. We do.

Senator HUMPHREY. I know you plan with them. You even buy some from them, do you not?

Mr. BEALE. I think the planning in that case, with all due respect to Defense, is probably somewhat easier than when we are dealing with agricultural products, Senator.

Senator HUMPHREY. Do you want to know why? Because they make it their business to make it less complicated. They say, "This is a matter of national security," and somebody runs it, too.

Mr. BEALE. I was really thinking of the weather as being a factor that they, at least, did not have to take it into account.

Senator HUMPHREY. There are ways, may I say, that we can buttress against the accidents of nature. That is one of the reasons we have the so-called ever-normal granary. That is one of the reasons we ought to always have storehouses full of agricultural supplies, instead of constantly assuming that these so-called surpluses are a liability.

It would be a pretty sad thing today if we did not have any wheat for India, would it not, Mr. Beale?

Mr. BEALE. Indeed, sir.

Senator HUMPHREY. How sad?

Mr. BEALE. I think that is a very difficult thing to assess.

Senator HUMPHREY. Not too difficult.

How sad would it be for India?

Mr. BEALE. Well, a great many people would presumably have gone hungry, sir, without it.

Senator HUMPHREY. Yes, sir.

What would have happened to India's economic development program without this availability of food?

Mr. BEALE. It would have at least been delayed, sir.

Senator HUMPHREY. In other words, in the struggle against world communism here is the land mass of China, and here is India.

We are helping India considerably on the agricultural front, just as Russia is helping China on the industrial front. I am of the opinion that if we did not have available this wheat for our good friends in India, that the Indian industrial program—their second 5-year plan—would be in serious jeopardy.

Would you agree with that?

Mr. BEALE. I would agree with that, sir.

Senator HUMPHREY. So that maybe we ought to think in terms of what could happen if we did not have the availability of food supplies. That is what I meant by programing it.

Mr. BEALE. Yes, sir.

Senator HUMPHREY. In other words, there is no use of sending only money to India if there is a food deficit in the world. It takes more than dollars.

Now, Mr. Beale, you said as follows:

#### COMMERCIAL RELATIONS AND INCREASED TITLE I SALES

The increase in surplus disposals envisioned in S. 1711 would not only tend to jeopardize normal commercial marketings of our friends and allies such as Canada, Australia, Denmark, Netherlands, New Zealand, but would likewise affect the economies of many aid recipient nations.

This is a statement which is bandied about hither and yon, and I want to know what your facts are.

For example, the Davis report does not say this at all, does it?



Mr. Davis in his report, and the other reports, all say that the increase in surplus disposals can be done over the next 5 years without jeopardizing normal commercial relations.

What is your evidence to the contrary other than the statement which I have heard repeated so often?

Mr. BEALE. Well, our experience has been, Senator, that where we have wanted, for example, to send rice to India, to take one example, or tobacco to another country, these particular countries which may have bumper crops in that year have also wanted to sell theirs.

Senator HUMPHREY. Very good.

Mr. BEALE. And unless we are able to work out a satisfactory arrangement with them, then they feel that they have been injured in the process.

Senator HUMPHREY. Well, now, my good friend, it is impossible to conduct commercial relations in a highly competitive world without having somebody feel that maybe they got the short end of the stick.

I am sure that our friends in Australia, Canada, in New Zealand, and other countries are aware of the fact that they are pretty tough competitors themselves.

I tell my friends in Canada very frankly, "Look, I appreciate your problems. We want to work with you. I think it should be an accepted fact that two neighboring, friendly countries, ought to be able to work out their differences over wheat. If you can't work them out over wheat, you can't work them out over anything. We ought to have enough brainpower to do that. But that does not mean we drop dead."

Mr. BEALE. Not at all, sir.

#### CONSULTATIONS WITH OTHER EXPORTING COUNTRIES BENEFICIAL

As a matter of fact, we have been, I feel, very successful in our consultations over the past year, in particular, that I can speak to——

Senator HUMPHREY. Yes, sir——

Mr. BEALE. With those countries; particularly with Canada and Australia in connection with wheat.

Senator HUMPHREY. And yet last year you exported more wheat than you exported in any year before.

Mr. BEALE. And again, sir, I would suggest that that may be due in part to the fact that we carried out this process of consultation.

As you will recall, one of the points Mr. Davis made in his report referred to the possibility of weakened U.S. relations. That is one of the areas in which I feel we have definitely made progress as a result of his observations, because we have done much more in the field of consulting with the exporting, other exporting countries, with very beneficial results.

Senator HUMPHREY. Yes, sir; I compliment you.

I think you have done very well. May I point out that you sold \$1.5 billion worth of goods on schedule in fiscal year 1959, which is \$500 million worth more than you sold the year before, and you also had better relationships with the other countries because you applied yourself to it.

Now, the truth is, by your own statement, that many countries presumed they were going to have trouble, which they did not have.

I want to say this. The Dutch are tough traders. I am all for them being tough, and I think they ought to get every market that they can. But, actually, most of the Public Law 480 commodities are sold in markets where dollars or gold or pound sterling are not available. Most of these commodities are over and above what normal exports would be; is that not true?

Mr. BEALE. Well, I would say, sir, that that depends upon the country and the circumstances. It is difficult to generalize on that.

Senator HUMPHREY. It is difficult to generalize, but your job in negotiating these agreements is to see that that is the case.

Mr. BEALE. And in each agreement we approach it as a separate agreement in terms of the needs there.

Senator HUMPHREY. Exactly.

Do you think that an extra \$500 million authorized use is going to jeopardize normal markets in a world that has an explosive population; in a world that, at least, is trying to improve its per capita income? After all, if the per capita income does not go up, we are in pretty bad shape in this world.

Mr. BEALE. Senator, that is our considered judgment.

#### SOVIET AGRICULTURAL CHALLENGE

Senator HUMPHREY. What is going to happen when the Russians start to export the wheat?

Mr. BEALE. Well, I am unable to forecast on that, sir.

Senator HUMPHREY. You think they are going to, do you not?

Mr. BEALE. I do not know whether they will or not, sir.

I heard you earlier, and the idea is extremely interesting and a provocative one. But I am not in a position to say.

Senator HUMPHREY. Well, who in the State Department is able to give us economic information on the capabilities of the Soviet to export cereal grains?

Mr. BEALE. I would be very glad to get it for the record, sir. We have a group in the Department who can produce that information.

Senator HUMPHREY. What are their projections? They must be projecting for the next 5 years.

Mr. BEALE. We will be very happy to get that information for you, sir.

(The material referred to is on file in the Committee on Foreign Relations.)

Senator HUMPHREY. I think when you get the projections you will find I am exceedingly conservative.

Let me say a word about vegetable oils, which is a deficit item all over the world. The Soviets are making tremendous efforts to improve the production of sunflower seeds with a high rate of oil in order to move into our soybean and linseed markets. Are you aware of that?

Mr. BEALE. Yes, sir; I am aware of that, sir.

Senator HUMPHREY. Don't you think it might not be a bad idea if we start to at least encourage the flow of trade our way?

You know, this is not just a humanitarian program I am talking about. I believe in business, too, and I think if we are going to be a creditor country we had better start acting like one.



Don't you think we ought to start encouraging the flow of these businesses this way as the incomes go up in these other countries?

Mr. BEALE. I do indeed, sir.

#### VOLUME OF TITLE I SALES

Senator HUMPHREY. Can you say, this is a positive statement, "that the increase in surplus disposals envisioned in S. 1711 will not only tend to jeopardize normal commercial marketings of our friends and allies, but would likewise affect the economies of many recipient nations"?

I say that is a flat statement of assertion, and you have no evidence to back it up. If you have any evidence, give it to me, because I do not want to jeopardize our normal commercial marketings, and I do not want to jeopardize the economies of recipient countries. I have heard this statement quite often and I wonder why you say it.

Mr. BEALE. Well, sir, may I first say that it is a general statement, and then I have a considerable amount of documentation which I would like to make available to you, but would not wish to make public in a public hearing because it would involve, to have validity, mentioning the names of the countries concerned.

Senator HUMPHREY. I have gone into this very carefully. When I was up at the U.N. I had several ambassadors come to me and tell me about these things. I would bring them down here and take it up with the Department of State or the Department of Agriculture and find out there just was not any fact to it.

We obviously can make some mistakes on some trade agreements. However, in your testimony you said:

We have developed a standard procedure for working out title I programs and we have been following the procedure very successfully for the past several years.

Then you go on to tell about how you have not interfered with normal marketings.

Mr. BEALE. That is true; that is the way we have tried to work it out, so we would not interfere.

Senator HUMPHREY. We compliment you on this.

Are you trying to tell me that the whole world, with the growth of population, with the expansion of industry, with apparently at least a hope of improved per capita income, cannot absorb another \$500 million a year without destroying normal marketings?

Mr. BEALE. We are not at all certain that it can take that increase during the next year, for example.

Senator HUMPHREY. Well, you took it this last year; did you not?

Mr. BEALE. That is right, sir.

Senator HUMPHREY. In 1 year. Who has the evidence on this?

If you were the judge, according to your own statement of how well you have done and what procedures you have set up, and the fact that you expanded marketings by \$500 million under title I last year, why isn't it right to presume that you can do it again?

Mr. BEALE. Well, we are not certain, sir, that we can do it for another \$500 million.

Senator HUMPHREY. You are not?

Mr. BEALE. No.

Senator HUMPHREY. Could you do it for another \$250 million?

Mr. BEALE. I do not know, sir.

Senator HUMPHREY. Well, you can do it for at least \$1.5 billion; is that right?

Mr. BEALE. We are not sure of it.

Senator HUMPHREY. You did it last year.

Mr. BEALE. Yes, but we are not sure. We were not sure last year and we are not sure we will be able to do it this year.

Senator HUMPHREY. You are not sure we are going to live next year, are you, but you are planning on it?

My point is, the evidence shows that you did it for \$1.5 billion; is that right?

Mr. BEALE. That is right.

Senator HUMPHREY. Maybe if we trim this down to \$1.5 billion for 5 years, with more experience, more maturity, with better diplomatic relations, we would be able to do it for the next 5 years. You do not think we would be worse off, do you?

Mr. BEALE. No, sir.

Senator HUMPHREY. Do you think we would be able to do it for 5 years?

Mr. BEALE. Certainly if the legislation were passed, we would do our best.

Senator HUMPHREY. I know you would do your best, because you are a very loyal public servant and a very fine one. But I want to know whether you think you would be able to do it.

Mr. BEALE. I would only be able to express the hope, sir.

Senator HUMPHREY. Just the hope?

Mr. BEALE. Not the certainty.

Senator HUMPHREY. I want to tell you that I wish you were a little more optimistic than this.

Do you think we will be able to meet the Soviet economic threat?

Mr. BEALE. I am confident, sir, that we will be able to meet it if we are prepared to take sufficient effective measures in quite a number of fields.

Senator HUMPHREY. In other words, you are pretty confident we will be able to meet the Soviet economic change, but you are not quite confident that we can still market the same amount in the next 5 years that we marketed last year.

Mr. BEALE. Indeed, sir, that does place me——

Senator HUMPHREY. I have a great deal of respect for you, and I think I know what you mean.

#### QUESTION OF LOWERING PAKISTAN FOREIGN EXCHANGE EARNINGS

You made mention here about the cotton exports resulting in Pakistan's lowering of foreign exchange; is that right?

Mr. BEALE. That is correct, sir.

Senator HUMPHREY. You said, "We believe we convinced Pakistan that this was not a valid conclusion."

So, you say, on the one hand, that you are going to wreck normal markets, and then on the other, after a time you say, but we showed them; we didn't do it.



Which is the most important here? Did you or did you not have a policy which resulted in lowering Pakistan's foreign exchange earnings?

Mr. BEALE. The reference there, sir, to the special barter agreements actually was their feeling that they would have to turn to the Soviet Union to make trade agreements with them.

Senator HUMPHREY. Why?

Mr. BEALE. Because they felt that they were not going to be able to market this cotton in any other market, and they would be able to barter with the Soviet Union.

We believed, we convinced them that was not a valid conclusion; that they would have to enter into barter arrangements with the Soviet Union, and that was the reference there.

Senator HUMPHREY. In other words, Pakistan was saying that because of our cotton disposal program they lost their market and therefore they would be compelled to barter with the Soviet Union.

Mr. BEALE. It was their belief that they might have to turn to the Soviet Union.

Senator HUMPHREY. What actually happened, Mr. Beale?

Mr. BEALE. They did not.

Senator HUMPHREY. And why didn't they? Did they lose their market?

Mr. BEALE. No; they did not, sir.

Senator HUMPHREY. Of course, they did not.

I have heard all these arguments for 5 years about what we are going to do to the normal markets, and do you realize what has happened to American exports as a result of this program? It has gone up.

#### DELAY IN GETTING PUBLIC LAW 480 PROGRAM STARTED

Even with the limited Public Law 480 program, even with the old creaky machinery, and despite all the trouble in getting the program started after the authorization, it has worked fairly well. They did not get the program started for 5 months, as you know, after it was authorized. It was authorized in August or September 1954, and it was not put into effect until some time in January. The Presidential order came in December, as I recall.

Mr. BEALE. Sir, may I state that the first Executive order was issued in September 1954.

Senator HUMPHREY. In September. When was the machinery set up?

Mr. BEALE. I am not sure of that, sir. I do not have a copy of that Executive order.

Senator HUMPHREY. What does the first Executive order say?

Mr. BEALE. It starts out—

The President today issued an Executive order providing for the administration of the Agricultural Trade Development and Assistance Act of 1954.

Senator HUMPHREY. Yes.

Mr. BEALE. And it refers to the fact that he has established an Interagency Advisory Committee.

Senator HUMPHREY. Right. When did they finally inaugurate the administration?

Mr. BEALE. Well, I would assume, sir, that the reference to when they inaugurated the administration was December, as you said, but I did happen to notice that this Executive order is dated September.

Senator HUMPHREY. I stand corrected on the date of the order. But I think my memory is correct when I say that it is December of the same year before they started administering the program.

Mr. BEALE. Yes, sir.

Senator HUMPHREY. On page 3 of your statement, you refer to the underdeveloped countries and you say that some of them do not have the resources ever to advance far industrially. You say they depend to an important degree, and will no doubt continue to do so, on exports of agricultural products to earn foreign exchange.

You say that it certainly would not make sense to the American taxpayer for us to tear down with one hand what we are trying to build up with the other.

That is, of course, a statement with which I can agree. But where have we done that with this program?

Mr. BEALE. Well, again I refer, Senator, to cases where the countries concerned, with a limited number of agricultural exports at their command, have felt that we were selling in markets which would otherwise have been theirs in the normal course of events.

Senator HUMPHREY. Then in that case the administration ought to be chastised for maladministration, because that is not the purpose of the act. It is not necessary, on the one hand, to say that you have worked out good procedures to prevent it and on the other hand, you say they are being threatened. You just cannot have it both ways.

#### MISUNDERSTANDING CONCERNING OUR TOBACCO EXPORTS

What about this tobacco export to which you referred? Who made that mistake? Apparently it is a mistake because you say it caused great trouble, and I would like to know who was responsible for it.

We will call them up before the Committee on Agriculture.

Mr. BEALE. This was a statement, as I recall, sir, that was made by a representative of the Greek Government who was expressing his concern.

Senator HUMPHREY. Do you think it is factual? Do you think the Greek Government had a justifiable complaint?

Mr. BEALE. May I ask for the history on that? Perhaps I could have Mr. Gabbert respond to that.

Mr. Gabbert.

Mr. GABBERT. Senator, in this particular case the complaint was made before the FAO consultative subcommittee on agricultural surplus disposal which, I am sure, you know, meets once a month and it is a forum where we hear a lot about these points.

Senator HUMPHREY. Yes, sir.

Mr. GABBERT. Now, in the case of the tobacco, we were able to explain to the Greek representative that, in our opinion, our tobacco, U.S. tobacco, was of a different variety, type, and quality than that of the Greeks and therefore, in our opinion, we were not disrupting their normal marketing.

However, the thing that I want to stress here in all of these points that have been discussed, sometimes even a spook can be very frightening, and just the fact that these people are alarmed about it gives



us concern. I mean the psychology of dealing with people in this connection is important.

All we are saying is that we have to constantly guard against such occurrences.

Senator HUMPHREY. I agree.

Mr. GABBERT. I am sure you do.

#### QUESTION OF DUMPING OPERATIONS ON MARKETS

Senator HUMPHREY. And I am thoroughly sympathetic with this. May I say, I have gone out of my way as a Senator not to try to force dumping operations on markets.

I represent a State in which marketing is very important. I am not interested in a dumping operation, but I am not interested either in having hobgoblins all over the lot when they turn out to be nothing at all. When the Public Law 480 program started, the first thing that happened was that some of our good friends started right away to say, "Oh, you are going to dump."

It just did not develop that way. There may have been some abuses.

We had to feel our way; that is true. As a matter of fact, some of us who could have been critical were not critical because it was an experiment; it was something new.

I think I am reasonable in my international attitude. I am known as an internationalist; I surely am not an isolationist, economically or politically.

But as I have said to some of my good friends, I do not see any reason why the Dutch, the Canadians, Australians, French, British, and Germans complain that, just because we are big and so rich we should not stand up for what we believe to be our rights.

We are a great agricultural country. I represent a lot of farm people, and they have a right to make a living. The Government of the United States has a foreign policy, and that foreign policy is important to the free world.

As I have said many times to our Canadian friends, "Join with us."

Personally I would be willing to put this all up into the U.N., in an international food and fiber reserve, which is where I think it really belongs. The Government does not think so. We want it bilaterally, and if you want to have it bilaterally, you have to expect to take the heat.

One way to remedy this situation in terms of affecting markets, dumping accusations, price fluctuations, and all these things is to internationalize it. But we refuse to do that.

I have tried very hard to do this.

#### DEPARTMENT'S VIEW ON NATIONAL FOOD AND FIBER RESERVES

That brings me to this question: Why did you not testify on national food and fiber reserves which is in my bill? This is the State Department policy. I handled this for the State Department, and I am quite familiar with it.

I handled it at the United Nations, and I want to know when are we going to implement that pronouncement which I was privileged to offer to the whole world and about which we have done nothing since?

You are on page 15 of the bill, title V, national food reserves. Does the State Department support that provision or does it not?

Mr. BEALE. The State Department supports the establishment of national food reserves, yes, and believes that it can be achieved by an amendment of the present law and, as I understand it, that would probably be one of the proposals that would be put forward in our program.

Senator HUMPHREY. Very good. I am pleased that you are considering these proposals.

As a matter of fact, this is essentially nothing more or less than a recodification of the present law, bringing it up to date with suggestions based on past experience.

The bill on which you are testifying, S. 1711, includes the provisions of the present law either by reference to the code or by direct statement. Then it adds new uses of currency, according to some of the reports which we have made, and expands the operations to a 5-year program and provides for long-term loans.

#### OPPOSITION OF DEPARTMENT TO LONG-TERM LOANS

Tell me, why do you oppose long-term credits?

Mr. BEALE. Well, sir, as we stated in the letter that we submitted, we do not believe that the proposed title IV, which would authorize long-term contracts with credit up to 40 years would result in larger disposals; absorptive capacity of the less developed countries is already being satisfied by present title I programs.

Senator HUMPHREY. You can say it, but can you prove it?

I can bring in 50 witnesses here, competent international experts and religious and lay leaders, who will deny that statement emphatically.

I have had them in my office and they say this is the worst fallacy that is being perpetrated on the American public—the inability to absorb more; that is what you said, is it not?

Mr. BEALE. Well, there was a final phrase, together with commercial purchases.

Senator HUMPHREY. Yes. When you make a commercial purchase you have to have either gold, dollars, or sterling, do you not?

Mr. BEALE. Yes, sir.

Senator HUMPHREY. Then why do you make the statement that the other countries cannot absorb more?

Mr. BEALE. Well, that again, sir—

Senator HUMPHREY. What is your evidence?

Mr. BEALE. This is again the considered judgment of the group that has been working on the program.

Senator HUMPHREY. Well, I want to tell you that General Motors would still have been a blacksmith shop if they worked under that kind of operation.

They presume a country can absorb more and more all the time, even in this limited economy of ours; so does General Foods, and so does Camel cigarettes. Yet we have here an official statement saying that in a world of expanding population, in a world where nations are trying to move ahead industrially, with limited capital resources, with tremendous food deficits and political problems inherent in those food deficits, there is an inability and an incapacity to absorb more.



Is that your statement?

Mr. BEALE. In terms of the amount that would be contemplated; I do not know how much would be contemplated under this provision.

Senator HUMPHREY. Only as much as you can bargain for. This depends upon the negotiator and what the needs are.

You see, this is no giveaway. This is a sale which has nothing to do with title II in terms of the grants.

It does not have anything to do with title I in terms of soft currency which, in the long run, may be a kind of modified grant.

This deals with where you pay back either in dollars, services, or strategic materials, and a 40-year credit. I am not sure that this provision would be used too much.

I know Congressman Poage in the House had a similar provision along these lines.

This is not unusual, by the way.

Our Canadian friends use long-term credits. Are you familiar with those?

Mr. BEALE. Yes, I am, sir.

Senator HUMPHREY. They use credits in some areas where we do not.

I remember some years ago they sold some wheat to certain countries in Europe on long-term credits.

We do have long-term credits on some things, do we not?

Mr. BEALE. Senator, I believe that the Canadian terms are 10 years, are they not, as I recall them?

Senator HUMPHREY. They may well be.

Mr. BEALE. They go down as low as 3.

#### COUNTRIES RELUCTANT TO USE LONG TERM CONTRACTS

Senator HUMPHREY. Ten years. Maybe this is too long. I said 40 years. Maybe it should be 30 years, 20 years, 10 years. But at least we ought to get into the business of extending some credits. It seems to me we are better off to have the food used than we are to have it stored.

Mr. BEALE. Well, it would seem to me, Senator, that countries would, as you say, be somewhat reluctant to enter into long-term contracts, which they would have to pay back in dollars, for something that they were actually going to consume in the immediate future.

It seems to me that is a very serious problem for them.

I know in the one case where the disposal of Public Law 480 products to Poland has involved a long-term loan, as such, and that means that the Polish Government decided that they would consume the products, but pay back over an extended period.

Senator HUMPHREY. Yes.

You see, the long-term credit is predicated on the assumption that after 10 years, for example, the country to which long-term credit may be extended will be a more productive country. It will raise its per capita income, and it will be in a more solvent and better financial condition.

In other words, we are betting on the future. I am of the opinion, and this is my personal view, that we have to take these calculated risks.

We are betting on the future all the time. For example, we have some agreements here in Congress on which we are considering giving other nations atomic bombs. We are betting they will be our friends in the future. We put military assistance into the hands of a country where revolutions occur every other year. We have to bet on the future. Some of them are not so good, but we keep betting just the same.

However, why is it when it comes to food it gets to be so difficult? This bothers me no end. I never have been able to understand this.

Mr. BEALE. In this particular case it is the countries themselves that have to place their bets on the future rather than we ourselves.

Senator HUMPHREY. Yes; and we, too.

Mr. BEALE. Yes. We, in part, but they, in part, too, because they undertake the obligation.

Senator HUMPHREY. All right.

I have one final question on the use of currencies.

#### PROPOSED NEW USES OF LOCAL CURRENCIES

On page 6 of your testimony, your comment is to the effect that the new uses provided in S. 1711 would slow down the working out of agreements and would seriously impede the disposal of U.S. surpluses.

Mr. Beale, did the new uses we provided last year in the 85th Congress, slow down any of the agreements for this \$1.5 billion in sales that you made this year?

Mr. BEALE. I understand—and I will stand corrected by my experts—that they did slow it down for some time while people got accustomed to negotiating on those particular ones.

The main point here that I have in mind, Senator, is that the interest of the countries themselves is in the availability of the local currency for economic development purposes, and to the extent that additional uses are developed, and when you add additional uses, agencies become interested in having those uses put to their full utilization, if I may put it that way, and it means that the amount available to the countries themselves is almost inevitably reduced.

This gives the countries concern, and makes it more difficult, less appealing, in a sense, for them to negotiate the agreement. That is our primary concern. It is not the uses themselves.

Senator HUMPHREY. These uses are not mandatory. They are optional uses, you see.

Mr. BEALE. That is quite true.

But in the normal course of events, as I understand it, people seem to develop vested interests in the uses.

Senator HUMPHREY. Yes; that is true.

I have heard before that one of the reasons why we ought not to have an extension of this act, of Public Law 480, for any length of time was that the uses of these currencies for economic purposes were inflationary, and that many of the countries were incapable of absorbing them.

On the other hand, you are saying we should restrict the uses of them, thereby making it more difficult to dispose of the commodities.



You see, we get both sides of this all the time. On the one hand, if we provide new uses which slow down negotiations, we thereby impede the possibility of surplus utilization; if, on the other hand, we limit the uses to economic development or put the emphasis on economic development, economic loans, then some of our friends in the administration say, "Ah, but this is inflationary."

MR. BEALE. Well, Senator, it need not be inflationary if the uses are properly organized and balanced.

SENATOR HUMPHREY. You understand these new uses of currency are not for the United States, but they are for the recipient countries.

MR. BEALE. That is correct, sir.

SENATOR HUMPHREY. It gives a broader selection. In other words, it gives sort of an economic supermarket from which they can choose.

MR. BEALE. It would limit the amount that they could use for economic development purposes; would it not?

SENATOR HUMPHREY. Not at all; no. I disagree with that, because it is not mandatory that a certain percentage go to schools or a certain percentage go to hospitals.

The provisions of the law or the provisions for use are still the same as they were in Public Law 480. That is incorporated right in this bill.

MR. BEALE. That is correct, sir.

SENATOR HUMPHREY. We provide new uses, if you can negotiate them. But it is not mandatory.

For example, section 104 relates to assistance to educational exchange activities sponsored by U.S. citizens.

We put in provisions supporting workshops in American studies or American educational techniques; for financing technicians and other personnel of the United Nations Food and Agricultural Organization, and World Health Organization—including necessary equipment and supplies—engaged in consulting and advising on, conducting, or administering Government programs designed to relieve chronic hunger and malnutrition; for financing research, surveys, conferences, publicity, and other activities which the President shall find to be helpful in support of the projected "Free the World From Hunger" campaign of the United Nations Food and Agriculture Organization.

These are funds that can be used. But it seems to me that this all depends upon how you negotiate.

MR. BEALE. Well, I believe, sir, that just as within the present uses, pressures build up for their use, and they are vested interests and, no doubt, the same things would be developed in the countries themselves. The pressures would build up for their particular uses, and it would mean inevitably, as I would understand it, a reduction in the amount available for economic development. There is just so much of a pie.

SENATOR HUMPHREY. Yes; but we are making a bigger pie. Of course, there are going to be a few more people coming in and wanting a slice of it.

We are going to give you \$500 million more in currencies. Then, my friend, there is the problem of repayment of old loans. This has been studied, and poses a very serious problem to this Government as to what we are going to do with the currencies that were once loaned out, and are now coming back with interest.

So that actually, the problem today is not a deficit of currencies for economic development; it is not a deficit or limitation upon the amounts available.

It is the fact that they are in surplus. I should say that our recipients of these commodities are becoming deeply concerned because we have too big a hold on the currency structure of their own country. Therefore, we recommend in this bill greater use of grants to get these currencies back into their hands and not under our control.

That is one of the reasons of the binational foundations which were recommended by other study groups.

Well, I have surely kept you here too long. I hope that while I have been rather sharp in some of my replies and questions, that you understand, Mr. Beale, I appreciate the good work that your Department does in administering this program.

I just wish you were not so timid. I do not think we are going to win this struggle by timidity.

#### OVERSEAS VOLUNTARY AGENCIES

There are quite a few hungry people around, and if we cannot sell this food there are a lot of people in this country who think we ought to give it away through our great voluntary organizations. I might add that the 59 or 60 overseas voluntary agencies of our country, private, religious, and nonreligious can handle a lot more food and fiber than they are handling right now. They, by way, give us the best deal in the world.

They provide the personnel, the contacts, the machinery, and the administrative apparatus. All the Government of the United States has to do is to supply the materials and the food. The choice is whether or not that food is going to accumulate in these warehouses or whether or not it is going to be used.

I am amazed and shocked when I hear so many reasons being given why this food cannot be used. The same people who are going to tell us it cannot be used are the same people who are going to complain about it gathering in the warehouses. And we are going to have more this year than we had last year. There will be a minimum of \$10.5 to \$11 billion worth.

It seems to me that with that kind of a prognostication—that is not exaggerated, it is conservative—somewhere along the line we ought to be thinking of how we are going to put this food into effective use over and above what we have been doing. That is the purpose of this bill.

We would like to get more than just objections to this bill.

#### LETTER OF STATE DEPARTMENT NEGATIVE IN CRITICISM OF PROPOSED BILL

The letter of the State Department will be filed and made a part of this testimony. You testified on most of it. I regret to say it is completely negative.

Apparently all that we have is perfect and that which we propose is not good.

It goes on for five pages of negative criticism. For example, they say, "The Department is opposed," "we oppose," "we do not believe," "we oppose."



I will be interested to find out what they are for.

Thank you.

Mr. BEALE. Thank you, Mr. Chairman.

Senator HUMPHREY. Mr. Miller, I think we will recess until 2:30. We will reconvene in F-53, which is the old Foreign Relations Committee room.

We will notify Mr. Stambaugh of the Export-Import Bank of the location of the hearing.

Room F-53 is in the Capitol.

Then, Mr. Albert Sims, will you come, too?

(Whereupon, at 12:55 p.m. the committee recessed, to reconvene at 2:30 p.m. this same day.)

#### AFTERNOON SESSION

Present: Senators Fulbright (chairman) and Humphrey.

The CHAIRMAN. The committee will come to order.

I wish to call as our next witness Mr. Lloyd Godley, who is one of my constituents. Inasmuch as I may have to go to the Senate floor shortly to resume the consideration of the Mutual Security Act, I may not be able to come back. So, Mr. Godley, will you come forward, please?

Mr. Godley, we are very pleased to have you here today.

Mr. GODLEY. Thank you, Senator.

The CHAIRMAN. I wish to state for the record that Mr. Godley is one of the leading planters of Mississippi County, which is the greatest agricultural county in the South. He is also one who has paid particular attention to the governmental program in the field, and I think he is very well informed and well qualified to testify on this bill.

Mr. Godley, we are very pleased to have you.

Do you have a prepared statement?

#### STATEMENT OF LLOYD GODLEY, CHAIRMAN, LEGISLATIVE COMMITTEE, ARKANSAS FARMERS UNION

Mr. GODLEY. Yes, sir. Senator, I may vary from it a little.

The CHAIRMAN. May we suggest that you put the whole statement in the record and you can speak from it at your convenience.

Mr. GODLEY. Thank you, sir.

I am Lloyd Godley of Osceola, Mississippi County, Ark., and I am a farmer.

I grow cotton, soybeans, wheat, and corn.

I am here representing the Arkansas Farmers Union as chairman of its legislative committee.

It is a great honor, gentlemen, to have the privilege of appearing before this distinguished committee, and we recognize that this legislation treats in a large measure with foreign affairs and foreign relations. Nevertheless, if passed, we believe it can have a great impact upon American agriculture.

Now, we make no pretense whatsoever at being an authority on foreign affairs. We do, however, claim some knowledge of agriculture and its problems.

While your efforts for agriculture may not be recognized by all the farmers of America, I can assure you that a great many farmers from

our State and throughout the Nation know that you, Mr. Chairman, and the other distinguished Senators here, have been right up in the forefront all the time fighting for farm legislation.

We are here today to support the legislation under consideration, and I might say in noting the sponsors of this legislation we would be tempted to support it even without reading the bill.

Senator HUMPHREY. Well, I am glad you read it.

#### S. 1711—A CONTRIBUTING FACTOR IN RAISING FARMERS' INCOME

Mr. GODLEY. We have one selfish reason, gentlemen, for supporting this legislation.

That is because we are farmers, and such legislation should contribute toward raising our income.

We think, perhaps, that that is a reasonable aspiration since agriculture has for the past several years borne the brunt of holding within reasonable limits the cost of living while taking a net annual reduction in income of at least \$3 billion, and we sometimes wonder just who is subsidizing whom.

This reduction in farm income has, of course, greatly reduced the buying power of farm people.

Therefore, the loss to the farmer has likewise been a loss to the manufacturer, the factory, laborer, the shipper, the merchant, and others.

It is unfortunate that so many do not understand that agriculture, the biggest business in America, cannot be ground down into poverty by being pressed on one side by lower and lower prices and on the other side, by higher and higher costs of living and production without adversely affecting the whole economy of our Nation. That is pretty difficult to understand.

Now that, gentlemen, is our selfish reason for supporting this legislation.

#### FOOD: AN IMPORTANT IMPLEMENT FOR BRINGING ABOUT PEACE

Our unselfish reason is that we honestly believe that America's destiny is to keep the light of freedom burning in the world.

If it were not so, why does the good Lord permit us so much freedom, and with all of our abundance?

Since we farmers have the land and the equipment, the energy and the genius to produce food and fiber in such abundance, we pray most earnestly that this abundance may be used to promote peace in the world.

We hope that the Congress, in its great wisdom, may be the means of bringing this about.

Most certainly, with world leadership goes world responsibility. We are not opposed to the vast military expenditures in any amount necessary to protect our freedom and that of other freedom-loving peoples. But we do believe that food is a greater implement for peace than are guns.

This is the major reason for our supporting this legislation.



But if, gentlemen, we should adopt this legislation solely as a means of ridding ourselves of agricultural surpluses and other goods, it will fail.

One of our greatest challenges today is to prove that our aid to other lands is extended on the basis that we care for people more than we care for profit.

We have been challenged to the conquest of outer space, and we have responded, as America always has with our wealth, genius, and determination.

Wouldn't it be great if America would challenge the world to the conquest of hunger? If we should issue such a challenge in earnest, and it had the same support by the administration, the press, and the people as did the challenge to the conquering of space, it may be that there would be such an outpouring of good will throughout the world that the tyrants would sulk in their tents and never again attempt to force their will upon helpless people.

Communism abounds where hunger, poverty, and ignorance abide.

We farm people are ready, able and willing and anxious to produce in whatever abundance is necessary to meet the needs at home and abroad. But we are growing a little tired, discouraged, and disgusted at the abuse and ridicule heaped upon us, especially since every man, woman, and child in America must depend upon the farmer for his very life.

In this great Nation of ours, built upon the profit theory in business, it is inconceivable that we, the farm people, should be expected to produce the living for all the people with so little profit that it has almost reached the vanishing point.

If the people could have the facts, not half truths, distortions, and deliberate falsehoods, they would respond in such a way that we, in agriculture, would once again enjoy reasonable prosperity.

We honestly believe, gentlemen, that this legislation we are discussing here today has within it the seeds of prosperity for the American farmer and for peace throughout the world.

Isn't it awful that there is so much hunger and misery in the world, and yet we farmers must leave land idle because there is no outlet for full production?

#### FARMER ACCUSED OF BEING IDEALISTIC

We may be accused of being idealistic. If believing that food, not guns, may decide mankind's destiny, then we admit we are idealistic.

If believing that farm people are entitled to a fair and reasonable share of the national income is idealistic, then we again must admit that we are idealistic.

America has a farm problem of surplus which is judged a curse by some, by others a blessing.

If we continue with our warehouses and granaries overflowing, it may well be a curse.

But if we use this great abundance for the conquest of hunger, nakedness, and despair throughout the world, then our surplus may prove to be mankind's greatest blessing.

Public Law 480 has worked wonders for American agriculture, and the recipients of it benefits abroad.

It is my understanding that the legislation under discussion is an extension and expansion of that act. I would not attempt to analyze this legislation because you are far more familiar with it than I.

But I would like to say that Public Law 480 has been of great profit to all of the people of this Nation, not just the farmers, but all the people of this Nation, and to those abroad who have participated in its benefits.

We have recently heard much about the evils of an unbalanced budget.

But if war comes instead of peace to the millions who must die it will not matter if the budget is balanced or unbalanced. If civilization crumbles because of our selfishness, all is lost.

#### WAGING PEACE WITH BREAD RATHER THAN WAR WITH BOMBS

We believe it is more human to wage peace with bread than war with bombs.

It is true that man cannot live alone on bread. But he can live on bread and good gravy, and with all of the cottonseed oil and soybean oil and animal fats that we can furnish, and then rice besides, he can sure have the gravy, and there is not much food better than rice and gravy.

The CHAIRMAN. A little chicken now and then.

Mr. GODLEY. A little chicken thrown in.

Gentleman, this is bold legislation. It is implemented by a great imagination and motivated by a vision of peace and good will on this earth.

We hope and pray that it will be approved by the Congress and that it will not be vetoed by the President.

Now, in my humble opinion, this legislation has all of the qualifications that legislation should have, because every person who is elected to office must be able to somewhat please his constituents, and most certainly the American people have always opened their hearts and their pocketbooks to people in need and in hunger.

I remember one man who was elected President of these United States of ours who, perhaps, was elected primarily because he had been a great humanitarian in distributing Belgian relief, and that contributed more to the grand old gentleman, Mr. Hoover, being elected President of the United States than, I think, anything else, and he will, perhaps, be remembered longer for that than anything else he has ever done, helping the needy and the down-pressed.

#### S. 1711 APPEALS TO THE PEOPLE

This legislation is good political legislation because people will like it, and when I say that every elected official, if he continues to serve the people must serve in accordance with the wishes of the people, I often wish that that could be true of appointive officers.

I wish some of them could only serve according to the wishes of the people.

This bill not only is a good political bill but it is good for agriculture, and it will go a long ways, in my opinion, toward bringing peace in the world, if properly administered, and most certainly it will elim-



inate hunger and want, and get rid of the awful abundance which we hear so much about, which I do not think, after all, is so awful.

That is what I had to say, gentlemen. I thank you so very much, and I appreciate your attention.

The CHAIRMAN. Thank you very much, Mr. Godley.

What are the prospects for crops in your country this year?

Mr. GODLEY. Well, sir, despite all the forces and the powers that be, we have got the best crops we have had for many years.

The CHAIRMAN. That is in the delta of the Mississippi; is it not?

Mr. GODLEY. The delta of the Mississippi.

The CHAIRMAN. That is where most of the topsoil from Minnesota and Missouri is deposited?

Mr. GODLEY. It is accumulated down there.

Senator HUMPHREY. I am glad to help you.

Mr. GODLEY. I might tell you this, Senator. We had an old gentleman up here a few years ago appearing before the RFC trying to get a loan. He owned 65,000 acres of this land. His name was Lee Wilson.

Jesse Jones was Chairman of the RFC, and after he had appeared before this group, they asked him how deep his soil was, and he said he did not know.

After he had gone, one of the members of the Board said, "I don't believe we ought to make this loan to this man because he does not know anything about his farming operations. He did not even know anything about the depth of his soil."

They said, "Well, call him back in," and said, "Mr. Wilson"—Mr. Jones knew him very well, he said, "Mr. Wilson, these gentlemen want to know why you didn't know the depth of your soil."

He said, "Frankly, I don't. We have drilled an artesian well 1,800 feet deep, and we still haven't hit the bottom of that."

Thank you so much.

The CHAIRMAN. Thank you very much.

#### STATEMENT EMPHASIZES THREE IMPORTANT FACTORS

Senator HUMPHREY. I just want to congratulate Mr. Godley on this statement and for the emphasis he has placed in it upon two or three factors.

One, upon what it will do for American agriculture.

Second, what it will do for America's position as a world leader, as you said, with responsibilities.

Third, what it will do actually as a humanitarian measure.

This is a happy coincidence. What a wonderful thing it is when you can find a proposal or a program which satisfies both the immediate selfish need, one might call it and, on the other hand, satisfies a community need; in this instance, the world community. And yet at the same time serves great national objectives and policies. It seems to me that is what we have here.

Mr. GODLEY. That is right.

Senator HUMPHREY. Public Law 480 itself, is what I call an experiment. It is a beginning. We are trying to build, as you have said here very properly, on Public Law 480. We should extend, and expand, and improve it.

Mr. GODLEY. Yes, sir.

Senator HUMPHREY. We are not scuttling it at all. We are taking what we have and building on it.

The bill and the law, through almost 5 years of experimentation and experience, has brought untold benefits to vast areas of the world and to hundreds of millions of people.

The former Ambassador to Italy, Mrs. Luce, said, in testifying at one time before the Senate Committee on Agriculture, that the surplus food program to Italy had been one of the most important factors in the defeat of communism in that country in the last 10 years.

I think this is absolutely true. There is country after country which we can point out where the food surplus program has not only been a factor in defeating communism but, it has been a factor in making life a little better for some people.

Mr. GODLEY. Yes, sir.

Senator HUMPHREY. I want to thank you and the great organization you represent, and your kind words to the chairman of this committee, who has demonstrated his dedication and friendship to the principles for which your organization stands and fights for in agriculture and for good Americanism.

Mr. GODLEY. Thank you so much for that statement.

The CHAIRMAN. Thank you, Mr. Godley.

Mr. GODLEY. We think a lot about it.

The CHAIRMAN. I believe Mr. Miller is the next witness. Mr. Clarence Miller, the Assistant Secretary of Agriculture.

I have to go back to the floor and participate in the mutual security program for which we have been waiting.

Senator HUMPHREY (presiding). Is Mr. Stambaugh here, too? I wanted to be sure you were with us today.

All right, Mr. Miller, we are pleased to have you here.

You go right ahead with your statement. You may handle it any way you wish.

**STATEMENT OF CLARENCE L. MILLER, ASSISTANT SECRETARY OF AGRICULTURE; ACCOMPANIED BY MAX MYERS, ADMINISTRATOR, FOREIGN AGRICULTURAL SERVICE; RAY IOANES, DEPUTY ADMINISTRATOR, FOREIGN AGRICULTURAL SERVICE; AND PAT O'LEARY, ASSISTANT ADMINISTRATOR, FOREIGN AGRICULTURAL SERVICE**

Mr. MILLER. Senator, I have no preference. If you care to ask questions as we go along, I will be happy to answer them.

I think probably if we read it through, though, we might be able to get a more comprehensive view, and we might be able to answer questions later.

Senator HUMPHREY. You go right ahead just as you prefer, and if it is agreeable with you on occasion I may ask you a question. But I think it is better to let you develop your whole argument, and then we can come back.

Mr. MILLER. Yes. Thank you.

Mr. Chairman, I welcome the invitation to discuss with you the concept of utilizing surplus agricultural commodities for peaceful purposes with particular reference to provisions of S. 1711.



OBJECTIVE OF DEPARTMENT'S REEXAMINATION OF FOOD FOR PEACE  
PROGRAM OPERATIONS

All of us, I am sure, support wholeheartedly the concept of food for peace. Since last January when the President asked the Department to take leadership in implementing the food for peace program, we have carried on a comprehensive reexamination of program operations.

This reexamination, conducted with appropriate U.S. agencies such as the Department of State and with other important wheat exporters: Argentina, Australia, Canada, and France, has the objective of maximizing utilization of agricultural abundance in the free world.

We are now considering recommendations to the Congress for amendments to Public Law 480, the Agricultural Trade Development and Assistance Act of 1954, as further implementation of this program.

DEPARTMENT'S RECOMMENDATIONS TO FOREIGN RELATIONS COMMITTEE

Senator HUMPHREY. By the way, Mr. Miller, on that one point I wish the Department would make those recommendations available to this committee.

Mr. MILLER. Senator Humphrey, we planned on introducing them, inasmuch as Senator Ellender had introduced the 1-year extension, and \$1.5 billion. We will be glad to give them to this committee if you so desire.

Senator HUMPHREY. I think we ought to try to get those recommendations here so we can fit them into this general discussion. No matter what is the action of this committee, it will have some effect upon the action of the Senate Committee on Agriculture, and vice versa.

As you know, there are several of us on the Foreign Relations Committee who are also on the Committee on Agriculture.

Mr. MILLER. On Agriculture.

Senator HUMPHREY. As I have tried to indicate to some of my farm friends, it seems to me we ought to get this program where it belongs; namely, as a part of our national security program effort rather than being called a part of the general expenditures of the Department of Agriculture.

I see no reason why the Department of Agriculture and the farm population should be saddled with the total costs of a program which meets broad national security objectives.

So if you can get those recommendations in here it will be helpful to us.

Mr. MILLER. Yes, sir.

The reason we followed this pattern, I may say, is that the Secretary had been asked to forward his recommendations in draft form, and had done so.

Senator HUMPHREY. But I gather when this bill was referred to the Department it would have elicited a response of recommendations, too, not just a response of critical analysis, but of a positive series of recommendations. As you know, I am a very gentle fellow on this and I do not mind having the bill rewritten. I seek action more than I seek title.

Mr. MILLER. We will do so. We seek action, too.

Senator HUMPHREY. Yes, sir.

This does not exclude their use, may I say, to the other committee.

#### ANALYSIS OF MAIN PURPOSES OF S. 1711

Mr. MILLER. The principal purposes of S. 1711 are to:

(1) Extend Public Law 480 on a long-term basis, specifically 5 years starting July 1, 1959, and to increase the annual authorization in the case of foreign currency sales from \$1.5 billion to \$2 billion;

(2) Expand certain existing uses of title I foreign currency sales proceeds and to authorize additional uses of such proceeds;

(3) Authorize sales of agricultural commodities on a long-term credit basis without limitation as to time or amount with supply commitments up to 10 years;

(4) Authorize grants of Commodity Credit Corporation commodities for establishment of national food reserves abroad; and

(5) Establish a Peace Food Administration in the Executive Office of the President to administer Public Law 480 and foreign currency sales under section 402 of the Mutual Security Act of 1954.

Senator HUMPHREY. That is a very good, concise, helpful analysis of the main purposes of the bill. I think you have performed a service by getting it right down to that point.

#### DEPARTMENT'S RECOMMENDATIONS AS TO TITLE I AGREEMENTS

Mr. MILLER. Public Law 480 now permits the negotiation of title I agreements for sales for foreign currencies up to \$2.25 billion at cost to the Commodity Credit Corporation for the period July 1, 1958, through December 31, 1959—an annual rate of \$1.5 billion. We have recommended a 1-year extension of title I through December 31, 1960, and an increase in the authorization of \$1.5 billion.

This extension is adequate since it will allow programing of commodities without interruption to friendly countries in need of food and fiber. There is a strong demand for our products, particularly in less-developed countries which have major foreign exchange problems. These same countries are moving forward with economic development programs as fast as possible.

Title I agreements help countries maintain or expand consumption of food and fiber and also accelerate their development through use of part of the sales proceeds.

With the large Government investment in surplus commodities, there is an obvious need on our part to move large quantities of several major commodities. On the basis of 5 years of title I programing experience, however, we are convinced that there is little to be gained in a long-term extension of title I and it is not required for efficient operation of the program.

Title I now permits forward programing of commodities. And in cases where there appeared to be room for increased consumption without adverse effect on normal commercial trade, we have entered into 2- or 3-year commitments for commodities where it was abundantly clear that the surplus would continue for the life of the agreement.



## AUTHORIZATION FOR ENTERING LONG-TERM COMMITMENTS

Senator HUMPHREY. I am not arguing with you on this, Mr. Miller, but where is the provision of law which authorizes you to enter into long-term commitments?

Mr. MILLER. I am not an attorney, but Mr. O'Leary, who was formerly in the Office of the General Counsel, is.

It was the opinion of the Office of the General Counsel that we have ample authorization to enter into these agreements, such as I have outlined.

Senator HUMPHREY. I hope you have. In fact, if it is perfectly clear it makes us all the happier. But I was not able to find that particular reference. Maybe it is interpreted under Commodity Credit charter.

Mr. O'LEARY. No, sir.

Section 101 places no limitation on the delivery period under the agreement. The President is authorized to enter into the agreement and there is no limitation placed on the delivery period.

In section 103(b) the only restriction is that agreements may not be entered into which call for more than a definite amount within a certain period.

Senator HUMPHREY. Within a 1-year period?

Mr. O'LEARY. One-year period.

Senator HUMPHREY. Or whatever the amount was authorized.

## PROVISION RELATING TO THE DELIVERY PERIOD

Mr. O'LEARY. As to delivery terms, delivery period, under agreements signed before December 31 of this year, the only provision which related to that is section 9, which says as follows:

No transaction shall be undertaken under authority of this title after December 31, 1959, except as required pursuant to agreements theretofore entered into pursuant to this title.

This involves the commitment of the fund.

It is an obligation against this year's authorization. If we enter into an agreement we provide for delivery 3 years in advance, but so long as we entered into an agreement before December 31, 1959, and it is an obligation against the authorization we now have rather than one we are expecting in the future.

Senator HUMPHREY. Oh, yes. You can extend the delivery date——

Mr. O'LEARY. Yes.

Senator HUMPHREY. On the basis of the period of authorization which is prescribed in the law.

Mr. O'LEARY. Three years ago we signed a 3-year agreement with India.

Senator HUMPHREY. Yes.

Mr. O'LEARY. This was an obligation against the amount that was authorized that particular year. We have made deliveries since then, but they were against the old authorization.

Senator HUMPHREY. Yes.

How many of these 3-year agreements, 2-year or 5-year agreements, do you have?

Mr. O'LEARY. We have India, Brazil, Indonesia, Colombia; I believe that is all.

Mr. MILLER. You might be interested to know that India has not asked for more than a 1-year extension since that time, Senator, only one 3-year program.

Mr. O'LEARY. We have, in effect, supplemented it.

Senator HUMPHREY. Yes.

But when you say they haven't asked for more than a 1-year extension, do you mean they have asked each year for some additional?

Mr. MILLER. Yes, each year. But on a 1-year basis.

Senator HUMPHREY. I do not want to involve any of our friendly nations in any kind of an open discussion here, but I would not mind talking privately with you concerning some of my discussions with representatives from other countries relating to Public Law 480. I think I am at liberty to say that many of the countries prefer to have some continuity in their planning and in their programing.

This is a matter of convenience on their part, just as the 1-year authorization has been a matter of budgetary convenience on our part.

#### STATEMENT ON THE ADMINISTRATION'S SUBSTITUTE

Are you familiar with the statement of Senator Dirksen in the Senate recently?

Mr. MILLER. Yes, sir.

Senator HUMPHREY. Senator Dirksen is one of the most honorable members of our body.

You may recall that when we were debating, I believe, the wheat bill, Senator Dirksen offered what he called the administration's substitute.

The administration's substitute included many things, along with the conservation reserve program.

Quoting Senator Dirksen on page 8057 of the May 22, 1959, *Congressional Record*, in the third column he says:

Then there is the provision which extends Public Law 480. The expiration date is December 31, 1959. We would extend it 3 years. The amendment will increase the amount authorized to be expended under title I of Public Law 480 by \$4.5 billion.

That is the billion and a half per year.

He continues:

It would extend title II of the act for 3 years. It would increase the amount authorized to be expended under title II of such act from \$800 million to \$1.5 billion.

That is \$750 million or \$250 million a year. That is exactly what I, together with 15 cosponsors, ask for in S. 1711 for title II.

This was the amount the State Department said only this morning was too much—more than they could use.

#### EXCHANGE BETWEEN SENATOR HUMPHREY AND SENATOR DIRKSEN

Senator HUMPHREY. As a result of that statement regarding amount provided under administration proposal, I asked Senator Dirksen if he would yield. I then asked the question:

How much does this proposal provide for each year?

Mr. DIRKSEN. I do not have it broken down in that way, but under title I, the amount to be authorized to be expended would be increased by \$4.50 million.



Title II of Public Law 480 would be extended 3 years, and under title I it is proposed to increase the amount authorized to be expended from \$800 million to \$1,500 million. It breaks down \$1,500 million a year, title I; \$250 million a year in title II.

Now the difference between S. 1711 and this proposal is \$2 billion a year for 5 years rather than a billion and a half a year for 3 years under title I; \$250 million under title II in both bills.

Then I said:

May I ask the Senator if this is the administration program?

Mr. DIRKSEN. Yes.

Mr. HUMPHREY. When did the administration change its mind? Because the last notice we had was a 1-year extension. I asked the question only as a matter of interest because I am pleased with the proposed 3-year extension.

Mr. DIRKSEN. I do not know when or if the administration changed its mind. All I know is what I have before me.

Mr. HUMPHREY. The Senator is reading from a paper. The committee had recommendations from the Secretary for a 1-year extension. I wondered if the Secretary had changed his mind. If so, I wanted to stand up and congratulate him and wish him well. We hope to be able to extend the authority for 3 years.

Mr. DIRKSEN. The Secretary has never indicated to me anything other than a 3-year extension.

Mr. HUMPHREY. In his testimony his recommendation was a 1-year extension.

Mr. DIRKSEN. I was not there.

Mr. HUMPHREY. I gathered his testimony was rather official or was he merely visiting with us?

Mr. DIRKSEN. I would not know.

And so on down the line.

Mr. Dirksen made it quite clear to every Member of the Senate in an effort to override our efforts on the wheat bill that the administration wanted a 3-year extension of Public Law 480, a billion and a half on title I, and a 3-year extension of title II, with \$250 million a year.

To this I can only give a good Methodist hallelujah. But I see now that we are back to one year again.

### THREE YEAR EXTENSION OF CONSERVATION RESERVE

Mr. MILLER. I believe he had two other facts in there, did he not, Senator Humphrey? He talked about a 3-year extension of the conservation reserve.

Senator HUMPHREY. Yes, he had quite a big bill. He had a package to catch everything he could catch.

Mr. MILLER. And I think he offered for consideration the entire package proposal, did he not?

Senator HUMPHREY. Yes; that is right.

Mr. MILLER. And he did not get the other two legs of the stool; he did have but a one-legged stool.

Senator HUMPHREY. That is right. But what I am asking is, was this leg a 1-year leg, or a 3-year leg?

Mr. MILLER. I think when the other two were sawed off, it became a 1-year leg.

Senator HUMPHREY. You do.

May I say, no matter what the other two legs would look like, they were 3-year legs.

I am not complaining about the 3 years. As a matter of fact, I never came so close to agreeing with an administration proposal in

my life. But I want to commend you and I want to encourage you to follow in these paths of righteousness and good judgment.

Mr. MILLER. I think when we got back to a 1-year program on the other two facets, we got back to a 1-year program.

Senator HUMPHREY. I think we got back to a 3-year program to defeat the wheat bill, and we got back to a 1-year program when it was defeated.

Mr. MILLER. I am not familiar with the legislation.

Senator HUMPHREY. Whether this was by design or just by coincidence, nevertheless, Senator Dirksen was doing the administration a great favor, and I am sure he would not misquote the Secretary.

Mr. MILLER. No.

Senator HUMPHREY. And I am pleased that the Secretary is now for 3 years.

Mr. MILLER. Well, this was, as I say, part of a package proposal.

Senator HUMPHREY. At least May 22, he was for 3 years.

Now, where is he at the present time?

Mr. MILLER. We are back to 1 year.

Senator HUMPHREY. Back to 1 year.

All right, Mr. Miller.

#### COUNTRIES FORMULATE OWN IMPORT LIMITS

Mr. MILLER. We do not believe that any greater rate of disposition would result under a 5-year extension than can be maintained under a 1-year extension. A 1-year extension would have a terminal date of December 31, 1960. If there is need for an additional authorization as a result of increased disposals within the concepts of the food for peace program, we will request such additional authorization of the Congress prior to the end of this fiscal year.

Whether agreements are for 1 year or more than 1 year, there are limits to the amount of commodities that can be moved under special programs such as title I. All countries formulate their import plans in terms of supplementing domestic production. When world production of wheat, rice, and feed grains is high—such production reached an all-time high level in 1958—program possibilities are reduced. Some countries have made dramatic improvement in their foreign exchange position so that they can no longer be regarded as regular title I recipients—Japan and Austria are good examples here.

Some of the less developed countries with large import requirements have limited port, transportation, and storage facilities which restrict their ability to accept shipments. Then, too, most such countries are striving to increase their own agricultural production. They hesitate to permit the volume of imports, on any terms, to become so large as to undercut their own producers.

These are a few of the factors involved in increasing exports under title I and other special programs.

#### COUNTRIES TO WHICH TITLE I COMMODITIES WOULD GO

Senator HUMPHREY. Do you mind if we stop there a little bit under this title? I think it is fair to say, as you have said, that countries



do formulate their import plans in terms of supplementing domestic production.

But, is it not also true that many of the countries to which these title I commodities would go are traditionally food deficit countries?

Mr. MILLER. Well, they would not qualify. They would hardly be expected to qualify under title I if they were not.

Senator HUMPHREY. That is right.

Is it not true that many of these countries are new countries; that is, in terms of their own political experience?

Mr. MILLER. That is correct.

Senator HUMPHREY. And they are having very difficult political pressures in this first experience of freedom and democracy into which all of them have come. They have come into a free system of government, a free society, from a colonial status, and the wants of the people are heavy and demanding, and the supplies are thin and limited and, therefore, the political pressure in the country itself is very heavy to get these title I commodities.

Do you have any reason to believe that any of these new countries which have been traditionally food deficit countries are going to overcome this food deficit position over the next 5 years?

Do you have any reason to believe that if you authorized for 5 years up to \$2 billion you are compelled to sell \$2 billion?

Mr. MILLER. Well, first let me answer the first question by saying the major ones, I do not think—I am talking about India, Pakistan, Indonesia, and the other countries you and I have in mind in the Far East—are not likely to become surplus producers of commodities within the next 5 years.

#### OPERATING LIMITS UNDER AUTHORIZATION

Senator HUMPHREY. The other part was, let us assume that we pass a bill authorizing up to \$2 billion for 5 years.

Mr. MILLER. Yes.

Senator HUMPHREY. There is no mandate stating that you must sell \$2 billion. It means those are the limits within which you operate.

Mr. MILLER. Senator, let me say to that, I feel that we would be in a better position from an operating standpoint to take the \$1.5 billion in authorizations, program to the maximum that we can, taking into consideration the usual marketing, such as mentioned in your bill, and we have also observed that you complimented us this morning and we appreciated it—

Senator HUMPHREY. Yes, sir.

Mr. MILLER. Observing those factors, programing to the maximum extent possible with the objectives of food for peace, and, if we need more, to come back and ask for it rather than setting up a \$2 billion program and attempting to reach that \$2 billion worth rather than getting what we actually need and what we can better utilize.

This is true of a great many of these programs, Senator. Somehow, when you set up a large amount of money that you feel will take care of all the emergencies and all optimistic estimates, you soon find yourself attempting to program the maximum amount in order to reach that dollar maximum that has been established.

While, if you take a more conservative figure, program it, if you find that you can reach it, you can exceed it, and we certainly have no

hesitancy in coming back, and we have full intentions of coming back and asking you for further authorizations.

#### GREATER AGRICULTURAL PRODUCTION FORESEEN IN FUTURE

Senator HUMPHREY. I will say this to you, Mr. Miller, most respectfully: If I thought for a single minute we were not going to be confronted with even greater agricultural production in this country and even larger quantities of goods, I would not even be advocating this increased amount for title I.

But I can honestly say that from every bit of study I have been able to give to this matter, including the reports of the Department of Agriculture on inventory and production, there is just no hope that we are going to basically reduce our overall production.

We may shift from wheat to some other grain, but the acreage planted is not going down, it is going up. And modern technology gives greater production.

What are we going to do? I see a report where there will be 19 percent less wheat this year, but it will go into something else. There are going to be fewer soybeans, but there is more corn. All of these are alternate feeds of a type. So that your total food yield is not going down. It may go down on a commodity.

Mr. MILLER. It may shift to livestock.

Senator HUMPHREY. And we shift to different commodities.

On that basis it seems to me that we, as a producing country, would be well advised to plan the utilization of these commodities in advance as best we could, with all the limitations involved therein; and, secondly, that the recipient country could better utilize its own limited capital. For example, countries like Kenya or Tanganyika or Nigeria or Ghana.

I do not know what the food problems in these countries happen to be. That is, I do not know them as individual problems. But, take any one of them. They all have very severe capital problems. They are short of capital, and what little capital they have they need for an airport or they need for a harbor or a railroad system or some modest industrial development.

So really what it adds up to is this: Unless you provide it under title I or under grants and gifts, you have to come in and provide for foreign aid under dollars.

Mr. MILLER. I could not agree with you more heartily. That is precisely what our food for peace program represents.

#### BALANCING OF FOOD AND CAPITAL TO RECIPIENT COUNTRIES

Senator HUMPHREY. What we are trying to do here is to balance off the availability of food without disrupting markets, and provide a sufficient amount of capital in the form of loans or grants, to make these growing economies volatile and viable.

That is why I am not arguing with the Department on this.

The important thing, it seems to me, is to make a decision as to whether or not you need some long-term planning in terms of commitments of food in food deficit areas related to the use of capital for capital improvement projects.



Senator Morse and Senator Douglas engaged in a discussion the other night in which I participated briefly. The discussion related to the utilization of food and the currencies therefrom in terms of capital projects and public service projects.

I think there are more Members of Congress today who are becoming more interested in what can be done to supplement, or to augment, the amount of foreign aid which we are giving in terms of dollars by the use of food and fiber.

We just authorized, for example, in the Senate \$1 billion a year on the Development Loan Fund for a period of 2 years.

This same committee authorized a period of 5 years. We ran into some problems, however. Maybe we can only get 2 years in a bill like this.

But what I am getting at is that somewhere, somehow, you have got to break through this 1-year barrier. I do not say 1 year makes it inoperative. I simply say it just does not provide the kind of continuity you need. That is my position.

#### LIMITATION OF STORAGE FACILITIES RESTRICTS HANDLING OF IMPORTS

The other point I would like to call to your attention is on the bottom of page 3 where you testified that some of the less-developed countries with large import requirements have limited port, transportation, and storage facilities. And it automatically follows that it restricts their ability to accept shipments.

This is an old witch's tale, you know.

Mr. MILLER. Well, you say this is one area where your food for peace, Senator Humphrey, could be used to develop such facilities so that they can handle more imports.

Senator HUMPHREY. Exactly, my friends, and it is strange to me and rather saddening that two departments come down here with statements relating to this bill. One of the sections of the bill is on national food reserves, which is the followup of the action of our Government in the 1957 session of the United Nations.

I spoke about this this morning. I handled this topic for our Government.

I took the language which had been cleared by the President, the Departments of State and Agriculture, the National Security Council, and handled the proposition for our Government in committee. We pledged ourselves to the development of national food reserves for food-deficit areas, including not only to supply some of the food for those reserves but to supply commodities to pay for the development of the storage bins in those areas.

#### REPORT OF FOOD AND AGRICULTURAL ORGANIZATION OF THE UNITED NATIONS ON NATIONAL FOOD RESERVES

Here we have the report of the 31st session of the Food and Agricultural Organization of the United Nations, Rome, June 15, 1959. On item No. 4 it says:

National food reserve stocks and facilities. A number of countries have inadequate grain and other food reserves to protect them in meeting food emergencies due to exceptional crop failures. They also lack the storage facilities necessary for holding these reserves.

If such reserves could once be built up they might not only help to meet local or general food emergencies but the buying and selling connected with their operation might help to prevent undue depression of prices to farmers at harvest time, and reduce the fluctuation in prices throughout the season.

The creation of local and national reserves in a number of countries, and the construction of the facilities needed for them might provide a suitable and challenging activity under the freedom from hunger campaign.

Supplies of the surplus foods might be obtained to help establish such reserves while the cost of supplying the necessary storage facilities might also be based in part on surplus foods.

Thus the capital costs involved might be met, in part, by drawing upon otherwise unused resources. This type of activity would provide a means whereby developed countries could make a contribution to the campaign.

This is our program. This is the answer to Senator Murray's proposal and in which Senator Morse, Senator Humphrey, Senator Symington, and the late Kerr Scott, of North Carolina and others, joined in this international food and fiber reserve resolution. It has been passed twice by the Senate.

But the administration's answer to this was that there were real complications.

I will not go into the pros and cons of the issue, but they recognized the need of some kind of food reserve storage. So we came up with national food reserves, and I think this is something on which we should follow through, despite what comes out of these discussions.

Maybe you have something in your statement on this. I hope I have not done you a disservice.

Mr. MILLER. I do not think we made reference to it in the statement, Senator Humphrey, but you have not had an opportunity to see Secretary Morse's letter to the chairman addressed yesterday.

In relation to this:

#### DEPARTMENT FAVORABLE TO NATIONAL FOOD RESERVES

"We favor the use of surplus agricultural commodities for the establishment of national food reserves as provided in title V of S. 1711. We believe, however, that it would be preferable to amend title I to permit grants of commodities for establishing reserves in underdeveloped countries, under conditions requiring payment to be made for any quantities of such reserves utilized in commercial channels—

meaning that once established or sold——

Senator HUMPHREY. It is immaterial to me whether it is under title I or V. I am delighted with your feeling that this is something we ought to do.

Mr. MILLER. Yes, sir.

Senator HUMPHREY. I think this would be an excellent activity for our Government next year under the freedom from hunger campaign of the FAO in which we are involved.

I just wanted to bring that out.

Go right ahead. I am very appreciative that you would permit me to discuss this with you as you go along.

Mr. MILLER. Along with our recommendations for the extension of Public Law 480, we are requesting appropriate amendments of that law to increase the effective utilization of our surpluses.

I mention this for the second time, and I do not go into it, Senator. However, this discussion relative to food reserves is incorporated in one of the amendments that we have offered to you.

Senator HUMPHREY. Yes, sir.



MODIFICATION OF PROGRAM OPERATIONS TO ACHIEVE GREATER USE OF  
FOREIGN CURRENCIES

Mr. MILLER. Within the framework of present legislation, we have modified program operations to achieve greater utilization of surplus commodities. The recent decision to drop the maintenance of value provision in loan agreements will greatly expedite the use of foreign currencies for economic development. Nearly 50 percent of currencies becoming available under all title I agreements signed to date, or the equivalent of \$1.76 billion, is being loaned back for economic development purposes. The change means that participating countries need only repay the number of foreign currency units borrowed without regard to the value of the currency in terms of U.S. dollars. In the past they have had to repay sufficient units, at the rate of exchange prevailing when each payment was made, to equal the dollar value of the loan at the time it was made. This meant that more units were required when the foreign currency depreciated. We believe this change will expedite commodity sales agreement negotiations as well as the use of economic development funds.

Senator HUMPHREY. I support your administrative decision on this. I think this is a good decision and that it will help.

I would hope, however, having made that decision, there would be the expediting of as many agreements as possible for the use of the total amount of the currency. Any amount left over on a devalued currency or depreciating currency does lose its value.

You can have it sitting around thinking you have money, only to wake up and find that you have half the money that you thought you had. This has been particularly true in some countries like Spain and a few others.

Mr. MILLER. Another change permits the approval of economic development projects abroad by U.S. diplomatic missions with review by the International Cooperation Administration being limited in general to broad guidance to the field.

## WHEAT UTILIZATION COMMITTEE

International cooperation resulting from food for peace conferences includes establishment of a Wheat Utilization Committee made up of representatives of the principal wheat exporting countries. The Committee seeks to achieve greater use of wheat to raise world nutritional levels and assist economic development. The committee met in June and agreed on general guidelines for developing and carrying out concessional sales of wheat such as title I so as not to disturb commercial wheat trade.

Public Law 480 requires title I sales to be additional to U.S. sales for dollars and further requires that precautions be taken against undue disturbance to the commercial trade of friendly countries. Formerly in the case of wheat we required a title I recipient to buy a specific quantity of wheat from the United States for dollars in addition to the wheat purchased with foreign currency or we specified a "global" usual marketing quantity which was to be purchased commercially from friendly countries, including a portion from the United States. We now find that in most cases it is not necessary to require a specific usual marketing quantity for the United States in order

to safeguard our commercial sales. In most future title I wheat programs, therefore, all friendly countries, including the United States, will have the opportunity to supply these usual marketings. This will overcome strong objections of wheat-exporting countries to our so-called tied sales, and that has been a pretty true one, Senator, and we feel that this is a great improvement over the way we have operated heretofore in our relations, not only with foreign countries, but also in the recipient countries as well.

#### PROBLEM OF CURRENCY SHORTAGES IN MOST COUNTRIES

We appreciate the objective of S. 1711 to make available title I foreign currencies for additional purposes. The administration of foreign currencies for presently authorized purposes, however, already is complicated. Individual currency uses were increased last year to 21, compared with 8 when the law was enacted. Contrary to widespread belief there is actually a shortage of currencies in most countries to meet the demand of all U.S. agencies under the presently authorized currency uses. There is a real negotiating problem in obtaining agreement of recipient countries where there is a large demand for U.S. use of the currency. Obviously, these countries want as much as possible of the currency for economic development purposes and will more readily agree to take the maximum quantities of commodities if this currency use is maintained at a high level. For these reasons, and because increased competition for available currencies could result in less effective existing U.S. programs, we believe such additional uses should not be provided for at this time. Further programing may mean that additional uses could be considered next year.

S. 1711 proposes to transfer the responsibility for private enterprise loans from the Export-Import Bank of Washington to the Development Loan Fund. We believe the Export-Import Bank is ably administering the promotion of economic development through the private sector with title I foreign currencies.

Senator MORSE. Could I ask a question or two on the preceding paragraph?

Senator HUMPHREY. Go ahead, Senator Morse.

Senator MORSE. I think I understand the first paragraph under the subtitle "Use of Title I Foreign Currencies," but I want to make certain that I do.

You say—

Contrary to widespread belief, there is actually a shortage of currencies in most countries to meet the demand of all U.S. agencies under the presently authorized currency uses. There is a real negotiating problem in obtaining agreement of recipient countries where there is a large demand for U.S. use of the currency.

It is my understanding, Mr. Secretary, that in many countries there are on deposit and, in effect, frozen, great sums of foreign currencies falling into two categories: (1) that which the United States owns outright; and (2) the use of which requires U.S. approval.

Mr. MILLER. That is right.

Senator MORSE. Well now, if that is true, why do you say there is actually a shortage of currency in most countries to meet the demands of all U.S. agencies under the present authorized currency uses?



Why isn't this money used up as it accumulates?

Mr. MILLER. Senator Morse, Dr. Myers, the Administrator of the Foreign Agricultural Service, is here and he has views that he will present to you.

Senator MORSE. He may present them now.

Mr. MILLER. He may present them now or present them later.

#### ONLY A FEW COUNTRIES WITH LARGE ACCUMULATION OF FUNDS

Mr. MYERS. I would like to make one point regarding totals, and then bring the second point specifically to the question of the obtaining of U.S. use currency by the agencies authorized to use it.

The general comment: the large sums are in a very few countries, even in totals, primarily south Asia.

I think if you pick eight countries, you will have——

Senator HUMPHREY. Poland——

Mr. MYERS. Yugoslavia and Poland. In the overall total, only a few countries have the large accumulations; and as our program has phased out of the countries that have developed economically, like Japan and Western Europe, that money has been pretty well used up.

Senator MORSE. Would I be far wrong if I observed that in these countries, however, to which you are now referring, by and large, there exist some of the major hunger problems in the world.

Mr. MYERS. That is correct.

Senator MORSE. Which makes it difficult for me to understand why we do not use these currencies for food for peace programs.

Mr. MYERS. Now, with regard to the large amounts in certain of these countries:

First, with regard to those funds which are for the country uses, the loans and grants, and so on, this is a matter of considerable timelag before they are willing to start paying interest on loans. Some of the earlier loan agreements were not worked out at the time of the sales agreement. There has been a gradual improvement on this, and it is coming along.

#### ALLOCATION AND COLLECTION OF FUNDS

I wish to speak at the moment more specifically on your question of the U.S. uses. First, it is limited to a few countries. The practical comparison that concerns the operating agencies wanting to use them for one or the other uses under section 104 is the question of whether the U.S. Budget Bureau actually has allocated funds which the United States actually has, which have come in from collections, payments, for the title I currencies.

As of March 31, 1959, and this was before the new uses authorized in last summer, 1958, had actually begun to take effect, the total allocations for U.S. uses of these countries——

Mr. O'LEARY. Total allocations, including loans.

Mr. MYERS. Total allocations for all uses exceeded collections by \$275 million.

Of the 37 countries in the program, allocations exceeded collections in 25 of those 37 countries.

Senator HUMPHREY. What do you mean by collections?

Mr. MYERS. What those countries had actually paid for the title I food.

Mr. O'LEARY. You see, Senator, shipments and collections lag about 20 percent behind signed agreements.

This is a very good performance. If you had shipped and collected for enough so the lag was 25 percent of the amounts you had signed up on paper, that is a good performance, because it takes a period of time to get your shipments done, about 20 percent.

Senator HUMPHREY. It was on this point which John Davis emphasized the greater coordination of the necessity of signing the agreements at the time the sale was made.

Mr. IOANES. That has been done.

Mr. MYERS. It comes down to this: There are about seven countries, other than Poland, where the collections exceed allocations, and that is by \$11 million; that is as of last March.

In Poland collections exceeded the allocations by about \$125 million. But—

Senator HUMPHREY. What happens when they start to repay?

Mr. MYERS. You mean repay the loans?

Senator HUMPHREY. Yes; when the other governments do that. Then you have got the money coming back, and it makes the full circle.

Mr. MYERS. Yes; and then we must work out the utilization of those funds. That has not really started yet, just a small amount of payments so far.

Mr. IOANES. The payments which have come in so far, fortunately, have come in from the better countries economically, and they have made the payments in dollars.

Senator HUMPHREY. Dollars?

Mr. MILLER. Japan was one of the first.

Mr. IOANES. This will become a problem later.

#### QUESTION OF THE AMOUNT OF U.S.-OWNED CURRENCY

Senator MORSE. Let me hold you to this for a moment. What is the total amount of U.S.-owned foreign currency in the world?

Mr. O'LEARY. I do not know that.

Mr. MILLER. Other people—Mr. Gabbert, do you have any figures?

Senator HUMPHREY. That was made available, Senator Morse, to this committee, and I have a copy of it.

Senator MORSE. Not loans, owned. I want to know how much foreign currency the United States owns, how much foreign currency is on deposit that cannot be spent without U.S. approval?

Mr. MILLER. Senator Morse is not talking about this; he is talking about all foreign currencies. We do not have it, but we will be glad to get it.

Senator MORSE. I will ask for it. We will talk about it in terms of  $x$  and  $y$  dollars until we get the exact figure. I will get it.

I think it is in the neighborhood of \$3 billion which exists and cannot be spent without American approval.

I think it is in the neighborhood of \$800 million that we own outright, but we will call it  $x$  and  $y$ .

Now, you say that except for the southeast Asian countries, there is actually a shortage of currency to meet the demand of all U.S. agencies under presently authorized currency uses. Is part of our



problem then the fact that we have narrowed to close the limits on the authorized uses of this foreign currency?

Mr. O'LEARY. I think the problem we started in currency uses, partly currency use for economic and other uses, and partly by U.S. agencies, and then each time the program was extended, additional currency uses were added.

But in the meantime we had established a pattern of about 75 percent average that would be for economic development use to be made available to the country through loans and grants. Once you have a pattern established, it is pretty hard to get too far away from it.

#### THE COOLEY AMENDMENT

One of the first significant new current uses that was aided was for the so-called Cooley use which authorized up to 25 percent of currencies to be made available to the Export-Import Bank for loans for private business.

We have been—the people are here, and I am sure they will agree we have been—successful in negotiating the Cooley amendment use.

In the countries in which the Cooley amendment has been put into the agreements we have averaged 20 percent, and this takes into account some countries where they have accumulated considerable amounts of money and, therefore, the percentage has been reduced, overall, since the Cooley amendment, some countries, including some countries that would not consent to it, and some countries like Yugoslavia and Poland, where it was not applicable, the overall was 15.

So we used at times 75 percent to other countries. Then you have the Cooley amendment which runs about 25 percent.

This means that the country use, though down 50 percent, if you are going to have 25 percent for the Cooley amendment to U.S. private business and 25 percent for U.S. agency uses, that is 50 percent.

#### NEW USES ADDED TO EXISTING LAW

Then, last summer a considerable number of new uses were added to the law, uses which, because of their nature—in other words, scientific uses—would use extremely large amounts of money, can use extremely large amounts of money, for scientific exploration, so that we are faced with a situation if we are going to loan 50 percent of the currency back to the country or grant it back to the country for economic development, if we are going to make 25 percent available to the Export-Import Bank for loans to private business, the remaining 25 percent, which would be for U.S. use to be divided among the 29 or 30 separate claimants, including the scientific communities, which can use these foreign currencies in very large amounts, there is just not enough to go around.

Senator HUMPHREY. If you use them up to the maximum?

Mr. MILLER. Yes.

Mr. O'LEARY. There just is not enough to meet the requests of the claimant agencies for the currency.

Senator HUMPHREY. Then you need to sell a few more commodities.

Mr. O'LEARY. That is true.

Senator HUMPHREY. We are trying to help you.

Mr. O'LEARY. Yes.

Mr. MILLER. But in the meantime these countries are a little bit reluctant to enter into additional title I, if they see a greater portion of the counterpart funds being made available for uses other than economic loans within the countries. They see their money flowing out.

Mr. O'LEARY. What we are really saying in this statement is that we have not yet digested and gotten to an operational position the new uses that were added last year because they are just now pending before the Bureau of the Budget or the Congress.

Senator HUMPHREY. That is right.

Mr. O'LEARY. We feel it would be extremely complicated to add a series of new uses at this time.

Perhaps after we get another year's programming behind us we could add new currency uses without adding serious handicaps.

Senator HUMPHREY. I merely wanted to point out that some of the new uses authorized in this bill relate to countries where you do have a surplus.

For example, we talk about the binational foundations where there are surplus currencies which cannot be used economically in the economic development.

Also one of the other new uses was for United Nations Food and Agriculture, World Health Organization, or the United Nations special fund to make surveys in a country for further economic development.

Those are not mandatory new uses; they are availabilities. I call them optional. They are optional uses. They can be negotiated.

If a particular recipient country, for example, would like to have some of the money used for purposes of let us say, some type of nutritional study, this would be available under S. 1711.

Actually, in close examination of Public Law 480 statute, with new uses provided last year, and with what we provided in this bill, there is very little difference.

May I say most respectfully that part of it is due to my own lack of appreciation of how much we provided last year when the bill was prepared.

#### NON-SELF-LIQUIDATING PROJECTS

For example, we now have what we call non-self-liquidating projects to develop human resources and skills, which is just recently coming into effect.

In the several recent agreements a total of approximately \$65 million worth of these foreign currencies had been allocated for the purposes and for such agreements.

These are all grants, and they will be made in the future. You see, at the time I was preparing S. 1711, some of these agreements had not been signed, and I wanted to make sure that we were getting the use of these funds for what we called non-self-liquidating projects.

These are community and educational projects. I am convinced when you examine the bill carefully you will find that with the exception of the binational foundations, most of the other uses, exclusive of the U.N. uses, have already been provided.

Mr. IOANES. Senator, I think that we have probably not done as good a job as we should in our reports in pointing to the impression



that has been created that there is a lot of money kicking around that is not going to be used.

I think a lot of this stems from the fact that we were not as strict in getting these loan agreements signed as we were sales agreements, and this was a natural condition because the first emphasis always has been to get the commodities moving.

#### MORE EXPERIENCE NEEDED ON CURRENCY USES

But beginning about a year ago a major attack has been made on getting these large accumulations of loan funds into use, and one of the first policy changes made was to have the loan agreement signed at the same time as the commodity agreements so that the way would be open immediately for the funds to be disbursed.

The second major step taken was to transfer to the field authority to approve individual economic projects.

Senator HUMPHREY. Yes.

Mr. IOANES. This is in line with the Davis and Berenson report.

A third step taken recently was the dropping of the maintenance of value clause in the loan agreement.

This eliminates the premium paid to the Governments when they failed to use the loan fund because they no longer gained by increasing the deposits. So I think that as we move ahead a lot of these accumulations will disappear, and we will find that most of them within the country account for grants or for loan purposes.

I think what we are saying here today is let us get 1 year's experience under our belts on these 21 currency uses and see how we come out in the allocation of funds before we add another new series.

Senator HUMPHREY. The approval of the projects in the field is a matter, which you may recall, we likewise recommended a couple of years ago in the subcommittee. I am very pleased that those things are being accomplished.

Senator MORSE, I have this report on the use of local currencies.

#### FOUR DIFFERENT CATEGORIES OF CURRENCIES

There are four different categories of currencies. I notice there that these four are available: One under section 402 of the Mutual Security, Public Law 480, counterpart funds, and then some funds that are repaid that are Public Law 480 funds, and some of the loan repayment funds.

Senator MORSE. I wish to proceed just a bit further with this problem that concerns me and to which I find myself somewhat at a loss. If it is true, Mr. Secretary, that there is actually a shortage of currency in most countries to meet the demand of all U.S. agencies up to the present authorized currency uses, then why is it we are advised on the Foreign Relations Committee that there is on deposit around the world in one category some \$3 billion worth of these foreign currency funds; and in another category, in round numbers, \$800 million? You see, when that information gets out to the country then those of us in the Foreign Relations Committee are asked, "Why are you authorizing such a huge foreign aid program when you have \$3 billion of foreign currencies in one category and \$800 million in another, that sits there frozen?"

Put yourself in my seat for a moment and tell me the answer you would give to that.

#### ADMINISTRATOR'S APPROVAL NECESSARY FOR LOAN DISBURSEMENTS

Mr. IOANES. If I may answer it, Senator, as far as this program is concerned, there are a few countries where the funds are frozen, countries like Poland, where there are and will be further accumulations of currency.

However, in the case of most of the countries, the fact that the currencies are on deposit does not mean that they are frozen. It means that the Administrator's approval is necessary to disburse the funds and it has not been completed, and we are speeding up those approvals in a number of ways.

I mentioned in my statement before the action being taken to speed up the loan disbursements, and I would say, I think with confidence, that a year from now the situation will be much better than it was a year ago, better today than it was a year ago, and it will be much better a year from now.

#### FOREIGN CURRENCY NOT A SUBSTITUTE FOR FOREIGN AID

The second part of this answer that I would think you would want to give is that foreign currency does not substitute for most types of foreign aid. It is difficult to use a Polish zloty, for example, to buy a generator, or it is difficult to use that kind of currency to buy military equipment.

I take it, with respect to the foreign aid program, the bulk of the appropriations go for U.S. equipment for which dollars must be spent.

Our manufacturers will not accept the foreign currencies until these can be converted into dollars. So the answer is that they are assets, but they are assets usable in a limited way, and not for the purpose of U.S. goods.

Senator MORSE. So much of it goes as an indirect subsidy to American business, which happens to be a cold, ugly fact. The same business forces are the ones which get so concerned about subsidies to American farmers, but that is another issue.

But it is true that a lot of our foreign aid money goes for subsidizing American manufacturers. When I tell that to chambers of commerce, they are a little shocked. If I say to them, "Many of you sitting in this luncheon would be out of business if you weren't supported by the Federal Government," and that is exactly what is happening. And we do it under the name of foreign aid. But that is not the point I want to raise.

#### EXPANDED USE OF GRANTS TO COUNTRIES: AN AID TO ECONOMIC DEVELOPMENT

Senator Douglas pointed out in the Senate debate the other night that in many of these countries where there are these large accumulations of foreign currency there is great unemployment and great hunger and great need for the development of economic projects that will put people to work. Public works projects by way of building



up of capital assets would provide new wealth for the future for that country.

Is there any restriction on the usages of this foreign currency which would prevent the money being used for labor and for the purchase of those supplies within the country which the domestic economy might make available?

Mr. MILLER. We propose to include such a provision, Senator Morse, in the expanded uses of grants to these countries.

Senator MORSE. You propose to do it?

Mr. MILLER. Yes.

Senator MORSE. But I am saying as of the present time why couldn't these funds be used for that kind of a domestic development?

Mr. MILLER. We are doing it in some instances now on a limited basis; that is correct.

Senator MORSE. Of course, Senator Douglas' point was that you are bringing a form of economic aid to those countries if you made use of those frozen currencies. In effect, that would relieve somewhat the burden on the American taxpayer by way of direct foreign aid to those countries.

Mr. MILLER. Yes, it would help.

Mr. IOANES. It would help; it would not substitute.

Senator MORSE. It would not substitute. It would make it possible to decrease the amount.

Mr. MILLER. Decrease the amount owned in their currencies which would, in turn, increase their economic wealth.

Mr. IOANES. Mr. Secretary, could I comment on this point?

We have operated this program pretty much in sequence. We started out with an experiment on a 3-year basis in an amount of \$700 million and, of course, there was a great reluctance to have any grant; this was generally the view of the committees of the Congress that we met, and it was our own view. We had uses for the United States, Senator Morse, and we had loans, and there were very few grants. As we gained experience and as the program became larger, we found that there were certain grant uses that should be met, that we could not following through on this policy of restricting grants.

So we have moved overtime in the direction you want to encourage, and I think it has been a natural development, and I think it is one where both the legislative and administrative people have come closer together as time goes by.

Senator MORSE. I am almost through, Mr. Chairman, but I want to say this for the record. We will talk about India in a minute.

I now have the figures I was trying to recollect. We have \$3,300 million in Public Law 480 signed agreements. Two and a half billion collected and \$1.1 billion used by the end of 1958, plus \$273 million in U.S.-owned currency under 402 of the Mutual Security Act.

Now, this is the money we own, and we have about \$800 million foreign-owned currencies, the expenditure of which is dependent upon our approval.

The position some of us are taking, Mr. Secretary, is that we ought to put this money to work. If you would sit in the gallery these days and take note of what is happening in the United States in regard to our mutual security program you would see that Congress pretty much reflects, as does a mirror, public opinion.

Senator GORE. Will the Senator yield there?

Senator MORSE. Yes.

Senator GORE. I find it a bit incongruous to read this morning that Burma has finally agreed to accept some \$60 million we have been trying to persuade her to take in order to build highways, when the President of the United States informs us that our own National Defense Highway System is coming to a dead end for want of money.

Senator MORSE. I want to say to the Senator from Tennessee that Burma also accepted millions to build some university facilities which the President just vetoed for our country.

Senator GORE. And we also seem very anxious to encourage the TVA's abroad, but it is——

Senator MORSE. Socialism at home.

Senator GORE. Creeping socialism, the creeping variety.

#### PUBLIC DEBT TRANSACTION—BACK-DOOR FINANCING

I also found it was a little strange when we were told a public debt transaction would be back-door financing, at the same time the St. Lawrence Seaway was being dedicated. The seaway is entirely financed by public debt transaction.

Senator MORSE. Isn't it interesting when we got to the point where it was not until Canada said they were going to build it that we were out of the manger.

It will take me just a second more and then I will come back.

What I started to say is, as one who is for foreign aid, I am now very much concerned about the growing opposition to foreign aid which you find from Senators this year in this debate, who never even whispered a criticism before. Some of us for some years have been warning them that this was coming, because there has been so much about our foreign aid program that is just inexcusable.

Now, the public is getting knowledge of the fact that you have this foreign currency, and that it is not being used in many places of the world where people are hungry. I am so glad you mentioned the Indian situation, which I will discuss briefly a little later.

#### MORAL PRINCIPLES IN LEGISLATION

Senator MORSE. The testimony I shall make shortly set forth my view in regard to the moral principles involved in this issue. I happen to be one of these politicians who practices the conviction that you ought to try to apply moral principles in legislation, and when you have a great moral need you ought to try to meet it.

For the life of me, I cannot understand why we are not building granaries in India and elsewhere to store surplus food to meet the periodic famines. I think, Mr. Chairman, that if we followed that kind of a program and used foreign currencies to do it, we would have a very effective check on the spread of communism in the famine-ridden areas of the world, because that is where the Communists make their political hay.

They take advantage of starvation and they take advantage of underprivileged conditions. So I am at a complete loss, Mr. Chairman, on moral grounds to understand the apparent opposition to this bill, particularly when you have this rising opposition in this country



to the mutual security program, and a justifiable rising opposition. So many of the policies we are following, as you well know from your work around this table over a period of weeks as we marked up this bill, in the foreign aid program are subject to criticism.

I am glad to come down here and support you, sir, in the sponsorship of this bill for the reasons I set forth in my statement.

I would like to try to get this record cleared up as to what we can do about these foreign currencies.

Senator HUMPHREY. We will be back right away, if you will just remain here in this room.

(A short recess was taken.)

#### HEARING RESUMED

Senator HUMPHREY (presiding). Go right ahead, Secretary Miller.

We were discussing the matter of the currencies and their availability. The subject under discussion was as to whether or not these had been overcommitted already, and whether or not the new uses provided for in S. 1711 would further complicate your problem.

Mr. MILLER. Correct.

Senator HUMPHREY. Senator Morse was giving an analysis, as he saw it, of the availability of the currencies.

I do not believe there was any real discrepancy in your figures, maybe in interpretation.

What is the situation, Mr. Ioanes?

Mr. IOANES. I have looked at the citation he used, and the pertinent figures for 480 that he used show that as of December 31, 1958, the total 480 collections in round numbers were \$2½ billion; the total disbursements \$1.2 billion; and the balance held by the Treasury approximately \$1.4 billion, and although our data here today are not on that same basis, we would say there is no discrepancy; that the bulk of those currencies is, as we explained before, currencies which represent primarily loan and grant funds on which the papers are moving, and they will move gradually into the disbursement column.

#### ALLOCATION OF FUNDS AS AGREEMENTS ARE SIGNED

There are very little loan funds except in the countries mentioned, like Poland, where anybody could say that the funds are frozen for use, or available for use.

They have been allocated for loan, for grant, or for some U.S. use, and somebody is waiting to get their hands on it.

Senator HUMPHREY. You are going ahead with these nonself-liquidating projects; is that right? You have allocated \$65 million so far; I don't mean programs have necessarily started for that allocation, but \$65 million has been allocated, and more obviously will be allocated as new agreements are signed?

Mr. IOANES. For each agreement.

Senator HUMPHREY. There are some of us who believe that it is very important to utilize this grant procedure, particularly in countries where there are grave financial difficulties, where there are inflationary problems, and where there are unemployment problems. The grant procedure can be useful in some areas for the improvement of basic

community services that are really non-capital-generating-type projects, and support that general philosophy; is that right, Secretary Miller?

Mr. MILLER. Yes.

Senator HUMPHREY. All right. By the way, you make available these funds for malaria eradication, for example.

Mr. O'LEARY. Yes. In the non-self-liquidating projects there are generally three fields, health, education, and other public economic development projects.

Senator HUMPHREY. That is right. Funds are made available for scientific studies, for translations under existing authority, for American chairs in American studies, in American-sponsored schools and universities, and libraries; isn't that right?

Mr. O'LEARY. Senator, what you are speaking of now are the new uses added last summer by the Congress.

Senator HUMPHREY. Yes, sir. As I said earlier, I was into that up to my ears.

Mr. O'LEARY. Those new uses are subject to the appropriation process.

Senator HUMPHREY. Yes.

Mr. O'LEARY. They are either pending the requests of the agencies or in the Bureau of the Budget, or in the Congress awaiting action.

The one new use that I know action has been taken on is the Horticultural Fair in Rotterdam, and the World Agricultural Fair in New Delhi. The Department of Agriculture came up and requested and received an appropriation of currencies to help fund those two fairs; that was under one of the new uses. All of those are going into agreements.

Senator HUMPHREY. Yes, sir.

The \$65 million which has been allocated for the so-called non-self-liquidating projects do not require the appropriation process, do they?

Mr. O'LEARY. No, sir. Those are grants.

Senator HUMPHREY. May I encourage you, my good friends, to make the greatest use of that authority. This is good work.

Go right ahead.

Mr. MILLER. I am down near the bottom of the page.

#### PROGRAM OF LOANS TO PRIVATE FIRMS

The Bank has the experience, general know-how, and operating responsibilities best suited for this activity. In most of the countries in which we have negotiated private enterprise loans, the maximum 25 percent permitted by law has been earmarked for these purposes. The loans are largely intended for U.S. firms or affiliates although some loans have been made to firms of participating countries for agricultural handling or processing facilities. Currencies of 22 countries, with a value equivalent of about \$225 million, have been set aside for loans to private firms.

Senator HUMPHREY. By the way, are you pleased with this program of private loans?

Mr. MILLER. Yes.



Senator HUMPHREY. You may recall we added this in conference at the time.

The Senate had acted first on the bill, and then we brought it back through the House in the so-called Cooley amendment. Then there was a period of time as to interpretation of how this was to be applied, as I recall.

Mr. MILLER. We think this is not only a good opportunity for American firms to engage in this type of business but also in the greater utilization of agricultural commodities.

Senator HUMPHREY. I had strongly supported it. I came away from a study trip feeling we were loaning money to everybody else, and it seemed like we might be able to loan a little to ourselves. I hope that does not seem too selfish.

#### TITLE IV COMPARED WITH TITLE I

Mr. MILLER. New title IV of S. 1711 authorizes supply commitments up to 10 years. Little if any additional disposal of commodities would result from this authorization since the proposal is aimed at the same countries now participating in the title I program. Moreover, title IV compares unfavorably with title I for the following reasons:

(1) It provides for programing of certain commodities whether or not they are in surplus supply. This means that the U.S. Government might have to enter the commercial market to finance purchases which might not otherwise be made under price-support operations.

Senator HUMPHREY. Yes, that is true.

Mr. MILLER. (2) It authorizes supply commitments up to 10 years. This will tend to create the unfortunate impression that surpluses will be with us for at least that forward period.

(3) It has no limitation as to time or funds and would tend to establish surplus disposal on a permanent basis.

Senator HUMPHREY. May I just make this comment about that particular section. I do not happen to believe that we ought to judge a food policy on the basis of the accidents of production, as I have said earlier today, or upon surpluses.

I feel we ought to find out what the needs are and come back and try to find out if we can produce for the needs.

This title is on a strictly commercial basis. This is essentially for dollars or services.

Title IV is not a soft currency operation.

I will tell you how I feel about it. I feel that we have lived through the easiest days of our national existence. I think it is going to get tougher every day, and I see no reason why we should not gird ourselves for the struggle, just because it is going to be an economic struggle.

The Soviets practice 10- or 15-year financing all the time.

#### COMPETING WITH SOVIETS IN WORLD MARKETS

Whether we like it or not, they are the second largest capitalistic nation on the face of the earth in terms of capital.

They are not capitalists or capitalistic in practice, but they have got a lot of capital. And they apparently have a lot of gold also.

They have a lot of production, and they are out to give us a rough time in the markets.

I see no reason why we should be going around trying to drive a model T when there are V-8's with automatic transmissions available, to put in the parlance of modern transportation.

What I seek to do in this proposal is to equip the Government of the United States to compete; to equip our producers to compete; and to equip our exporters to compete in these markets. Because I am absolutely convinced, and I think there are members of your Department who are also convinced, that we are facing within the next 10 or 15 years the toughest economic competition we have ever faced before, particularly from the point of view of raw materials. That is what food and fiber are; they are raw materials.

We are not essentially a raw material nation. We are a processing nation, an industrial nation.

We have one big area of export of raw materials—food and fiber. In this area I am convinced that the Soviets not only will be competing with us on the minerals and metals front, but they will also compete with us on the economic front. This is what Khrushchev says. He said it to Mr. Harriman; he said it to me, and it is what he said over "Face the Nation."

He is saying it all the time and people are laughing at him.

Only I wonder who is going to laugh last.

#### NEED AND AVAILABILITY OF PRODUCTION

This section does not predicate sales upon surpluses. It predicates sales upon availability—upon need—and our availability of production.

In other words, my good friends, it may be better for us to take long-term risk capital loans for the purchase of food than it is to go ahead and keep taking land out of production and paying people large sums of money and ruining communities.

Have you seen the articles from my State lately up around northwestern Minnesota? The people are up in arms, what people are left.

We have rented all the land. There is nobody left except in the towns, and what are they going to do? They cannot live off each other. So they say, "When do we put the land back into production? You have rented all the land; it is growing up under weeds. It is under the conservation reserve program." A program, by the way, which I have supported, but I think now it has its limitations.

The question arises do we use that land for production of needed products for some other area of the world on long-term credits or do we continue to give long-term payments of 10 and 15 years to somebody to rent the land to the Government to grow weeds?

I think this is a very serious policy question, and I do not think we have thought it through. The only purpose of this provision in the bill, I might add is for bargaining purposes, and I bargain pretty hard on it.

I think we have to wake up. I do not think we can use the same old tools in this economic struggle.



If nothing else comes of this, I am going to keep preaching this because I am going to be just as right, may I say, as Paul Revere was when he said "The British are coming."

#### SOVIETS MOVING TOWARD AGRICULTURAL TRADE

I am here to tell you that the Reds are on the move agriculturally in trade. They do not have to worry whether they have a balanced diet at home.

When they get ready to move on this trade front with agriculture, they are going to move on credits.

Strangely enough, the nation which is giving the longest term credits is the Communist nation, not the capitalist nation. The world is really turned around.

We put capital into the capitalistic system, risk capital into the capitalistic structure, because what is capitalism but long-term credit, risk credit.

The other is a kind of a paternalistically managed society which the Soviets have, and which we are edging toward with all of this very carefully guarded existence we have.

#### QUESTION OF TAKING LONG-TERM RISKS

Why? What is wrong with having some long-term credits for agricultural commodities?

First of all, I know that Ghana cannot pay in gold right now. And all of Africa would most likely have some trouble, in paying.

But do you think it is worthwhile to take a long-term risk on Africa?

Mr. MILLER. We certainly are in the Public Law 480 title I; yes, sir.

Senator HUMPHREY. How much are we sending to Africa under Public Law 480, title I?

Mr. MILLER. We do in Egypt.

Senator HUMPHREY. We surely do not do much else.

Mr. MILLER. We stand ready to, sir.

Senator HUMPHREY. The richest area of the world.

Mr. MILLER. We stand ready.

Senator HUMPHREY. The richest area of the world, by far, which makes the rest of the world look like an organized poorhouse in terms of resources potential.

This is where the chips are. This is where the blue chips are for the future. What are we willing to do in terms of risk capital in case these people want to borrow money? I mean buy food on long-term commitments, and have 40 years credits? Are we willing to do that?

Mr. IOANES. Sure, we have been doing it.

Senator HUMPHREY. What have we been doing?

Mr. IOANES. Title I.

Senator HUMPHREY. Forty-year credits?

Mr. IOANES. Yes. The heart of the title I program is the credit feature.

Senator HUMPHREY. Yes.

Mr. IOANES. And the loans run up to 40 years.

Senator HUMPHREY. Thirty-five years, soft currencies. What is wrong with dollar sales?

Mr. IOANES. Well, I think our position is based on the fact that we are looking for ways to expand.

Senator HUMPHREY. So am I.

Mr. IOANES. You are, too.

#### UNDERDEVELOPED COUNTIES AND FOREIGN EXCHANGE POSITIONS

Basically what we found is that the world pretty well divides into two kinds of a world. You have the countries that are undeveloped, which have shortages of exchange.

Senator HUMPHREY. How much of the world is that?

Mr. IOANES. Most of it.

Senator HUMPHREY. About 80 percent.

Mr. IOANES. And these are the countries where we are operating the title I program in.

What we are finding, at least over our last year's experience, Mr. Chairman, is that in many cases their foreign exchange situation, instead of improving, is getting somewhat worse.

Senator HUMPHREY. Yes, sir.

Mr. IOANES. So they have less ability rather than more ability, at least at the present time, to repay in dollars.

If the title I program only had a provision for repayment of the loan in dollars I think the program would be smaller.

#### THE 40-PERCENT LOAN AND THE 10-YEAR CREDIT

Therefore, the title I provision which gives a country like India a 40-percent loan, and a 40-percent grant, and part of the money for Cooley loans is a more attractive device to them than your 10-year credit.

Senator HUMPHREY. It could be. But why not have both?

Mr. IOANES. I do not think it would move one ounce more wheat.

Senator HUMPHREY. How do you know? What have you got to lose?

Mr. IOANES. I think it is—to me it is—fairly clear that the option to repay in foreign currencies for a large part of the program, and the option of getting a large part of the proceeds as a grant, induces them to take more commodities than the requirement to pay in dollars.

Senator HUMPHREY. But what if you go to a country which does not quite qualify for title I?

Mr. IOANES. Which one?

Senator HUMPHREY. I do not know. Countries change. You just pointed out here awhile ago that Japan used to be one of the countries in which we had lots of currency which we did not need. Now it has changed. I mean there are great recovery and rehabilitation qualities to some of these countries.



Mr. MILLER. The reason a great deal of twilight zone is in there, Senator Humphrey, it is we generally take care of title I twilight zone—they pretty soon get out into a hard currency when they get out of eligibility under title I.

Senator HUMPHREY. One of the advantages is that for 10 years there needs to be no payment. When you sell under title I you get immediate payment.

Mr. IOANES. Three years before repayments on the loans begin.

Senator HUMPHREY. That is close enough; and then you program some of it back into economic loans. But the economic loans may run for 35, 20 or 15 years.

Mr. IOANES. Up to 40.

Senator HUMPHREY. This is the programing back. What I am talking about is this: we have wheat to sell or we have oats or feed grains or corn or fibers to sell. We make a deal on the basis of a long-term loan credit, the first 10 years possibly no payment, for either principal or interest. Then after 10 years you start to pick up. This is predicated on the assumption that in some of these countries they are going to need a breathing spell before they start becoming productive. This is like hiring a new police officer on a police force. You give him 6 months' probation, knowing that he is not a police officer.

And this is sort of like owning a store. My dad used to say the first year a man was in the store he was a liability. After that he became an asset if you worked with him hard enough.

I am of the opinion that a lot of these countries simply cannot make it the first few years, and yet they need the food.

Mr. IOANES. They need the food, and I think we have a combination of laws today that can meet these varying circumstances you mention.

#### INDIA AND AFGHANISTAN—TWO DIFFERENT EXAMPLES ON FOOD NEEDS

Let us take an example, if you want to. I think that India today is in a position where, with the large dollar aid she has been given under a combination of U.S. programs, such as the Export-Import Bank, the Development Loan Fund, and ICA, that what she needs today is a fairly soft arrangement for getting her wheat.

If you were to help her to an absolute maximum, you want to have it in the program.

Let us take another country, then, like Afghanistan, which might be in a desperate situation, where the population was so underemployed that even if you sold the wheat for foreign currency the population could not buy because they do not have any purchasing power.

The vehicle they use in that case is the title II program where you give it to them free, then you obligate the Government to give the commodity away free to the population.

There are very few cases I know of where countries are willing to obligate their foreign exchange balances to buy consumption commodities, and even here we have programs that take care of the needy.

Under the Commodity Credit Corporation Charter Act, loans for wheat, are made for periods up to 3 years, and the theory beyond that is if the wheat is used and disappears and has no collateral to hold, you want to get your repayment back at some reasonable period.

Then you have a title I program which can go into countries like India, or countries in between, let us say, India and Japan.

I think we have the tools to do what you have in mind.

Senator HUMPHREY. You feel that the 10-year commitment is too long, too?

Mr. MILLER. Yes.

#### QUESTION OF SURPLUSES IN NEXT 10 YEARS

Senator HUMPHREY. What makes you think we are not going to have surpluses in 10 years, my friend?

Mr. MILLER. Senator, I am not saying we are not going to have surpluses in 10 years, but I do not want to lay my plans with the assumption that we are going to. I think you and I feel about the same so far as the surplus situation is concerned. We have got the problem on our hands, but to throw up our hands and resign ourselves to fate and say that we are not going to make any progress toward its disappearance, but participating in the next 10 years around that assumption, I think you are taking a rather fatalistic attitude.

I would rather cope with the situation 10 years from now when I get to it than to say that we are going to formulate a program today to build on the assumption that we are going to have a surplus in 10 years.

Senator HUMPHREY. The provisions of this title could well be consummated under title I if you have long-term commitments. I am convinced in my own mind, and I think the people who represent us at the U.N., if they will talk and not have themselves censured by the Bureau of the Budget or by some kind of a policy decision which is made by people who have never been there, that every one of the recipient countries, who are in need, would like to have some idea when they can start a food program for their people and get them accustomed to having a meal that continues.

This is one of the real problems, you know. It is like an old gentleman who once said, "If you don't want people to like T-bone steak, never let them taste it, because once they taste it, they do not want hamburger. They go for these T-bones."

The same thing is true here. You can have a society in which people just barely get by and live as they have lived for generations and centuries, in misery and filth; degradation and poverty. But then you come along as a do-gooder, and all at once you are going to lift up their caloric intake, so that they get increased calories. And all at once you decide, "Well, I guess we have no more surpluses, so you don't get more calories." This only promotes revolution.



## THEORY BEHIND FOOD FOR PEACE PROGRAM TWOFOLD

You become the No. 1 troublemaker. So the theory behind these programs, it seems to me, should be twofold:

No. 1, if you start a program, you ought to be able to continue it and encourage the recipient country at the same time to develop its own resources, so that when you phase it out you do not lower the standards which you once erected.

I believe that there is genuine danger in starting programs you cannot keep up. I will give you an example. What do you think is going to happen in Spain if you withdraw the food program over there? What do you think is going to happen politically and to our base structure in Spain if we have to withdraw our food program and our assistance program in Spain? What do you think, Mr. Secretary?

Mr. MILLER. Frankly, I do not know.

Senator HUMPHREY. What would be your evaluation?

Mr. MILLER. I think we would have great repercussions, no doubt about it, and this is one of the dangers we have in starting any type of donation programs in countries. The first thing they want to know is, "Do you propose to carry this on for a length of time to enable us to eventually take this over ourselves, or is this just a 1-year shot where you are going to put in food and then take it out?"

Senator HUMPHREY. Yes, sir.

There are administrative costs.

Mr. MILLER. You cause more dislocation and more unrest in the country than if you never started it in the first place. By the same token I do not think you want to get into the position, the Department does not feel we want to get into the position of starting out on 10-year commitments in specific countries to keep up a level of dietary requirements or a level of consumption for a period of 10 years in each country.

Senator HUMPHREY. You remember our military agreement with Iraq a few years ago when we had to feed the people before they could run the machines?

We have military agreements with countries. You are familiar with this I am sure, in which we have to dispatch Public Health Service officers and nutrition experts, to be able to get the population strong enough to march. And the military insists that that be carried on for quite a period of time.

Now, what in the name of commonsense is wrong with having some long-term commitments even if they do not carry guns? I have sat at this table for years and heard generals and admirals testify as to what we had to do in order to get this country strong enough so that its young men could run the tanks and fly the planes. And how to get their diseased eyes cured and their diseased bodies well, and how much medicine we had to pour into them before they could accept \$100 million in military assistance, and they did not want any one shot in the dark. They wanted it over a long period of time.

Militarily we understand how to face up to the Commies, and up to the problems of security. But I cannot understand how we are ever

going to win this struggle if we think this is sort of a hit-or-miss game. I want to say most respectfully that your statement is constructive in the main. It is a much more constructive statement than was delivered this morning.

I was very much disappointed with it. I think it was much beneath the dignity of the United States, and I am going to speak to the Secretary about it. I admire him very much, and the statement was not up to par.

It seems to me it is about time this Government started to face up to the facts—whether we are with surpluses or not. We are engaged in a worldwide struggle with a giant who knows what it wants to do, how it intends to do it, and what it is willing to pay to get the job done.

For some reason or other we go along figuring out this food situation as maybe just an accident. We have some problems. The price support program does not work. That is not the problem. It is just one of many little problems.

#### SOVIETS INCREASE IN PRODUCTION OF GOODS

The problem is how are we going to get economically into competition in the world against state capitalism, dictatorship. Whether you like this Communist system or not—and I do not like it—it is producing more and more goods every year at a faster rate of increase than we are. That is No. 1.

No. 2, they are out to win, and they are out to win with economic aid. They are Ivan-come-latelies to foreign aid, but they are giving more foreign aid in Asia and Africa than we are.

They are not giving foreign aid to Western Europe. They think they do not need it. They are giving it where they think they can win, and they are out to use agriculture. We sat here in this committee the other day and heard of a school with 35,000 young people being taught all forms of languages, every kind of language.

There was another school of 5,000. And we approached the language proposition on the basis, "Well, most likely this whole trouble will be over next year and we ought not to spend too much money training people for languages because when this will be done there will be no Communists to fight; there will be no use for languages."

I do not know much about this communism, but it will be here when you and I are both gone at the rate we are going. I just cannot understand this kind of thinking. Let us go ahead. That is my lecture to you. That is why I am involved in this. I think we have got to use our resources for the next 50 years and plan it on that basis, Mr. Secretary.

I think people who plan on the next year are betraying this country. Just 1-year planning is not worthy of the name planning. I think it is wasteful. I think it literally takes the taxpayer to the cleaners. I think it is poor administration. I think it denies the facts of history and the facts of life, because the Soviet Union is going to be stronger next year than it is now.



That country is going to compete with us on a tougher basis than at the present time, and unless we prepare ourselves for that struggle, we are going to end up in second place in a two-man race. I do not like it. You have the next topic on the food administration.

#### POLICY LEVEL COMMITTEES ON COORDINATION

Mr. MILLER. The Public Law 480 program is now effectively coordinated through staff level and policy level committees. The policy committee, chaired by a Presidential assistant, is composed of representatives of the Departments of Agriculture, Commerce, State, and Treasury, the International Cooperation Administration, and the Bureau of the Budget. Country program proposals developed by the Department of Agriculture are approved by an interagency committee chaired by Agriculture on which the six agencies on the policy committee, as well as others concerned with the use of currencies, are represented.

We oppose the changes in administration provided for in title VII of S. 1711. The mere adding of another echelon of administrative machinery would not result in increased movement of commodities abroad. We believe such increases can be attained within the concepts of the food for peace program, through the existing mechanism for interagency coordination which has proved to be effective.

Every effort will be made to increase the utilization of our surpluses under policies and safeguards consistent with the best interests of the United States. We are convinced that the establishment of a new agency is not necessary to effective operation of the program, and that the additional costs incurred would be an unjustified use of public funds.

There are attached to this statement title I programing tables showing operations for the fiscal year 1959 in terms of dollar amounts, approximate quantities, and the planned use of foreign currencies.

Although we have expressed our views only on the major provisions of S. 1711, we are ready to comment on other provisions of the proposal affecting Public Law 480. Certainly we are dealing with problems having extremely wide implications and a tremendous impact on domestic and foreign programs. We will be glad to try to answer any questions the committee may have.

(The attachments previously referred to follow:)

TABLE I.—Commodity composition of programs under title I, Public Law 480 agreements signed through June 30, 1959

[In millions of dollars]

INTERNATIONAL FOOD FOR PEACE

101

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Total		
									Market value	Ocean transportation	Market value including ocean transportation
Argentina.....	4.2		4.6				25.6		30.2	2.8	33.0
Ceylon.....	7.6		8.3						12.5	2.2	14.7
China (Taiwan).....					2.6	1.0	.7		11.9	1.5	13.4
Finland.....				1.0	2.8			0.1	3.9	.8	4.0
France.....				24.0	3.5				27.5		28.3
Iceland.....	.6	0.5	.1	.4			.1		2.1	.2	2.3
India.....	191.3	4.1							195.4	45.2	240.6
Indonesia.....	5.0		7.2	23.0		2.0			37.2	3.1	40.3
Israel.....	11.5	15.7	.5	1.0	.2	1.5	2.4	.3	33.1	5.2	38.3
Korea.....	20.3	.5		7.5					28.3	4.7	33.0
Pakistan.....	53.7		7.2	1.7		.2	10.4		73.2	12.7	85.9
Poland.....	14.1	11.6		8.8		.5	4.7		40.0	4.0	44.0
Spain.....		11.5		17.0	8.8	.5	62.7	2.0	102.5	6.5	109.0
Turkey.....			7			.4	30.2	.5	31.8	2.9	34.7
United Arab Republic.....	21.5	3.3	5.3			.5	3.2	.5	43.3	5.0	48.3
Uruguay.....		2.2		3.5					11.8	.7	12.5
Yugoslavia.....	55.8			18.2			9.9	1.8	85.7	10.6	96.3
Total agreements July 1, 1958 to June 30, 1959.....	385.6	349.4	33.9	106.1	33.4	46.9	149.9	\$ 5.2	770.4	108.2	878.6
Total agreements through June 30, 1958.....	1,024.7	197.9	179.3	510.2	147.9	41.3	376.3	59.5	2,537.1	285.5	2,822.6
Total agreements through June 30, 1959.....	1,410.3	247.3	213.2	616.3	181.3	48.2	526.2	64.7	3,307.5	393.7	3,701.2

<sup>1</sup> Includes only ocean transportation to be financed by CCC.

<sup>2</sup> Extra-long staple.

<sup>3</sup> See the following:

	Million dollars
Corn.....	16.6
Grain sorghums.....	10.8
Barley.....	22.0
Total.....	49.4
<sup>4</sup> See the following:	
Dry whole milk.....	0.4
Nonfat dry milk.....	5.2
Butter oil.....	1.3
Total.....	6.9

<sup>4</sup> Cottonseed and/or soybean oil.

<sup>5</sup> See the following:

	Million dollars
Finland, fresh lemons.....	0.1
Israel, Turkey, and Yugoslavia, dry edible beans.....	2.6
Spain:	
Dry edible beans.....	1.5
Poultry.....	.5
UAR, poultry.....	.5
Total.....	5.2



TABLE II.—Approximate quantities of commodities under title I, Public Law 480 agreements signed through June 30, 1959

Country	Wheat and flour 1,000 bushels	Feed grains 1,000 bushels	Rice 1,000 cwt.	Cotton 1,000 bales	Tobacco 1,000 pounds	Dairy products 1,000 pounds	Fats and oils 1,000 pounds	Poultry 1,000 pounds	Dry edible beans 1,000 cwt.	Fruits and vegetables 1,000 pounds	Meat 1,000 pounds	Hay and pasture seeds 1,000 cwt.
Argentina.....	2,688		1,772									
Ceylon.....	4,596		1,366		3,059	4,509	4,965			1,102		
China (Taiwan).....				5.9	4,385							
Finland.....				200.0	5,333							
France.....	314	325	17	2.4	400		714					
Iceland.....	113,106	3,075				28,571						
India.....	3,201		1,200	153.3		16,884	18,106		41			
Indonesia.....	6,726	13,768	88	6.0	264							
Israel.....	12,030	418		65.2		2,143	68,162					
Korea.....	31,232	9,824	1,200	15.0		11,429	33,069					
Pakistan.....	8,151	9,484		70.4		2,400	534,485	1,787	206			
Poland.....				103.0	12,572	3,418	207,947		66			
Spain.....			110			1,323	26,667	1,323				
Turkey.....	12,590	2,540	833	20.6	10,588		79,200		235			
United Arab Republic.....	33,304	1,768		125.5	6,778							
Uruguay.....												
Yugoslavia.....												
Total agreements, July 1, 1958 to June 30, 1959.....	227,938	341,202	5,586	757.3	43,379	370,677	41,138,662	3,110	548	1,102		
Total agreements through June 30, 1958.....	614,697	168,852	27,879	3,228.5	206,721	214,849	2,492,608	14,300	43	175,057	120,872	10
Total agreements through June 30, 1959.....	842,635	210,054	33,465	3,985.8	250,100	285,526	3,631,270	17,410	591	176,159	120,872	10

<sup>1</sup> Extra-long staple.  
<sup>2</sup> See the following:

	1,000 bushels	1,000 pounds
Corn.....	12,507	740
Grain sorghums.....	9,739	67,638
Barley.....	18,956	2,299
Total.....	41,202	70,677
4 Cottonseed and/or soybean oil.		

<sup>3</sup> See the following:

Dry whole milk.....  
 Nonfat dry milk.....  
 Butter oil.....

Total.....  
 4 Cottonseed and/or soybean oil.

TABLE III.—*Planned uses of foreign currency under title I, Public Law 480 agreements signed through June 30, 1959<sup>1</sup>*

[Amounts are in dollar equivalents at the deposit rate of exchange]

[In million dollar equivalents]

	Total in agreements (market value including ocean transportation)	104(a) market development	104(b) purchase of strategic materials	104(c) military procurement	104(d) purchase of goods for other countries	104(e) grants for multi. trade and economic development	104(f) loans to private enterprise	104(g) payment of U.S. obligations <sup>2</sup>	104(h) loans to foreign governments	104(i) international educational exchange	104(j) translation and publication	104(k) information and education
<b>Fiscal year 1959</b>												
Argentina.....	33.0						8.2	8.3	16.5			
Ceylon.....	14.7					2.2	3.8	2.9	5.8			
China (Taiwan).....	13.4			7.0			3.0	2.4	1.0			
Finland.....	4.0						1.0	3.0				
France.....	28.2				6.2		7.0	15.0				
Iceland.....	2.2											
India.....	238.8							4	1.8			
Indonesia.....	40.3					35.8	59.7	26.7	114.6			
Israel.....	38.3					14.2	10.0	5.4	10.0			2.0
Korea.....	33.0			28.0			9.5	9.6	19.2			.7
Pakistan.....	85.9							5.0				.5
Poland.....	44.0					12.9	12.9	23.4	36.2			
Spain.....	109.0							44.0				
Turkey.....	34.7						5.2	12.2	49.1			.2
United Arab Republic.....	48.3						12.0	23.6	17.0			.3
Uruguay.....	12.4						3.0	2.6	11.7	0.5		.5
Yugoslavia.....	94.8					14.2		11.4	69.2			
<b>Total agreements July 1, 1958, to June 30, 1959</b>	<b>3 875.0</b>			<b>35.0</b>	<b>6.2</b>	<b>79.3</b>	<b>135.3</b>	<b>255.6</b>	<b>358.4</b>	<b>.5</b>		<b>4.7</b>
<b>Total agreements through June 30, 1958</b>	<b>2,828.3</b>	<b>52.1</b>		<b>273.2</b>	<b>38.1</b>	<b>154.1</b>	<b>88.5</b>	<b>757.6</b>	<b>1,407.9</b>	<b>28.6</b>	<b>6.5</b>	<b>21.7</b>
<b>Total agreements through June 30, 1959</b>	<b>3,703.3</b>	<b>52.1</b>		<b>308.2</b>	<b>44.3</b>	<b>233.4</b>	<b>223.8</b>	<b>1,013.2</b>	<b>1,766.3</b>	<b>29.1</b>	<b>6.5</b>	<b>26.4</b>
<b>Uses as percent of total</b>	<b>100.0</b>	<b>1.4</b>		<b>8.3</b>	<b>1.2</b>	<b>6.3</b>	<b>6.0</b>	<b>27.4</b>	<b>47.7</b>	<b>.8</b>	<b>.2</b>	<b>.7</b>

<sup>1</sup> Amounts shown are subject to adjustment when actual purchases and allocations have been made.

amounts as may be specified in appropriation acts.

<sup>2</sup> In order to provide flexibility in the use of funds, agreements concluded July 1958–June 1959 provide that a specified amount of foreign currency proceeds may be used

Distribution among these uses will be made when allocations have been completed.

<sup>3</sup> Amounts shown in this column may differ from amounts on table I which reflects purchase authorization transactions.

under various U.S. use categories including the new currency uses which are limited to



Senator HUMPHREY. Mr. Secretary, I want you to know I appreciate the improvements which have been made by the administration, the Department particularly, in the Public Law 480 program.

I have a high regard for you, sir, personally, as you know, and for Mr. Ioanes and the members who are here representing the Department. I think there have been many excellent, and many very commendable actions taken. At least your statement was offered in a spirit of constructive criticism and not in a completely negative attitude.

It is my hope that we will be able to have at a minimum a greatly improved Public Law 480 program.

#### FUNDAMENTAL CHANGES TO BE MADE

I think there are some administrative changes to be made. I shall not go into any more detail today. We will come back to them later.

The Davis report and the other reports indicate certain fundamental changes which are required.

I will say for the Davis report that it was very honest. It faced up to the true situation of the production problems of our own country, the food deficit problems of the world, and the currency use problems which come from title I sales.

I am pleased that some of the suggestions have been accepted. I think you know I am going to predict to you, you are not going to get your way.

#### ONE-YEAR EXTENSION OF PUBLIC LAW 480 A POOR PROGRAM

We are going to have longer than a 1-year extension of Public Law 480, because a 1-year extension of Public Law 480 is poor government and bad management.

It ignores the facts and I would not want you to be held accountable for that, or me.

In fact, I am pleased that Senator Dirksen really told us what the administration wanted. It gives the administration at least a sense of responsibility, because a 1-year program is an irresponsible program.

If it was a 1-year program just to start out with, that is all right.

We have been at it for 5 years. Now, it is either good enough to continue or it is poor enough to close shop. The truth is that 5 years ago, we had fewer supplies in the Commodity Credit Corporation's hands than we have now. If you needed a 1-year program 5 years ago, you need at least a 3-year program now because you have got about three times the amount of supplies.

Those are just my views, and I state them quite frankly on this subject, as I do some others.

I have a copy of the letter sent to Senator Fulbright, chairman of this committee, which represents the report of the Department signed by Mr. True D. Morse, Acting Secretary. It says in reference to the section in the bill relating to title V under section 306, page 12 of the bill:

## PROVISION OF COMMODITY CREDIT CORPORATION

Notwithstanding any other provision of law, the Commodity Credit Corporation is hereby directed—

(1) to dispose of its stocks of edible oils or products thereof by donation, upon such terms and conditions as the Secretary of Agriculture deems appropriate, to nonprofit voluntary agencies registered with the Department of State, appropriate agencies of the Federal Government or international organizations, for use in the assistance of needy persons outside the United States;

(2) to purchase for donation as provided above such quantities of edible oils and the products thereof as the Secretary determines will maintain the support level for cottonseed and soybeans without requiring the acquisition of such commodities under the price-support program.

This is a rewrite of the discretionary authority which was given in the bill last year as the result of conference.

I believe you are familiar with that, Mr. Secretary. I do not know if you were present during those conference discussions or not; however, you say here in your letter:

Although we favor the donation of surplus edible oils and products thereof to needy persons abroad, we oppose the proposal to make such donations mandatory.

I am fully aware of the fact you have such authority, because I sponsored the change in the law to give it to you expecting you might be charitable enough to use it.

My question is why haven't you used it? I was just up to New York and met with some of our friends in the Council of Churches, CARE, the Catholic Church, and the Lutheran Welfare.

Mr. MILLER. We have been able thus far this year to sell the oil that we have taken in for dollars, Senator Humphrey, and we have programed some and Mr. Ioanes can tell you how much under title I of Public Law 480.

The present takeover date on soybeans will be August 1, I believe.

The takeover, according to my information that I have gotten from Mr. Berger, will be less than what he originally anticipated.

Our experience thus far has been that we have been able to sell the oil that we have taken over very readily.

Actually the cottonseed oil we took over last year we sold it for the investment we had in it, plus a little profit.

## REQUEST OF VOLUNTARY AGENCIES

Senator HUMPHREY. Did a delegation from the voluntary agencies call on the Department sometime between Thanksgiving and Christmas?

Mr. MILLER. Yes, sir; they did.

Senator HUMPHREY. They were asking for oil to supplement the diets of the needy people were they not?

Mr. MILLER. And the domestic people wanted us to also put oil on the domestic donation program before we put it on the foreign program.

Senator HUMPHREY. And the Department turned them down; did it not?

Mr. MILLER. Yes, sir.

Senator HUMPHREY. You had the full authority?

Mr. MILLER. We had the full authority and turned them down as of that time.



I would not say that we would not place it at some future time if the conditions warranted it.

Senator HUMPHREY. I understand you turned down these voluntary agencies because you thought you could sell the cottonseed oil you had on hand, as you indicated, and supposedly saved the taxpayers some money.

#### EFFECT OF COMMODITY SALES ON THE MARKET

As a matter of fact, didn't your sales undo any good that your acquiring of the oil in the first place might have done by throwing it into the domestic market in competition with the oil or the products from which oil is made that the farmers were trying to sell?

Mr. MILLER. Well, not at the price we got for it; no, sir.

Senator HUMPHREY. In other words, didn't you depress the domestic market when you threw this oil into it?

Mr. MILLER. I do not think so.

Senator HUMPHREY. You do not?

Mr. MILLER. It had some effect on the market, I would presume.

Senator HUMPHREY. What kind of effect would it have?

Mr. MILLER. If you sold 1 gallon, a thousand gallons would have some effect, but inasmuch as we were able to sell it for more than what we had invested in it——

Senator HUMPHREY. Yes.

Mr. MILLER. It was still more than the support price for oil, Senator Humphrey.

Senator HUMPHREY. But it did depress the market price, did it not?

Mr. MILLER. I would think anytime you sold any commodity it would have an effect on the market whether it would be in private hands or public hands.

Senator HUMPHREY. When you sell commodities it does not always affect the market price?

Mr. MILLER. Whenever you increase the quantities of any commodities that are available for sale you affect the market price; yes, sir.

Senator HUMPHREY. You could sell some stocks and they would go up sometime.

Mr. MILLER. I am not familiar with those stocks. I am familiar with oil stocks.

Senator HUMPHREY. And you can sometimes sell stocks of grain and oil and the price goes up.

Mr. MILLER. Well, there are other factors other than that sale that cause it to go up now.

Senator HUMPHREY. I would like to look into this proposed saving by these oil sales.

What would you think if you heard that someone came along and bought this oil from you on a competitive market, on a strictly legal proposition, and on your terms, then turned around and, in effect, sold it back to you for subsidized exports to clear a profit of more than \$1 million?

Mr. MILLER. Well, I do not know. I am not familiar with the case. I would say that if someone bought it from us, turned around and sold it back to us for some sort of an export program——

Senator HUMPHREY. Like the cheese deal, you know. Do you remember?

Mr. MILLER. I am very familiar with the cheese deal; yes, sir. If it is similar to the cheese deal I would be in a very good position to defend it.

Senator HUMPHREY. Well, I hope you have something better to defend than that. But go ahead.

Mr. MILLER. It is very easy to defend.

Senator HUMPHREY. Let us get on with the oil deal. Let us keep away from cheese.

Mr. MILLER. This is a case I am not familiar with. I do not know the circumstances surrounding it, Senator Humphrey, and the reason why I would be able to explain the cheese deal——

Senator HUMPHREY. Do you know that such a thing happened?

Mr. MILLER. No.

Senator HUMPHREY. Do you think it ought to be looked into?

Mr. MILLER. Yes, sir. I think we always stand ready to investigate these cases.

Senator HUMPHREY. Don't misunderstand me, I am not saying there was anything illegal about it. I just think it was a rather foolish practice.

I believe you will find out, if you look into this matter, that oil was sold under the terms of the law. A prominent broker bought the oil, and later on sold it right back to you and made a substantial profit off the oil he purchased from you in the first place. This is alleged to be a taxpayer's saving.

How do you save money that way?

Mr. MILLER. I am not in a position to answer it, Senator Humphrey. I do not know the facts surrounding the case.

Senator HUMPHREY. I am going to have the Senate Agriculture Committee take a good look into this. It seems to me you would be better off to make some of this available for relief feeding.

#### PURPOSE OF THE COMMODITY CREDIT PROGRAM

The purpose of the commodity credit program is to sustain prices——

Mr. MILLER. That is correct.

Senator HUMPHREY (continuing). and orderly marketing. That is its first purpose.

I recognize you have an obligation to sell when it does not destroy that purpose.

But your purpose is not just to dispose of commodities held in the Commodity Credit Corporation. If that were the case you could do that tomorrow morning and wreck the price market, but you would get rid of the products.

Mr. MILLER. You are saying we affected the price?

#### SALE OF OIL ON A SUBSIDIZED EXPORT PROGRAM

Senator HUMPHREY. I am saying two things: You sold into a market and thereby depressed the prices; and thereby using Government sales as a way of competing with private enterprise.

Secondly, you sold to a private enterpriser at a price that he held on to for a very short period of time. Then he sold it right back to you for subsidized export sales.



Mr. MILLER. Under what condition would we be getting oil to sell on a subsidized export sale?

Mr. O'LEARY. Title I.

Mr. MILLER. Title I is what it would have to be.

Senator HUMPHREY. We are going to look into that.

Mr. MILLER. I am at a little disadvantage. I am sorry I do not have the details. I would like to have the opportunity to investigate.

Senator HUMPHREY. I say that you sold oil at your terms and then the individual who bought it from you turned around and, in effect, sold it back to you for subsidized exports, to clear a profit of more than \$1 million.

Mr. MILLER. I will be glad to look into it.

Senator HUMPHREY. I do not say it is illegal. I just say it is very peculiar.

Mr. MILLER. Well, there are a lot of things—

Senator HUMPHREY. Yes, in light of what the request was over Thanksgiving and Christmas. Maybe someone else has something he would like to say about this.

Mr. O'LEARY. All I want to say is there is no subsidy program in effect for exports of oil. The only possible thing that could have happened is the CCC had a sales program going—

Senator HUMPHREY. Yes, sir.

Mr. O'LEARY (continuing). At the required price where a man could take the oil and do whatever he wanted to—use it in this country or export it or do anything else.

If they sold it and the man speculated on the price by exporting the oil and he sold it under title I, the export was financed, not subsidized, and if he made a profit by holding the oil, the fact is if the price had gone down he would have taken a loss by holding on to it.

Senator HUMPHREY. Why didn't you do something? Why didn't you make the profit instead of the other fellow, since you were saving the taxpayer? What I am getting at is the phrase that you are saving the taxpayers' money. How do you save the taxpayers any money under that?

Mr. MILLER. Just a moment. If we had donated the oil for foreign donations program, we would not have gotten anything.

Senator HUMPHREY. That is correct; that is right.

Mr. MILLER. At least we got the going market price.

Senator HUMPHREY. Yes.

Mr. MILLER. Senator, let us go back and say whenever we sell any commodity in the quantities in which we sell them, we have effects on the domestic market price. For instance, corn sold above the statutory minimum of 105 percent of support price, plus carrying charges here, for a great period of time during the winter.

At the same time, we sold corn on a bid basis when it was out of condition, we sold it for less than 105 percent, plus carrying charges. Whenever we made a sale of any such quantities in which we sell, we are bound to have an effect on the market price, because we are the biggest single owner and the biggest single merchandizer in the United States.

Senator HUMPHREY. You are surely right. I am glad you said that.

Mr. MILLER. You cannot sell anything out—

Senator HUMPHREY. Absolutely. You do not even need to sell it, just hold onto it.

Mr. MILLER. Or even hint we are going to do something.

Senator HUMPHREY. You are the market.

Mr. MILLER. That is correct.

Senator HUMPHREY. This gets down to the point which the State Department was making this morning. They were so worried that we were going to interfere with normal channels of trade. And under the Food for Peace Act that was a very serious matter for the State Department people.

#### QUESTION OF NORMAL TRADE INTERFERENCE

What do you think you did when you sold this oil? Don't you think you interfered with some normal channels of trade with people who were in this business—farm producers, processors, distributors?

Mr. MILLER. I guess any time we sell any commodity out of CCC inventory in foreign markets through our own American exporters, we are coming in competition with somebody else.

Senator HUMPHREY. That is right.

Don't misunderstand me; I am not protesting. I do not think you can cut the cake two ways. You cannot have State in here and take one line, and you boys take another.

Mr. MILLER. I will have to stand up to State's defense on this one and say that State was talking about a concessional sale for other than a commercial sale. We are not talking about commercial sales for dollars. Competition in those two fields is quite different. But when a concessional sale program interferes with normal sales of competing friendly countries, that is one thing. But when you enter into a competitive price position on a dollar sale, that is another.

What we are talking about in this case is a dollar sale. State was talking about soft currency sales, or concessional sales.

Senator HUMPHREY. What I am talking about is under your price support operations. You took in certain supplies.

Mr. MILLER. Yes.

Senator HUMPHREY. By holding those supplies you maintained a fairly good price structure, and by maintaining a fairly good price structure, you gave the farm producer, the processor, the distributor, a chance to make an honest dollar.

When you start dumping those commodities into the domestic market you tend to depress the price, and you have to be very careful how you do this. After all, when you withdraw some from the market, and then push it back into the market, it has a tendency to at least expand or flood the so-called free market.

Mr. MILLER. But are we dumping every time we sell?

Senator HUMPHREY. I do not know.

Mr. MILLER. That is what we have to watch.

Senator HUMPHREY. I do not know. I was of the opinion on the edible oils you had a pretty good case for giving edible oils to our relief agencies who needed it desperately in their oversea relief programs. From the farm producer's point of view and from the processors' point of view, and from the trader's point of view, and from the taxpayer's point of view, you were better off to have the prices stay



where they were at reasonably good levels than to permit them to drop.

Mr. MILLER. Well, they have been maintained at reasonably good levels.

Senator HUMPHREY. What is the price today of oil?

#### LARGE EXPORT SALES OF COTTONSEED OIL

Mr. MILLER. I am sorry, I cannot give it to you.

Mr. IOANES. Cottonseed oil is the commodity you are talking about, and, if anything, it is higher than it was at that time, so if there was a depressing effect on the price, Mr. Chairman, it was temporary.

Senator HUMPHREY. Well, there were some big export sales afterwards of cottonseed oil. Some of those export sales were made by very clever operations, not illegal, however, where the Government sold to brokers, brokers watched the market, held onto it, made the export sales off Government stocks that they purchased from the Government; right?

Mr. IOANES. Right.

Mr. MILLER. As long as they meet our conditions on sales and make a profit, bless them, Senator.

Senator HUMPHREY. That is what I want you to think of, my farmers also.

Mr. MILLER. I am one also, or I was 5 years ago.

Senator HUMPHREY. You just think of the soybean processors out my way.

Mr. MILLER. We are.

Mr. IOANES. This year is going to be the biggest in history, by far, and I think the crush has continued at this record rate every month after this sale has happened.

Senator HUMPHREY. Very good. I hope you are right. But I still want to encourage you to use an edible oil program for relief feeding, and we will try to get legislation in here which makes it so that you will.

Do any of you other gentlemen have anything to say?

Mr. MILLER. No.

Senator HUMPHREY. Thank you very much.

Our next witness is Senator Morse, who is vitally interested in this legislation and who is one of the cosponsors of this bill. Will you proceed, Senator.

#### STATEMENT OF HON. WAYNE MORSE, U.S. SENATOR FROM THE STATE OF OREGON

Senator MORSE. It is my great honor and privilege to be a cosponsor of S. 1711 with Senator Humphrey, because in this one piece of legislation we propose to accomplish two worthwhile and humanitarian purposes.

First and foremost, we propose to feed hungry people. Is there any clearer and simpler Christian duty than that of feeding the hungry and starving? For years now we have heard the matter of food surpluses kicked around for political purposes as though a state of plenty were an absolute evil, one that should be corrected not by distributing it to the needy, but by abolishing the horn of plenty itself.

Why is it that the simplest and most fundamental solution to American farm surpluses—that of feeding the hungry—should be the most difficult solution to achieve? Why should Americans, or anyone else, be suspicious and reluctant about carrying out one of the most fundamental of our spiritual teachings, when we not only have the wherewithal to do it but are looking anxiously for relief from what has become to us the burden of storing excess food?

That brings me to the second objective of our proposal, which we call the Food For Peace Act. It is to relieve the taxpayers of some of the cost of storing surplus food.

America's agriculture, through the diligence of our farm population and the application of modern science to the ancient science of agriculture, has achieved production levels that are the envy of the world. We have reached that state of bulging grain bins when it is a new cost in itself merely to store it.

By using this food as a foreign policy weapon, we are far from asking a new levy of the American people; we propose to do just the opposite, and use a "weapon" which is costing us money just to keep in storage.

#### EXPANDING DOLLAR VALUE OF FOOD

But of course, this program does much more. Based upon our experience with Public Law 480, a very successful experience on the whole, we propose to expand the dollar value of food which may be sold abroad for local currencies from the present \$1½ billion a year to \$2 billion a year. This amount is not picked out of the air, but is based upon the study by John H. Davis for the Department of Agriculture, a study entitled "Policy Considerations Pertaining to Public Law 480," in which it is pointed out that from \$10 to \$13 billion worth of food surpluses will exist in this country during the next 5 years. Dr. Davis gave this as a most conservative estimate.

He also found that from \$10 to \$13 billion worth of food could be distributed through Public Law 480 channels without interfering with regular commercial operations.

So the expansion we propose is a realistic one.

#### HEART OF FOOD FOR PEACE ACT

In addition to the increase in the dollar amount of food our bill would authorize for sale, the heart of our Food for Peace Act is the great expansion in the uses we propose for the foreign currency received in payment for the food. In fact, I regard this as the heart of our bill.

The President would be authorized to enter into agreement with friendly nations to establish in them nonprofit foundations for the promotion of research, education, health, and public welfare, to be financed with local currencies received by us in payment for our food.

A whole series of additional uses of the foreign currencies received in payment for American food would be authorized. One would permit larger expenditures of foreign currencies for United Nations operations, particularly for the Food and Agriculture Organization, and the World Health Organization, and the financing of their activities.



## INTERNATIONAL BANK PLAN

Another major expansion in the use of foreign currencies is one I have advocated for a long time. Our bill would amend section 104 of Public Law 480 to enable the transfer of American-owed foreign currencies into a new International Development Loan Association, at such time as one may be created.

Senators will recall that under the leadership of the Senator from Oklahoma, Mr. Monroney, there was passed by the Senate last year Senate Resolution 264, which I was honored to cosponsor. It called for a study by the appropriate agencies of an addition to the International Bank, which would make loans repayable in the so-called soft currencies and on easier terms than are presently available for the hard loans. It was the idea of the Senator from Oklahoma that the foreign currencies we have accumulated under Public Law 480 could be turned over by us to finance this new lending operation under the jurisdiction of the International Bank.

I am an enthusiastic backer of this plan. We know that these currencies have been allowed to accumulate in what I regard as shameful amounts. The excuse given for freezing them has been that they would tend to disrupt the economies of the underdeveloped countries involved.

Personally, I have often felt these fears were exaggerated, at least in the rigidity of their application. I continue to feel that we could and should free much more of these currencies for useful and worthwhile local expenditures without disrupting anybody's economy.

But we also know that many underdeveloped nations, where we own substantial amounts of currency, are in the throes of economic dislocation. The United States has been reluctant to crack down, so to speak, and to require stringent financial and economic reforms as a condition of further American aid. Instead of spending the currency in the recipient nation, we continue to pour in new American dollars, thus adding to the burden of the American taxpayer.

We feel, to some extent, that to insist upon reforms in those countries would amount to interference in their domestic economies; it would open the door to the Communist charge that the United States was using aid to revamp the economic structures of the nations we assist financially.

But the International Bank is free from the cold war rivalries and competitions between the United States and Russia. The International Bank has a long and largely successful record of insisting upon wide and meaningful economic reform as a condition of getting a loan.

We know that the nations of the world need a lending program that will serve needs not met through "hard" dollar loans; we have the soft currencies for them, but we are almost totally unable to make such loans fully effective by requiring other financial practices on the part of the recipient government.

An international development loan association would be able to do that. And in S. 1711, we would authorize the use of the currencies received from commodity payments as capital for such a new branch of the International Bank.

Of course, bilateral loans of these currencies is permissible under Public Law 480, and I understand that some \$327 million has already

been loaned back. But much greater use can and should be made of these foreign currencies, both bilaterally and through an international agency.

Other major sections of our bill authorize grants of food in specified cases and long-range contracts for supply of food for an agreed on level of reserve.

Without going into the remaining sections of our bill, I wish to have placed in the record of the hearing a summary of it which appeared in the National Union Farmer for July 1959.

(The article referred to follows:)

[From the National Union Farmer, July 1959]

#### THE PROMISE OF FOOD FOR PEACE

##### WHAT DOES "FOOD FOR PEACE" MEAN?

We are spending three-fourths of the Federal tax dollar for defense. As important as it is to protect our security, we should emphasize to a much greater extent positive approaches to eliminating causes of unrest and tension—hunger, sickness, and poverty—which lead to conflict.

Spending a part of what we are now paying for bombs, rockets, missiles, and other military items for peaceful warfare against hunger and misery is both an effective and realistic means of furthering the peace of the world.

Half of the world's population has a regular daily intake per person of less than 2,250 calories (bare subsistence). For a normally active person, an average of 2,800 calories per day is required to maintain health and activity.

U.S. agricultural production has made it possible for citizens of the United States to be the best fed in the world. The ability of farmers to produce is a blessing in terms of moral and humanitarian consideration, but current food stocks are of such size that farmers' prices and incomes are sharply down, with prospects for further cuts if constructive uses cannot be found.

"Food for peace" simply means applying our food and fiber producing capacity to meet the elemental needs of hungry people. We can afford to use food to assist people in other nations. One means of financing is to use a larger percentage of current overseas expenditures for promoting uses of food and fiber in programs of economic development and technical assistance.

##### POSITIVE PROGRAM OR SURPLUS DISPOSAL?

The Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) provides for the distribution to hungry people in other lands a little of the U.S. surplus farm products. Senator Humphrey, of Minnesota, in introducing "Food for Peace" legislation, said:

"Let's get to the heart of the matter. Are we carrying on a 'surplus disposal program' or are we carrying on a program for using agricultural surpluses positively and constructively in the world for the relief of human hunger, for promoting economic and social development in less developed countries, and for serving the foreign policy of the United States by helping to build essential world conditions of peace?"

Abundance, under this and similar bills in the House of Representatives, becomes a positive instrument working for people.

What, specifically, would this accomplish?

Extend the Public Law 480 program of sales for local currency for another 4½ years at a rate of \$2 billion a year, as compared with \$1.5 billion under the present law.

Continue emergency relief shipments to friendly peoples at a rate of up to \$250 million a year over the next 4½ years.

Set up a Peace Food Administration to oversee the present sprawling distribution program.

Authorize the President to enter into agreements to supply friendly nations with certain quantities of surplus commodities for a 10-year period. Payment could be extended over a 40-year period.

Authorize grants of surplus foods to friendly countries having food deficits to enable them to build up food reserves.



Authorize the President to work out agreements with friendly nations to provide for the establishment of nonprofit foundations to promote research, education, health, and public welfare, with the view of eventually bringing about sound and permanent prosperity.

Continue title III of Public Law 480, with minor changes, which could provide for:

- (a) Making payment for commodities not produced in the United States.
- (b) Barter of surplus U.S. commodities for strategic materials.
- (c) Grants to public and private agencies for use of U.S. commodities in nonprofit school lunch programs, nonprofit summer camps for children, charitable institutions (including hospitals) and assistance to needy persons.
- (d) Grants to nonprofit voluntary agencies in assisting needy persons outside the United States.

#### FOOD ABUNDANCE: A BLESSING

Senator MORSE. In conclusion, let me say that our abundance of food must no longer be regarded as a curse. It is a blessing; it is a blessing for the food needs of the people of America and because we still have enough left over to share with a hungry world. It is easy for us to forget that there are still literally hundreds of millions of people in the world who are vastly more interested in getting enough to eat from day to day than they are in reaching the moon, or siding with whichever country has the biggest and best nuclear warheads.

For them, the struggle for survival is not between two great economic systems, but takes place every morning and every night as they scavenge for something to put in their mouths.

Here is a struggle where the United States has outstripped Russia so thoroughly and completely that Russia is almost out of the running. Let us seize the advantage which is so clearly ours by going ahead with a large-scale program for use of our abundance as we have set forth in this Food For Peace Act.

Senator HUMPHREY. Thank you very much Senator Morse for a very fine statement.

Our next witness is Mr. Stambaugh. Will you proceed sir?

#### STATEMENT OF LYNN U. STAMBAUGH, FIRST VICE PRESIDENT, EXPORT-IMPORT BANK OF WASHINGTON; ACCOMPANIED BY GEORGE BLOWERS, DIRECTOR; AND EUGENE OAKES, ECONOMIST

Mr. STAMBAUGH. Mr. Chairman, with your permission I would like to introduce Mr. Blowers, who is on the telephone now, my colleague, and Mr. Oakes of our Economic Division, who are the gentlemen in our organization to whom all credit goes for the operation of the loans under section 104(e) of Public Law 480, which was sponsored by you, Senator Humphrey, in the Senate, and by Congressman Cooley in the House of Representatives.

By the way, I might say that Mr. Blowers brought a great deal of talent and experience to this program because of the fact that he has had more than 25 years of experience in the management of central banks of various countries and the making of loans in foreign currencies around the world, and is probably one of the outstanding experts in the matter of foreign currencies in Washington.

I have a prepared statement, Senator, and if you are interested in saving time I might say that the material—

Senator HUMPHREY. Yes.

Mr. STAMBAUGH. The material in the prepared statement is practically what has been said to you in some correspondence that we have had with you.

Senator HUMPHREY. Yes.

Mr. STAMBAUGH. And appended to the prepared statement is a statement that shows as of July 7 the operations under the section 104(e) of the Export-Import Bank.

It shows the commodity sales in the first column, the proceeds, the percentage from the proceeds allotted to the Export-Import Bank for making the loans; in the next column the dollar equivalent of the amounts allotted, and the foreign currency equivalent, and then in the last column the amount in foreign currencies of the loans that have been made in the various countries.

Senator HUMPHREY. Yes, sir.

Mr. STAMBAUGH. I think you will recognize that considering this program is something less than 2 years old, and the fact that it took a considerable amount of time to set up the procedures and make the necessary agreements with banks in foreign countries and to get the allotments of various currencies to the Bank, that a great deal of progress has been made, and we anticipate considerable more progress.

We anticipate that it is going to go along much more smoothly and much more rapidly from this point on, because it has been in actual operation, you might say, for just about a year only.

Senator HUMPHREY. That is correct.

We will incorporate the whole statement as if read.

I have the exchange of correspondence.

Mr. STAMBAUGH. Fine.

Senator HUMPHREY. It is very helpful; plus the personal visits I have had with members of the bank and your staff.

#### REASON FOR CHANGING LOAN AUTHORITY TO DLF

I want you to know why the provision was made to transfer this loaning authority over to DLF. It was simply because the Development Loan Fund, at least in its surface appearance, handles soft loans, so to speak. I mean the soft currency type of loan more than Export-Import, and we thought we would put the soft currency or the foreign currency loans over into what you might call the softer loan bank, and DLF is a bank, you might say, in a second degree.

Mr. STAMBAUGH. May I say we do not make soft loans with these currencies.

Senator HUMPHREY. I understand.

Mr. STAMBAUGH. We apply the same standards.

Senator HUMPHREY. Exactly.

Mr. STAMBAUGH. We apply the same standards of reasonable assurance of repayment as we do when we loan dollars. These loans might be characterized as hard loans in soft currencies.

Senator HUMPHREY. You see, we thought it was because they were foreign currencies—

Mr. STAMBAUGH. Yes.

Senator HUMPHREY. That the pattern of placing them into the DLF was a desirable one.



But I must confess after having the exchange of correspondence, and after the visits I have had with you and others I see no reason for changing something that is working. You have developed procedures now and you have these loan applications underway and they are being fulfilled.

I gather that both the borrowers and the host countries are rather satisfied with your operation?

Mr. STAMBAUGH. I will submit that to you, Mr. Blowers, for you to answer.

Do you know of any dissatisfaction?

Mr. BLOWERS. Senator, we found that we have had extremely good and friendly relations with all the host countries, on the one hand, and with U.S. business concerns on the other.

As a matter of fact, when we saw this bill we asked what business thought of our management of the program and our inquiries indicated that there was wide approval among businessmen. Business International made a survey of a hundred different businesses, and they found only one criticism among all of the 100 businesses, and that was one firm that failed to receive a loan.

So we think the program has been almost free of criticism both by governments abroad and from business in this country.

#### EVIDENCE SHOWS LOAN PROVISIONS SHOULD BE LEFT IN EXPORT-IMPORT BANK

Senator HUMPHREY. I think it should be left where it is. In other words, when there is evidence developed as to what the program is doing under the existing rules and regulations, it seems to me we ought not to upset it and change the design.

I frankly did not know it was doing as well as I have found out since we tried to tamper with it.

I have had a number of letters from business firms and representatives of business associations who have been interested in the loan provisions of Public Law 480, and they have all encouraged me to leave that provision as it is and not to transfer it to DLF.

My own personal view is in light of my limited examination of it that it should stay where it presently is, in Export-Import.

Mr. STAMBAUGH. We are very gratified as to the way the thing has been working. As a matter of fact, we feel we could utilize more of these currencies, and probably it would, just as a suggestion, be that some consideration might be given to the idea of having it done on a revolving basis rather than—you see, we pay our collections right into the Treasury.

#### REACTION TO COOLEY-HUMPHREY AMENDMENT PROVISION

Senator HUMPHREY. I am glad you brought that up. There are two questions I wanted to ask you. One of them is: Do you feel this provision of law, the Cooley-Humphrey amendment provision, has been of help to American enterprise?

Mr. STAMBAUGH. Yes, indeed.

Senator HUMPHREY. You have been able to manage the program within the context of the law without too much difficulty?

Mr. STAMBAUGH. Yes.

Mr. BLOWERS. I would like to say, Senator, we found this is a very well-drafted amendment. We have had very little, practically no, administrative difficulties in administering the program. We think that it has done a tremendous amount of benefit to the countries in which we are lending the money.

I would be willing to guess that each dollar of foreign currency that we have loaned to American business has drawn another dollar of private investment with it, and our loans have been quite widely spread.

We have loaned to the affiliates of 81, I think 81, American business houses spread through 20 States, and they all tell us that it has been a great and useful service to them.

#### REVOLVING FUND PROVISION

Senator HUMPHREY. This idea of a revolving fund, I think, is very good. You see, one of the problems we are going to face with all of these Public Law 480 currencies is when they all come flooding back to be repeated.

Mr. STAMBAUGH. Accumulations.

Senator HUMPHREY. It seems to me if we could separate that portion which relates to these loans that have been made to private firms then we would be minimizing this overall problem of the total aggregate of returned funds. At the same time we would keep this program moving and expanding in a sense because this is really investment.

Mr. STAMBAUGH. That is right.

Senator HUMPHREY. I would appreciate any further comment you might develop by written memo on relating to a revolving fund provision. We might very well want to modify what we have here and, rather than this transferability, which I am quite sure we should not follow from my point of view, include in lieu thereof the revolving fund provision.

Mr. STAMBAUGH. We will provide you with such a memorandum.

(The material referred to above follows:)

#### MEMORANDUM

##### PLACING OF COOLEY AMENDMENT FUNDS ON A REVOLVING BASIS

JULY 22, 1959.

The Board of Directors of the Export-Import Bank of Washington is of the opinion that it would be desirable to have the funds made available to the Bank for loans under section 104(e) of Public Law 480 placed on a revolving basis, i.e., all collections received by Eximbank made available for relending.

#### EXISTING PROCEDURES

Present law makes no reference as to the disposal of funds which the Eximbank collects as a result of its lending operations under section 104(e). For this reason, the Bank has gone along with the assumption that the Congress did not intend that such funds be revolving. To date, however, the Bank has acted upon this assumption only to the extent of turning over the first interest payments received, which are in Mexican pesos, to the Treasury. The latter has placed them in an account labeled "miscellaneous receipts accounts."

#### PROPOSAL

The Board of Directors of Eximbank believes that all collections received by Eximbank should be placed on a revolving basis. These collections would in-



clude principal and interest on loans, as well as any interest which may be paid on balances held by Eximbank's agents in accounts in favor of Eximbank. Such balances represent undisbursed portions of credits that Eximbank has authorized, plus repayments of disbursed funds prior to their transfer to the Treasury account.

The placement of the funds on a revolving basis would not produce very large additional loan funds initially. However, in the longer term, such action would provide Eximbank with considerable amounts of lendable funds, which it believes it can place effectively under this program.

#### OBJECTIVES

The Board of Directors of the Export-Import Bank is convinced that from the viewpoint of both the U.S. Government and the governments of foreign countries involved, the administration by Eximbank of loans to private business under section 104(e) on sound banking principles represents one of the most effective uses made of funds generated from the sale of surplus agricultural commodities. It is becoming increasingly recognized by American business that substantial benefits accrue to it as a result of this loan program. There is also a substantial benefit to American agriculture, which we believe can be developed further. These loans are also an important means for attracting and facilitating U.S. private investments in foreign countries since it has been the Board's experience that loan recipients have invested substantial dollar sums in the projects for which local currency credits have been authorized.

The basic objective of the Board in suggesting that funds be placed on a revolving basis is to see that additional foreign currency funds become available for loans to private enterprises in those countries in which the funds can be used effectively.

Because the loan funds have not been assumed to be revolving, the Board has found it necessary to set the repayment period for working capital loans for a relatively long period so that applicants will have sufficient time to achieve their proposed objectives. If the funds were revolving, a shorter repayment period could be authorized with the idea of renewing the credit, if warranted. This would be more in line with commercial practices in making working capital loans and would give the Bank a better opportunity to check on the use of the money.

The Bank would not want to press this proposal if, in the opinion of the Department of Agriculture, it would add seriously to the difficulty of negotiating sales agreements. The Bank does not, however, believe this would be the case since it has now had a chance to establish good relationships with the host governments. Moreover, to the extent the program effectively induces new private investment from the United States, it is believed the host governments will be convinced that the program is to the advantage of their own countries, as well as to U.S. business and agriculture.

Senator HUMPHREY. I wish you would. It would be very helpful.

I want to compliment the Export-Import Bank on the job you have done, and the manner in which you have been able to get this program underway in a very short period of time. It is really amazing. You have had so many applications yet you have been able to process as many as you have in such a short period of time.

Mr. STAMBAUGH. Thank you very much, Senator.

Senator HUMPHREY. Thank you. You have been very patient, and I am very grateful to you.

(The prepared statement of Mr. Stambaugh follows:)

#### STATEMENT OF LYNN U. STAMBAUGH, FIRST VICE PRESIDENT, EXPORT-IMPORT BANK OF WASHINGTON

We appreciate this opportunity to present our views concerning section 6 of S. 1711, which would transfer the function of making loans under section 104(e) of Public Law 480 from the Export-Import Bank to the Development Loan Fund. The Bank is opposed to this provision of the bill, which is the only one that relates directly to the operations of the Bank.

Under section 104(e) up to 25 percent of the foreign currencies generated by the sales agreement may be allocated for loans by the Export-Import Bank to private businesses, subject to the concurrence of the government of the host

country. The loans may be made either to U.S. firms or their affiliates for business development and trade expansion in the host country or to U.S. or host country firms for facilities that will help expand the market for U.S. agricultural products. The loans are made and are repayable in the currency of the host country. Interest is charged at rates similar to those used by comparable institutions in that country. Maturities are consistent with the purposes of the financing. Generally they run from 5 to 10 years. In every loan the Bank determines, as it does in its dollar lending, that a reasonable assurance of repayment exists.

We believe the Bank has made good progress to date. You will recall that the portion of section 104(e) under which the loans are made was enacted on August 13, 1957. However, the first funds were actually made available for loans in June of the following year. During the ensuing 12 months the Bank received about 320 applications, nearly 70 percent of which have already been acted upon.

The Bank has authorized 71 credits in 12 countries for a foreign currency equivalent of \$33.8 million. In addition, it has recommended for the approval of the respective host governments nine credits in five countries, aggregating the equivalent of \$2.8 million. Thus the Bank has acted favorably on 80 proposed loans, equivalent to \$36.6 million.

The bulk of the credits have been for firms in a wide variety of manufacturing industries, including refractory brick, boilers, farm machinery, electrical supplies, pulp and paper products, detergents, livestock feeds, aluminum products, pharmaceuticals, shoes, carbon black, automotive parts and tires, industrial pumps, and petrochemicals.

Most of the credits are of comparatively modest size, ranging between the equivalent of \$100,000 and \$500,000.

Of the 71 foreign currency loans authorized to date, 66 have been made to U.S. firms or their affiliates. The benefits of this program as administered by the Export-Import Bank are being increasingly appreciated by the American business community. In fact, it was American business which suggested that the program be placed with the Export-Import Bank in the first instance because of its appreciation of the Bank's work over a 25-year period in connection with dollar loans.

The Bank regards the foreign currency loans made under section 104(e) as a useful adjunct to its basic dollar credits. Recently it was able to announce a credit of \$840,000 and one of 12 million soles to a Peruvian affiliate of a U.S. company. These two credits, which are equivalent to about \$1.3 million, will help finance the construction of a plant for the production of caustic soda and chlorine. Such combinations of dollar and local currency loans can be a peculiarly effective instrument for attracting sound dollar investments by U.S. business in foreign countries.

The 104(e) loans can be of real assistance to the expansion of overseas markets for U.S. agricultural products. Four credits have been made to Israeli firms which will assist in handling grain imported from the United States and one credit has been made to a malt factory in Peru which will expand the market for U.S. barley in that country. This aspect of the program could be developed significantly to the mutual benefit of American agriculture and the economies of the host countries.

The attached table indicates that under the commodity sales agreements negotiated since August 1957 the Bank might receive local currencies equivalent to approximately \$223 million. This is, of course, a ceiling figure, since, if the foreign country does not purchase all that it can under the sales agreement, the amount available to the Export-Import Bank is reduced. Moreover, the foreign currencies are not actually available for loans until after the commodities have been delivered and paid for in the host country and a share of the deposits placed to the account of the Bank. We estimate that, at the outside, there might actually be made available for loans at this time no more than the equivalent of \$110 million in foreign currencies. The credits upon which the Bank has acted favorably to date would absorb about one-third of this total. Eighty percent of the uncommitted funds consist of Indian and Pakistani rupees for which demand has been slow in developing. However, the Bank is pleased to report that it now has several large applications for Indian rupees which could absorb a substantial percentage of the funds available in that currency. The Bank will, of course, continue to publicize the availability of rupees to potential borrowers, both in the United States and in the host country. It recently sent a



representative to New Delhi who will devote a substantial portion of this time to the foreign currency loan program in that area.

In setting up the procedures under which 104(e) loans can be made in an expeditious manner the Bank has made numerous arrangements with each foreign government, which must clear the loans, and with commercial banks in foreign countries, that act as agent for the Export-Import Bank under this program. This has been a complex process and the bulk of these arrangements would have to be renegotiated if the program were to be transferred to another agency. We are therefore strongly of the opinion that such a transfer would be wasteful and time consuming, seriously interrupting the continued flow of loans.

The Bank believes that it is particularly well suited to the administration of the 104(e) program and that it has made a good record to date. On the one hand we have enjoyed excellent working relations with the host countries. On the other hand we have substantial evidence that U.S. business firms are well satisfied with the way in which the Bank has administered this program. For these reasons, as well as the loss of efficiency involved in the proposed transfer of functions, it is suggested that the administration of these foreign currency loans to private business continue with the Export-Import Bank.

*Public Law 480 commodity sales agreement programs, Aug. 13, 1957-July 7, 1959*

[Money amounts in millions]

Country	Unit of currency	Market value commodity sales agreements (in dollars)	Maximum Export-Import Bank share for sec. 104(e) loan funds			Credits authorized, foreign currency
			Percent of sales proceeds	Dollar equivalent <sup>1</sup>	Foreign currency	
Countries where 104(e) loan funds were provided: Applications being accepted:						
Argentina.....	Peso.....	33.0	25	8.3	660.8	-----
Ceylon.....	Rupee.....	21.0	25	5.3	25.0	-----
China (Taiwan).....	New Taiwan dollar.....	25.5	24	6.0	190.9	-----
Ecuador.....	Sucre.....	1.8	25	.5	7.0	-----
Finland.....	Markka.....	13.1	16	2.1	660.3	340.0
France.....	Franc.....	55.9	25	13.9	6,370.1	2,845.0
Greece.....	Drachma.....	19.8	15	2.9	87.3	15.0
Iceland.....	Krona.....	5.3	15	.8	19.4	-----
India.....	Rupee.....	295.8	25	73.9	352.5	1.0
Indonesia.....	Rupiah.....	40.3	25	10.0	378.5	-----
Korea.....	Hwan.....	83.0	2	2.0	1,000.0	-----
Pakistan.....	Rupee.....	151.3	19	29.3	139.6	1.0
Philippines.....	Peso.....	4.1	25	1.0	2.0	-----
Turkey.....	Lira.....	86.7	15	13.0	90.5	19.3
United Arab Republic.....	Egyptian pound.....	48.3	25	12.1	5.0	-----
Uruguay.....	Peso.....	12.4	25	3.1	12.5	-----
Vietnam.....	Piastre.....	6.0	25	1.5	52.5	-----
Total.....	-----	<sup>2</sup> 903.1	21	<sup>2</sup> 185.4	-----	-----
Receipt of applications terminated:						
Colombia.....	Peso.....	13.7	25	3.4	24.2	23.3
Israel.....	Pound.....	79.3	25	19.8	35.7	16.5
Italy.....	Lira.....	25.0	25	6.3	3,902.3	1,825.0
Mexico.....	Peso.....	28.2	25	7.1	88.7	88.0
Peru.....	Sol.....	7.8	25	2.0	48.0	41.0
Total.....	-----	154.0	25	<sup>2</sup> 38.5	-----	-----
Countries where no provision was made for 104(e) loans:						
Burma.....	-----	18.0	-----	-----	-----	-----
Poland.....	-----	163.1	-----	-----	-----	-----
Spain.....	-----	208.0	-----	-----	-----	-----
United Kingdom.....	-----	13.0	-----	-----	-----	-----
Yugoslavia.....	-----	167.8	-----	-----	-----	-----
Total.....	-----	569.9	-----	-----	-----	-----
Grand total.....	-----	1,627.0	14	223.9	-----	-----

<sup>1</sup> Amounts specified in the sales agreements; not necessarily the equivalents at present rates of exchange of the foreign currency amounts shown.

<sup>2</sup> Column does not add due to rounding.

Senator HUMPHREY: Mr. Sims.

Mr. Sims, you are vice president of the Institute of International Education. That is correct; is it not?

**STATEMENT OF ALBERT G. SIMS, VICE PRESIDENT, INSTITUTE  
OF INTERNATIONAL EDUCATION**

Mr. SIMS. Yes, sir.

I have a prepared statement here, Mr. Chairman, that I can read or simply digest for you.

Senator HUMPHREY. Why don't we simply place it in the record and you cover the high points? It will be printed as if read.

Mr. SIMS. As you know, I believe, the Institute of International Education is a private nonprofit organization whose activities are mainly in the field of promoting international education and educational exchanges.

President Kenneth Holland, I am sure, would have been interested in being here except that he is at the moment on a mission to Moscow with nine Governors.

**DIRECT EXPERIENCE IN USE OF PUBLIC LAW 480 FUNDS**

I would like to say that we, in our activity, providing services in this exchange deal for the U.S. Government, for foreign governments, for private foundations, and for American colleges and universities as well as foreign universities, have had more or less direct experience with the use of some of the Public Law 480 funds.

These funds have been used to extend the Fulbright program, Public Law 584, and they have been used to inaugurate it in new areas of the world, such as Latin America.

We think this use of the funds has been highly productive.

**USE OF FOOD FOR PEACE BILL IN EDUCATIONAL PROGRAMS OF FOREIGN  
COUNTRIES**

We would like to see these uses, if it is feasible, extended through the amendment to Public Law 480, as proposed in your bill, Senator, S. 1711, the food for peace bill.

We have, sitting in a sense at the pulse of this kind of education exchange, been able to realize that both in the United States and abroad there is a growing feeling, a growing interest in international education exchanges and the possibility of broadening our educational assistance programs.

These extended—these uses that are described in S. 1711 that would amplify those already provided for in Public Law 480 would, we think, be highly useful.

They would, in addition to the present provisions of Public Law 480, provide for grants to private agencies which could provide assurance that they have the dollar funds necessary to implement the use of the foreign currencies for educational exchange purposes.

They would also, as I recall, provide for educational assistance not only to American institutions, universities, and schools abroad, but also to foreign institutions.



We are very much aware, for example, that in Africa now there is a great need for the kind of assistance which might be forthcoming from the United States and educational resources in this country.

The extended uses described in the food for peace bill would help us toward the realization of these objectives in our relationships with Africa.

So, in short, the first point we would like to support and endorse wholeheartedly is those provisions of the bill that would enlarge the international educational activities provided for under Public Law 480.

The second point that we would like to make is that we would welcome the provisions of the food for peace bill which would free these educational uses of the requirements for congressional appropriation action.

As I understand it, the use of Public Law 480 money for the Fulbright program presently is not subject to congressional appropriation action as a requirement.

However, all other uses in this field apparently are, and we believe that this, perhaps, accounts in some degree for the relatively small uses of the options that you described in the present Public Law 480.

Senator HUMPHREY. Yes.

Mr. SIMS. We believe that or we recognize that the use of such funds must be subject to appropriate congressional and Executive control. But we believe that their use for educational purposes can hardly be described as different from those for the other purposes free of such requirements in the present legislation.

We believe, moreover, that these funds are not dollar funds in the sense that they are hard dollar assets in our Treasury, but the main problem in their utilization, as we understand it, is in arriving at agreements which will protect our interests and which will be acceptable to the countries concerned as a commitment of their own foreign currencies in their countries.

So our point 2 is that we would favor, strongly favor, the freeing of these uses from the requirement of congressional appropriation action.

The third point is that we strongly endorse the longer term basis anticipated in your legislation, Senator, providing for 5 years of renewal of this legislation rather than the annual renewal as presently incorporated in Public Law 480.

#### EDUCATION : A VITAL ELEMENT IN INTERNATIONAL RELATIONS

Now, I would like to go on to also suggest, Senator, that we believe that good as these provisions are, and as desirable as they are from our point of view, and we believe from the point of view of the education community generally, we believe that the time has come for our Government to recognize fully that education is a critically important element in our international relations.

For newer and less privileged nations it is the immediate measure of freedom and opportunity and the hope on which their aspirations for self-development hinge.

It is also a resource in this day of swift-moving technology and science which they cannot acquire at the rate desired by them and needed for our ultimate security without outside help.

Nor can we provide such help effectively or tap fully the preserves of knowledge over which we have no monopoly, without students, technicians, educators, and leaders equipped in increasing numbers with experience and study abroad.

These are the reasons why, while supporting certain features of S. 1711, we look beyond it to the possibility of legislation, perhaps at the next session of Congress, which will comprehensibly be addressed to the great opportunities we believe confront us in the formulation of policy and initiative with respect to international education.

We would anticipate that such legislation would authorize the necessary dollar and local currencies and would establish an administrative mechanism in this field that would have the status and authority needed to work effectively within government and in cooperation with private institutions and agencies.

This is somewhat of a digest and recap of what I have in the statement, Senator.

Senator HUMPHREY. Yes.

We have a resolution on international education in the process which meets these requirements you are laying down here. I thoroughly agree with you that education is a basic and fundamental part of our total program of international security and opportunity. It ought to be taken out of the second-cousin division and moved up to the family table, so to speak.

Mr. SIMS. We believe we should exploit the opportunities that would be present in those countries where an accumulation of foreign currency is available to us.

On the other hand, we do not think that a policy of this kind should hinge or should rest exclusively upon the happenstance of availability of foreign currencies in these countries.

Senator HUMPHREY. All right. Thank you very, very much. We are grateful to you for your testimony and for your patience, Mr. Sims. I know you have had to wait a long time today.

Mr. SIMS. Thank you for the opportunity of appearing, sir.

(The prepared statement of Mr. Sims follows:)

STATEMENT BY THE REPRESENTATIVE OF THE INSTITUTE OF INTERNATIONAL EDUCATION CONCERNING S. 1711, THE INTERNATIONAL FOOD FOR PEACE BILL

Mr. Chairman and members of the Senate Foreign Relations Committee, my name is Albert Sims. I am vice president of the Institute of International Education and here before you to represent that organization in commenting upon S. 1711, the international food for peace bill. As Senator Fulbright and others of you know, the Institute of International Education is a private, non-profit organization which plans and arranges programs of international education exchange for students, teachers, leaders, and specialists between the United States and some 80 foreign countries. IIE administers programs for the U.S. Government, foreign governments, foundations, universities, corporations, private organizations, and individuals and acts as an information clearinghouse for those interested in international education.

In this clearinghouse role and especially at this third national conference, held in Washington earlier this year with the cooperation of 139 national organizations, we at IIE have sensed the rapid growth of American interest in international education. In the United States, we desire increasingly to know at first hand the world in which we assume our large responsibilities, and we desire for others the opportunity to understand us better. There is realization too of the educational interdependence of all of us—the so-called developed, as well as the lesser developed countries—in this age of great ferment in science, politics, and society.



I come before you to endorse on behalf of my organization those provisions of S. 1711, the international food for peace bill, that would increase the support of the U.S. Government for such educational activities.

This draft legislation, while not primarily an education bill, has important implications for international education. I now speak more specifically to these features of the bill.

S. 1711 would broaden the authorized uses of local currencies accruing under the bill. It would permit expenditures for programs of medical and scientific research, cultural and education development, health, nutrition, and sanitation. It would authorize funds to support the work of U.N. agencies and to finance the services of technicians and administrators to further the economic and social development of foreign nations. It would presumably permit assistance to foreign educational institutions as well as to American-sponsored schools and colleges abroad.

Thus, the uses presently authorized under Public Law 480 would be significantly expanded. What can be achieved by such means has already been demonstrated with Public Law 480 funds in sustaining the Fulbright exchange program (Public Law 584) in many countries and in extending it to new areas of the world, such as Latin America. We have about 50,000 foreign students in the United States and each year increasing numbers are interested in studying in this country. One of the formidable tasks of U.S. higher education and of us in the educational exchange field is to insure better preparation and selection of such students. Funds that might be made available under S. 1711 for purposes of this kind would be highly productive. Of course, assistance to educational systems and institutions abroad would require careful discretion in administration because the interests of both the United States and host country would have to be respected in a highly sensitive area.

Next, I would like to observe that the bill eliminates the necessity of congressional appropriation action for a number of uses authorized by present legislation and for the additional related uses I have noted as incorporated in the bill before you. These special requirements of appropriation action with respect to authorized educational uses may in part account for the fact that a relatively small percentage of the local currencies generated under the act have been spent for educational purposes.

I am not unmindful of the importance of adequate control over such expenditures, both from the standpoint of the U.S. Congress and of the host country in which local currency expenditures can have inflationary effects. Nevertheless, the great preponderance of the funds presently being spent for uses authorized under Public Law 480 are free of this restriction. Presumably this is because present and prospective accumulations of foreign currencies are of such a kind and magnitude as to present little practical opportunity for their substantial use in lieu of dollar appropriations or as dollar assets of the U.S. Treasury. If this is so, the bill's elimination of the present requirement for appropriation action would appear to be helpful liberalization of its administration.

I have, incidentally, one question on this point. Subsection (o) of section 104, as drafted, would seem to retain the requirement of appropriation action for the use of funds to finance the expansion and operation in foreign countries of educational institutions founded or sponsored by U.S. citizens. I believe this requirement, which, curiously, remains in the bill in this single case, should also be removed for the sake of consistency.

Another feature of the bill which we find desirable is its provision of a basis for long-term programing, an improvement in this respect over Public Law 480, which is subject to renewal annually.

Mr. Chairman, the IIE is much concerned with the question of how public and private resources in the United States can be mobilized effectively to support educational developments in the many foreign countries where rising living standards and the ultimate success or failure of U.S. foreign policy depend in large part upon the effective use of human resources. Insofar as S. 1711 would contribute toward this end in certain countries where local currencies are available to the United States, we have described our interest and support.

We believe, however, that the time has come for our Government to recognize fully that education is a critically important element in our international relations. For newer and less privileged nations it is the immediate measure of freedom and opportunity and the hope on which their aspirations for self-development hinge. It is also a resource, in this day of swift-moving technology and science, which they cannot acquire at the rate desired by them and needed for our ultimate security without outside help. Nor can we provide such

help effectively or tap fully the preserves of knowledge over which we have no monopoly without students, technicians, educators, and leaders equipped in increasing numbers with experience and study abroad.

These are reasons why, while supporting certain features of S. 1711, we look beyond it to the possibility of legislation, perhaps at the next session of Congress, which will be comprehensibly addressed to the great opportunities we believe confront us in the formulation of policy and initiative with respect to international education. We would anticipate that such legislation would authorize the necessary dollar and local currencies and would establish an administrative mechanism in this field that would have the status and authority needed to work effectively within Government and in cooperation with private institutions and agencies.

Senator HUMPHREY. I am going to step out of order on this schedule for a minute. Mr. Vance has to catch a plane.

Mr. Vance, you are the president of the Virginia Farmers Union; is that correct?

#### STATEMENT OF JOHN B. VANCE, PRESIDENT, VIRGINIA FARMERS UNION

Mr. VANCE. Yes, sir; that is correct, sir.

Senator HUMPHREY. We are surely happy to see you, and I want to commend you on all the good work you and your fine organization are doing.

Mr. VANCE. Thank you, Mr. Chairman.

Senator, I appreciate that very nice compliment, and we have a prepared statement here, but in the interest of time, if it meets with your approval I would be delighted to file it as a part of the record rather than to ask your indulgence of my reading it.

Senator HUMPHREY. Let us make it a part of the record, and you may want to make one or two comments. I would, perhaps, have a question or two to ask you.

Mr. VANCE. May I make it a part of the record as if it had been read?

Senator HUMPHREY. Yes, sir.

Mr. VANCE. I would like to come just briefly, without even following the text of our statement, Senator, if I may, to this point. My observations will be entirely from the standpoint of the farmer and as a farm organization leader in the southeastern part of the United States.

#### PEACE AND ECONOMIC SECURITY

I believe, Senator, that the farmers of this country, and certainly those of my acquaintance desire two things above all else, and I think one is peace, and the other is economic security.

It seems to me that one of the greatest deterrents to peace, and one of the greatest things that we have got to overcome is the chronic hunger that prevails in some of our underdeveloped countries.

At the same time, it seems to me, that one of the greatest problems that we have to overcome in bringing about economic equality to farmers is to do something about our surplus of commodities.

Therefore, it seems to follow, and it seems to be something that stands to reason in a piece of legislation such as you propose that we could accomplish two objectives at the same time and, at the same time, probably take very definite constructive steps toward the



bringing about of a reduction in the cost accruing to the Department of Agriculture in carrying surplus commodities in storage.

Senator HUMPHREY. Correct.

Mr. VANCE. Therefore, if we could follow the very constructive provisions of your bill, it seems to me then that it would go far toward accomplishing the two things that the farm people of our country want most.

One is peace, and the other is an opportunity to get a decent price for what they produce.

Therefore, if we can distribute our surplus commodities to the people who are in danger of being enveloped by some type of foreign ideology, which we do not like, and at the same time remove some surpluses from the market, thereby creating a more favorable price structure, for the life of me, Senator, I cannot see how there could be any possible opposition, but I realize, of course, that there is.

#### FARMERS UNION SUPPORTS FOOD FOR PEACE BILL

Speaking for my organization and some 17,000 Virginia farm people that I am privileged to represent, I would like to say that we are delighted and will take a great deal of pride in being able to support the food for peace bill to the fullest extent of our capabilities.

Senator HUMPHREY. Mr. Vance, I am pleased that the Virginia Farmers Union takes this position. The food for peace bill, as you have indicated, not only meets basic needs abroad and fulfills basic moral requirements on our part, but it is good economic policy for our producers at home. And this program on a long-term basis will do more to stabilize farm prices than many of the methods of regulation which we used to obtain a kind of scarcity.

I see a philosophy of embracing abundance and production rather than embracing scarcity and limitations and this, I believe, is really desirable.

Mr. Vance, I have to go up and answer a rollcall, otherwise I should like to spend a good deal of time visiting with you.

I thank you for your comments in your statement, too, about the loan provisions in the bill, because this is something we will want to examine very carefully.

As I said earlier, the loan provision was placed in there as an extra tool, so to speak, in this economic struggle, as well as providing long-term commitments of food and fiber supplies to food deficit countries, and giving our own farm people a chance to plan their production, which is very vital.

Thank you very, very much.

Mr. VANCE. It is a privilege to have been before your committee, Senator. Thank you very much.

(The prepared statement of Mr. Vance follows:)

#### STATEMENT OF JOHN B. VANCE, PRESIDENT, VIRGINIA FARMERS UNION USING FOOD AND FIBER IN THE FURTHERANCE OF U.S. FOREIGN POLICY OBJECTIVES

Mr. Chairman, I am a farmer from Amelia, Va. I have served as president of Virginia Farmers Union since the constitutional convention in June, 1954.

I want to thank the committee for the opportunity to present a brief statement in support of S. 1711. This bill, introduced by Senator Hubert Humphrey, with cosponsorship of 15 able and distinguished Members of the Senate, has been

taking form since the beginning of the administration of Public Law 480. It is a culmination of the ideas for improving the program which have developed out of 5 years of administering the law.

The enactment of Public Law 480 was the beginning of a program to make constructive use of our stockpile of food and fiber. While it was heralded as a "surplus disposal" program at the time, it quickly became a means of converting the abundant produce of farm families into economic power for the United States. This tangible form of capital or wealth has been converted into strategic material through the barter program and into local currencies available for paying U.S. obligations abroad. The fact is that the term "surplus disposal," as applied to Public Law 480 operations, is not in keeping with the uses and objectives being served. Approximately \$4.5 billion worth of farm commodities have been sold with either local currencies or strategic material being received in exchange to be used constructively by the United States in the furtherance of foreign policy interests.

I agree with a statement made by Senator Humphrey at the time S. 1711 was introduced to the effect that some of the motives underlying passage of the original Public Law 480 were mixed. As a farmer who has worked at the local and State level in the administering of production control and price support programs, I know firsthand the detrimental and depressing effect of oversupply on the prices and incomes of farmers.

However, I do not believe that any apology is needed to explain the change in concepts of Public Law 480. Through administration of the Public Law 480 program, it has become evident that food and fiber can be substituted for dollar appropriations and that it is an even greater asset when used in the spirit of food for peace.

Farmers still have an urgent and immediate interest in programs to give them the opportunity to earn incomes on a par with others who put forth similar work and effort. But we do not look on Public Law 480 as a direct means of supporting prices. The continued support that farmers give in referendums to production control and price support programs shows that more direct measures are supported by them as the answer to their lack of fair and equitable bargaining power in the marketplace. In this connection, I want to add that with a more sympathetic administration of such authority as the Secretary of Agriculture has under existing law for helping farmers tailor more accurately production to market demand, we should have been able to hold down the size of current food and fiber stocks. However, even if the size of CCC stocks were half what they are now, I believe that the application of food and fiber to national and international needs along the lines of S. 1711 would be a more sensible and logical course of action.

I have been impressed by the statement of John H. Davis, who made an extensive study of Public Law 480 operations after a trip abroad. He reports, and I quote:

"Public Law 480 was approved in general by all persons interviewed, both American and foreign. It contributes to economic development. It is of political value to governments. Differences or objections reported were not associated with a wish to end Public Law 480 but to improve it."

Mr. Davis, who worked for a time in the Department of Agriculture, obviously looks upon Public Law 480 in the context of foreign policy values.

The interest in transforming the Public Law 480 program, as I see the situation, has developed out of the conviction that the program, as presently administered, does not allow for essential long-range planning. Under the 5-year extension of the program which S. 1711 authorizes, food and fiber could be utilized so as to make the most effective contribution to our foreign economic policy and to the building of understanding and lines of communication with people whose help we ourselves need in waging economic cold war with the Soviet bloc, and in holding the line against further penetration of totalitarian communism.

If there is one criterion of business management that farmers understand, it is the need for planning ahead.

With the element of long-range planning an integral part of a food for peace program, it is reasonable to expect that larger quantities of food and fiber can be used. Therefore, it follows logically that larger quantities of food and fiber should be made available to the administrators of the program. S. 1711 provides for an annual authorization under title I of \$2 billion, an increase of one-



half billion over the annual rate of the authorization this year. I urge the committee to approve the proposed increase.

Emergency authority in title II for making grants of food to friendly people in need has been used effectively in the past and is worthy of your approval.

Probably the most significant proposal in S. 1711 in terms of furthering the basic economic interests of the people we, as a Nation, are trying to help, is the authority for making 40-year food and fiber loans. This loan authority makes possible the use of CCC stocks and other surplus agricultural commodities to further economic development in friendly nations by assuring a continuing and stable supply of food and fiber over periods of up to 10 years. Repayment begins with the date of the last delivery in the 10-year period. Interest is set at  $2\frac{1}{2}$  percent.

My personal conviction is that the loan principle, as applied to the food for peace program, is sound, and that the addition to the Public Law 480 program of such authority would make possible wider acceptance and usefulness of the Public Law 480 program while preserving and contributing to individual initiative, self-respect, and dignity of people in recipient nations.

Mr. Chairman, on behalf of the Virginia farmers I represent here, I want to express our appreciation for the efforts being made here to show the worth and value of our food and fiber stocks. I urge your approval of a food for peace program along the lines of S. 1711.

Your efforts, I believe, are supported throughout the Nation by farmers and nonfarmers.

I appreciate your attention and courtesy.

Senator HUMPHREY. Mr. Bliss, I must go upstairs to answer a rollcall.

#### STATEMENT OF DANIEL BLISS, PRESIDENT, BOARD OF DIRECTORS, NEAR EAST COLLEGE ASSOCIATION, INC.

Mr. BLISS. I can dispose of my case very quickly. Would you like me to wait here? I do not want to interfere with your important program, but I have a statement which I would like to make part of the record.

Senator HUMPHREY. Yes, sir. We will make it a part of the record as if read.

#### SUPPORTS VIEWS OF INSTITUTE OF INTERNATIONAL EDUCATION

Mr. BLISS. And the remarks that Mr. Sims, of the Institute of International Education, made are exactly what I was going to make, the four points that he made, and I would like to associate myself with his viewpoint and not take up your time or the committee's time any further, except to say that this educational work in the Near East in which I am especially interested, that is in my statement, is a matter of foreign policy primarily.

This one fact, that even after the anti-Western feeling in Lebanon, for instance, last summer a year ago, when our colleges opened in Beirut, it was the largest attendance in the history of both the American University of Beirut, and the International College has ever had, and that is true for the two colleges in Turkey and in Greece, which are part of the Near East College Association which I represent as its president.

Senator HUMPHREY. Well, I thank you for your cooperation and your statement.

I must go to the next meeting. Thank you very, very much for your patience today.

(The prepared statement of Dr. Bliss follows:)

## STATEMENT OF DR. DANIEL BLISS, PRESIDENT, BOARD OF DIRECTORS, NEAR EAST COLLEGE ASSOCIATION, INC.

Mr. Chairman and members of the committee, I very much appreciate this opportunity to appear before you and to testify on the value of American-sponsored education abroad. My particular interest is in education in the Near East, with which I have been associated all my life. My grandfather, Daniel Bliss, was the founder of the American University of Beirut and my father, Howard Bliss, also served as its president. I have myself taught in Beirut. I am appearing today as president of the board of directors of the Near East College Association, a nonprofit organization, chartered in the State of New York and comprised of educational institutions operating in the Near East.

In October this year some 7,500 students representing 52 countries and 22 religions will assemble from all parts of the Near and Middle East to enroll in 6 American-sponsored schools in Greece, Turkey, and Lebanon.

These institutions, with their roots deep in the past century, are the result of the vision of pioneer American educators, men and women who found the Near East of the 1860's turbulent, poverty stricken, and wasted by wars and disease. It was their dream to provide training that would combat inertia, ignorance, and prejudice, and to make this training available to people of all races and creeds.

Robert College in Turkey opened its doors in 1863, followed closely by the American University of Beirut in 1866 and the American College for girls of Istanbul in 1871. Anatolia College, now in Greece, started in Turkey in 1886. International College also started in Turkey in 1891 and removed to Beirut in 1936. Athens College was founded in 1925 at the request of leading Greeks who knew of the accomplishments of American education in the Near East.

Three of the schools are chartered in the State of New York and three in Massachusetts. Privately supported, they are directed by American presidents and boards of trustees. Faculties include both American and other nationals. Indigenous teaching and administrative talent is encouraged and the colleges enjoy a cooperative relationship with nationals of the host countries. For example, Athens College has a board of directors in Greece as well as its American board; Anatolia College has a Greek advisory committee; the colleges in Turkey include nationals of that country on their boards and in Lebanon a major portion of the faculties are drawn from Lebanon and the countries of the Middle East. The institutions are nonsectarian, and respect for the cultures and religions of the people they serve is a basic tenet of all of the Near East Colleges.

Starting, in each case, with a few thousand dollars, a few students, and one or two teachers, the Near East Colleges have grown steadily through the years as their graduates spread their fame from the Balkan States to Asia. Today the plants and endowments of the schools represent an investment by American philanthropy of \$55 million and their annual expenses exceed \$11 million.

Robert College for men and the American College for Girls in Istanbul offer preparatory and college training. At this time Robert College is developing an expanded curriculum of higher education in science and languages, engineering, and business administration to be available to both men and women.

Anatolia College at Salonika, Greece, gives a 7-year course corresponding to junior high school through junior college, and includes departments for boys and girls.

Athens College in Greece gives 10 years of training to boys, from the fourth grade through junior college.

The American University of Beirut is coeducational and includes schools of arts and sciences, medicine, public health, pharmacy, nursing, engineering, and agriculture.

International College at Beirut takes boys from the elementary through the junior college level. A major portion of its graduates enter the American University of Beirut.

The teaching of English receives major emphasis in all of these institutions and this has been an important factor in furthering good relations between the United States and the area they serve.

Their thousands of graduates not only have been leaders in every field in their own countries and in the United Nations but have been valuable to U.S. governmental agencies and commercial companies in the Near and Middle East.



The Senate Foreign Relations Committee, we believe, is cognizant of the fact that many reports of ambassadors of the United States, and special investigations submitted to the State Department and to the Foreign Relations Committee, have emphasized the value of the Near East colleges to this country. We believe that American foreign policy can have no deeper roots or more productive assets than those provided by these schools. Unstintingly they have shared with the people they serve a century of wars and disasters and have won the respect and loyalty of the host countries.

In the last 3 years investigation of the schools has been made by outstanding educators. In every instance the verdict has been that they are entering their greatest period of influence. It also has been agreed that in order to continue to properly represent the best of American education they require a very substantial investment at this time.

Until the present the Near East colleges have been supported by voluntary contributions and by tuition. Tuition should not be increased to any great extent without a proportionate increase in scholarship assistance. Even now the lack of scholarship funds limits the capacity of the schools to discover and develop the great potential for future leadership.

The trustees of all of the Near East colleges are vigorously endeavoring to broaden the base of voluntary support to cover the serious need for improvement of plants and the increased operating costs of modern education. However, sources of voluntary contributions are limited and grow slowly, and substantial grants from funds that might be available under pending legislation would immeasurably accelerate the development of the colleges.

Under Public Law 480 one school in Turkey and the two in Greece have now received grants for new construction and for scholarship assistance. The total allocation is very small in relation to the needs of the schools and has entailed a comparable expenditure from voluntary contributions to cover dollar costs. The grants, however, have enabled Robert College to construct its first new building in 35 years and have contributed to dormitories for the schools in Greece which still are recovering from the war and occupation.

It is reputed that during fiscal year 1958, local currency withdrawals for education in the 10 countries with the largest accumulations are less than 1.3 percent of the total withdrawals for all purposes. We believe that this small allocation does not reflect the value of American education in the development of good international relations.

The Near East College Association desires to record its interest in the International Food for Peace Act of 1959 (S. 1711) and to express the hope that the Congress will make available greatly increased funds for education to strengthen the significant influence of such institutions as the Near East Colleges with their long and successful experience in binational projects.

Senator HUMPHREY. We will recess until 10:30 tomorrow in the committee room in the new Senate Office Building.

(Whereupon, at 5:45 p.m., the subcommittee recessed, to reconvene at 10:30 a.m., Wednesday, July 8, 1959.)

## INTERNATIONAL FOOD FOR PEACE

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WEDNESDAY, JULY 8, 1959

U.S. SENATE,  
COMMITTEE ON FOREIGN RELATIONS,  
*Washington, D.C.*

The committee met, pursuant to recess, at 10:30 a.m., in the Foreign Relations Committee room, U.S. Capitol Building, Senator Theodore Francis Green presiding.

Present: Senators Green and Humphrey.

Senator GREEN. The meeting will please come to order.

This hearing is an open hearing on S. 1711, the food for peace bill, to promote the foreign policy of the United States and help to build essential world conditions of peace by the more effective use of U.S. agricultural commodities for the relief of human hunger, and for promoting economic and social development in less developed countries. S. 1711 was introduced on April 16 of this year by Senator Humphrey for himself, Senators Carroll, Hart, Kennedy, McCarthy, McGee, Monroney, Morse, Murray, Proxmire, and Williams of New Jersey. Senators Church, Neuberger, Clark, Mansfield, Hennings, and Symington were added as sponsors on April 22.

Senator Frank Church was to have been the first witness, but I see he is not here at this time.

Therefore, we will hear from the representatives of the American Farm Bureau Federation: John C. Lynn, legislative director, and Herbert E. Harris, assistant legislative director.

Mr. LYNN. I am John C. Lynn, Mr. Chairman.

Senator GREEN. We are glad to see you again.

Mr. LYNN. This is Mr. Harris.

### STATEMENT OF JOHN C. LYNN, LEGISLATIVE DIRECTOR, THE AMERICAN FARM BUREAU FEDERATION; ACCOMPANIED BY HERBERT E. HARRIS II, ASSISTANT LEGISLATIVE DIRECTOR, THE AMERICAN FARM BUREAU FEDERATION

Mr. LYNN. Mr. Chairman, we appreciate the opportunity to present the Farm Bureau views with regard to S. 1711. In the interest of time, and with your permission, we would like to file this statement for the record as if we had read it.

Senator GREEN. As you know, we have a great many witnesses in connection with this bill.

Mr. LYNN. Yes, sir.

Senator GREEN. So I hope you will use the permissible shortcut of submitting your complete statement for the record, and briefing us on its contents.



Mr. LYNN. We will file it for the record as if we had read it, and highlight the main points in our statement.

Senator GREEN. That will be satisfactory.

Mr. LYNN. Mr. Chairman, we would like to suggest first that this bill very drastically amends Public Law 480 and changes many of the basic concepts of this law that have been in operation over 5 years.

The Farm Bureau was very instrumental in developing Public Law 480, and we believe that the provisions of S. 1711 do some real violence to the principles embodied in Public Law 480.

First, we would like to establish the fact that in spite of what a lot of people imply, the United States is utilizing its surplus agricultural commodities for the promotion of peace through the Public Law 480, the mutual security program, and other programs, and we believe that the United States is doing a good job in this regard.

Senator GREEN. I don't think you make the differences of opinion on that point quite clear.

Mr. LYNN. The provisions of this bill would authorize a tremendously expanded program for giving away and selling for foreign currency our agricultural surpluses. We contend, Senator Green, that we are doing about as much of this now as the free world can stand, without greatly disrupting normal channels of trade, and greatly disrupting agricultural and other producers abroad.

#### ACCUMULATION OF FARM SURPLUSES OPPOSED BY FARM BUREAU

The continued accumulation of agricultural surpluses motivates the promotion of many of the ideas contained in this bill. The Farm Bureau, as you know, has constantly recommended programs that would tend to alleviate this burdensome surplus situation, by trying to reduce the incentives for farmers to overproduce. I am sure you and the committee are well familiar with our recommendations in this regard.

We hope that the Congress will make greater efforts toward adjusting our domestic farm programs in order to remove the incentive for production of surpluses.

But we have supported and continue to support programs designed to utilize these surpluses for peaceful purposes in underdeveloped areas, and to alleviate, wherever possible and practical, hunger throughout the world.

Public Law 480 was enacted by the Congress as a temporary measure. That law was designed to alleviate the surplus situation, and at the same time give us an opportunity to adjust our farm programs in order to avoid the continued accumulation of these surpluses. We have not accomplished this objective.

Public Law 480 has been in operation about 5 years. When it was inaugurated we had \$6 billion worth of surpluses in the hands of CCC, and after expenditures of roughly \$8 billion under this and similar programs, we now have \$9.5 billion in CCC.

So I think it is perfectly obvious, sir, that if we are to deal with the agricultural surplus program domestically we must revise domestic price support programs.

Then if we do that, the need for unrealistic giveaway proposals will be removed. At least there will be less pressure for them.

Senator GREEN. Are you proposing methods to do what you suggest?

Mr. LYNN. Yes, sir.

We would like to say, we are recommending first, and this is contained in our summary beginning on page 11, that the Congress adopt price support and adjustment programs domestically, that will help us in the reduction of our surplus situation.

In the meantime, we recommend that we utilize in a constructive manner, the surplus agricultural commodities that we have. Specifically, we recommend that Public Law 480 be extended for 2 years, with an authorization of \$2 billion; \$1.2 billion for the first 12 months' period, and \$800 million for the next 12-month period.

#### DEPENDENCE ON PUBLIC LAW 480 SHOULD BE GRADUALLY ENDED

Even though we will have some surpluses, at the end of this period, we believe it is important to continue to emphasize the temporary nature of Public Law 480, and to indicate to foreign nations that it is our intention to gradually reduce our surpluses and gradually reduce the dependence on Public Law 480.

Senator GREEN. Have you prepared legislative language to carry out that proposal?

Mr. LYNN. Yes, sir; we will be happy to file it for the record.

Senator GREEN. If it is, as you think, desirable to have such a provision incorporated into the law, we would welcome your precise language.

Mr. LYNN. Well, we will be happy to submit legal language to do this, if you so desire.

(The information referred to is as follows:)

AMERICAN FARM BUREAU FEDERATION,  
Washington, D.C., July 9, 1959.

MR. DARRELL ST. CLAIRE,  
Chief Clerk, Senate Foreign Relations Committee,  
U.S. Senate, Washington, D.C.

DEAR MR. ST. CLAIRE: On July 8, 1959, the American Farm Bureau Federation presented testimony on S. 1711, the International Food for Peace Act of 1959. During our testimony the chairman, Senator Green, requested that we provide for the record legislative language which would accomplish our recommendations in regard to title I of Public Law 480, the Agricultural Trade Development Act.

Our proposed amendment is as follows:

"That the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, 83d Cong.), is further amended as follows:

"(1) Section 103(b) is amended to read as follows: "(b) Agreements shall not be carried out under this title which will call for appropriations to reimburse the Commodity Credit Corporation pursuant to subsection (a) of this section, in amounts in excess of \$8,250 million; provided that agreements shall not be entered into (1) in calendar year 1960 which will call for appropriations to reimburse Commodity Credit Corporation in amounts in excess of \$1,200 million, and (2) in calendar year 1961 which will call for appropriations to reimburse Commodity Credit Corporation in amounts in excess of \$800 million."

"(2) Section 109 is amended by striking out "1959" and inserting in lieu thereof "1961"."

We will appreciate having the foregoing inserted in the appropriate spot in the record.

Very truly yours,

HERBERT E. HARRIS II,  
Assistant Legislative Director.



## FEATURES OF S. 1711 OPPOSED BY FARM BUREAU

Mr. LYNN. With regard to S. 1711, we do not support the provisions of the bill which authorize the United States to enter into 10-year commitments to supply food and fiber. This is contained in point 3 on page 11 of our statement, sir.

This provision also would allow as much as 50 years to pay for this food and fiber. We do not recommend that this provision be adopted.

We recommend that the provision of the bill not be adopted which provides that the United States can donate food to foreign countries for the stockpiling in those countries to create a national food reserve. Countries may already obtain such reserves through title I of Public Law 480.

Senator GREEN. You recommend that these provisions be cut out of the bill.

Mr. LYNN. That is correct, sir.

Then with regard to the use of the foreign currencies, generated under title I of Public Law 480, we recommend that no further expansion should be made. We believe, in fact, that the use of these foreign currencies has been expanded unduly already. We recommend that no further authorization be given for fragmentizing the use of these currencies.

Actually, as a matter of fact, one of the principal uses for these currencies should be for market development and, according to our best information, there is a lack of these foreign currencies for this main purpose. To further fragmentize them would leave even less money for market development.

We oppose the provision of the bill which would transfer the administration of Public Law 480 from the Department of Agriculture to a separate agency in the White House and under a Peace Food Administrator.

We believe that the Department of Agriculture has the experts in this field, and we think that the administration of Public Law 480, even though this law has some implications to our foreign relations, should continue with the people trained in agricultural marketing.

Senator GREEN. What do you think is the purpose of that provision in the bill?

Mr. LYNN. I don't know; I don't know what the purpose was.

Senator GREEN. What do you think it may have been?

Mr. LYNN. It seems to me that it was designed perhaps to divorce the administration of this law from the Department of Agriculture, and we don't think that this should be done.

Mr. Chairman, I would like, with your permission, for Mr. Harris to supplement.

Senator GREEN. Certainly.

Mr. LYNN. I have tried to summarize a long statement.

Mr. HARRIS. Mr. Chairman, just a couple of points, and then if there are any questions that the chairman has, we certainly would be very happy to answer them.

## DANGERS OF SEPARATE AGENCY TO ADMINISTER PUBLIC LAW 480

Certainly, one of the results of setting up a separate administration to handle a Public Law 480 type of operation would be to divorce

the handling of our surpluses from domestic agricultural programs. This is what we feel is a very great danger.

I think we have to remember this, that the accumulation of our surpluses is as a direct result of agricultural programs, if you will, sir, unrealistic agricultural programs. This was the motivation for them, not of trying to feed the hungry of the world.

When we accumulate these surpluses through unrealistic programs, and then we finally turn and say, "My goodness, look at our abundance; we should distribute it throughout the world in any fashion that we can."

This would be fine if in the process we did not disrupt commercial markets, and if in the process we did not make a lot of enemies.

The United States has had substantial experience in this past 5 years of administering this type of program, and if we have found out anything, we found out that it isn't easy or simple to give away agricultural products. It is necessary that proper safeguards be provided; it is necessary that we look out for these pitfalls and dangers that go along with distributing vast quantities of agricultural products in various countries.

#### OTHER EXPORTING NATIONS FEEL U.S. PROGRAM DISRUPTING WORLD MARKETS

Senator GREEN. Will you please illustrate your point?

Mr. HARRIS. I think there are many illustrations. The attitude of Canada, of other exporting nations, is certainly one of the best illustrations. They feel that in some cases, perhaps rightly, that we have disrupted markets to some extent with our programs.

Senator GREEN. Have such countries made remonstrances?

Mr. HARRIS. I am sure that the chairman is as familiar with this, as we are: The proposal of the administration of having conferences with the various exporting nations, I think, is a direct result of this feeling that our competitor nations have been quite unhappy.

They do not mind competing with the American farmer in world markets, but somehow they object to competing with the U.S. Treasury in world markets.

Senator GREEN. Do you think that is a logical distinction?

Mr. HARRIS. I think it is, sir. As soon as we start getting the U.S. Treasury into these programs to such a large extent, there are many adverse results. In 1952, 15 percent of our agricultural exports moved under direct Government programs of one kind or another. Today, 34 percent of our exports move under special Government programs, and in addition, almost half of the remaining exports are subsidized.

When you get into this situation, then you get into matters of complex foreign relations where you have to sit down and negotiate with other countries and determine this is a fair share of the market or this isn't a fair share of the market.

This is the quickest way in the world to remove all competition from the international field, and to freeze, lock in, trade without regard to competitive factors.

Senator GREEN. Thank you very much for your testimony.

Mr. LYNN. Thank you, sir.



(The complete prepared statement of Mr. Lynn and Mr. Harris is as follows:)

#### STATEMENT OF THE AMERICAN FARM BUREAU FEDERATION

Presented by John C. Lynn, Legislative Director, and Herbert E. Harris II, Assistant Legislative Director, July 8, 1959

We appreciate the opportunity to present the views of Farm Bureau concerning S. 1711 which very drastically amends the concept of Public Law 480, the Agricultural Trade Development Act.

#### BASIC PROVISIONS OF S. 1711

S. 1711 contains the following basic provisions:

(1) It would extend the authority to enter into title I foreign currency sales for 5 years and increase the authorization by \$10 billion, or to a grand total of \$16,250 million for the duration of the program.

(2) It would extend title II donations for 5 years and increase the authorization by \$1.250 million, or to a grand total of \$2,050 million for the duration of the program. In addition, the bill would permit donations for purposes other than "famine or other urgent or extraordinary requirements."

(3) It would authorize the United States to enter into 10-year commitments to supply countries with food and fiber, in most cases, whether or not such commodities were in surplus. Countries would not be required to start paying for these commodities until the 10 years had elapsed and the payment could be extended over an additional 40 years.

(4) The bill would authorize the donation of unstated quantities of surplus agricultural products to nations desiring to establish in their country national food reserves, and the United States would not only be authorized to pay transportation charges for such shipments but also supply the "technical and other assistance" necessary to construct storage facilities in such countries. The President would be authorized indefinitely to replenish these "national food reserves" by donations of U.S. farm products.

(5) Some 10 additional uses for foreign currency generated under title I are added by this bill. The foreign currency would be scattered throughout numerous United States and international agencies.

(6) This bill moves the administration for this agricultural export program from the Department of Agriculture and places it under a "peace food administration."

These proposed changes are far-reaching and could cause real trouble for the United States.

#### EXTENT OF U.S. USE OF AGRICULTURAL SURPLUSES

Farm Bureau has consistently recommended changes in the domestic price support and adjustment legislation, designed to avoid the accumulation of unmanageable surpluses. We also have supported measures to utilize our farm surpluses for the promotion of peace. The United States has had a number of programs which were designed to accomplish such an objective. While we believe in using food for peace wherever possible, we have come to recognize that it is not a simple task, nor one without pitfalls and dangers. The United States has had years of experience of trying to use our surpluses in a constructive and judicious manner. We should build on the knowledge gained from these programs. It is foolhardy to disregard this experience. Slogans are not enough. Clear policy and careful administrative policies and procedures are a requisite to such a program where there are so many relationships to be considered.

Despite the fact that the United States has provided tremendous quantities of food and fiber to peoples throughout the free world, we often hear and see proposals which imply that nothing is being done in this field.

The record is clear. Under title I of Public Law 480 we have provided approximately \$3,250 million. Under title II, \$800 million has been authorized for donations to countries to help them meet famine and relief requirement. By the end of calendar year 1958, over \$400 million worth of farm products had been sent to such countries. In recent months large shipments have gone to Tunisia, Ghana, Lebanon, and Austria.

In addition, title III of Public Law 480 authorizes direct distribution of agricultural products by voluntary relief organizations. In the 4 years of operation under Public Law 480, 101 countries have received over \$1 billion worth of American farm products. For the most part these have been distributed directly to those in need. To indicate that the United States has not had a program to use food for peace and to feed the hungry of the world is simply to ignore these facts.

The provisions of S. 1711 completely change the nature of the Public Law 480 program. "Trade Development" is struck from the title and removed as an objective, for all practical purposes. As a substitute there is proposed a multiplicity of overlapping programs, most of which constitute elaborate giveaway mechanisms.

Farm Bureau is opposed to this bill.

#### HISTORY, PURPOSES, AND OPERATION OF PUBLIC LAW 480

It might be helpful to briefly review the history of Public Law 480.

The 1954 policies of Farm Bureau stated:

"Surplus farm products that cannot be sold abroad for dollars should be offered for sale and export through private channels, under limitations determined by the Secretary of Agriculture, in exchange for local currencies."

The committee is familiar with the leading role which Farm Bureau took in developing Public Law 480 and the support which we gave toward its enactment into law in the 83d Congress. The President signed the bill in July 1954. It was designed as a 3-year program and \$700 million was authorized for sales for foreign currency. This has grown into a 5½ year program with an authorization for title I of \$6,250 million.

Other bills were introduced in the 83d Congress which were designed to donate large amounts of U.S. agricultural production without regard to the long-term benefits of U.S. agriculture and the implications to our allies. In its wisdom, Congress rejected such proposals, recognizing that a healthy agricultural economy was essential to the United States and to the entire free world. The dangers of disrupting world agricultural markets were real then—they are even more so now. Nor have American farmers changed their views that they do not want to become totally dependent on U.S. Government to export their production.

At its inception, the three main objectives of the Public Law 480 program were (1) to reduce surpluses by making possible sales of farm products in addition to the normal dollar sales; (2) to establish private trade channels for sales of farm products which could be continued with dollar sales after the termination of the program; and (3) to use part of the currency received from such sales to develop new markets or expand existing markets for farm products. In our opinion these original objectives are still sound.

Through the operation of title I of Public Law 480, over \$2 billion worth of foreign currency has been generated in foreign countries for use in economic development projects. Used wisely, these funds can provide tremendous benefits to underdeveloped countries. Used unwisely, or accumulated in unreasonable amounts, these same funds can present a threat to the economic and fiscal stability of a country which could do real damage to our foreign relations.

#### TEMPORARY CHARACTER OF PUBLIC LAW 480 PROGRAM SHOULD BE REEMPHASIZED

The original law establishing Public Law 480 prescribed a temporary program with a 3-year limitation. While it has been necessary to extend the law beyond this period, Farm Bureau has emphasized that it is imperative to recognize that Public Law 480 is a temporary program. Congressional committee reports on these extensions also have emphasized this point.

The report from the Committee on Agriculture of the House of Representatives (Rept. No. 432 dated May 9, 1957): "This committee would remind those in charge of administering this law that it is not intended as a permanent part of either our agricultural or our foreign trade program. It is an emergency law designed for the sole purpose of making the best of a bad situation by providing for the disposal of agricultural surpluses in a manner which will return some benefit—if possible, a permanent benefit—to the United States."

Our 1959 policies state in part:

"We recommend that this law be extended and that adequate funds be provided. However, this program should be terminated as soon as our agricultural



surplus situation will permit. Public Law 480 was designed as a temporary program to help relieve problems caused by unrealistic domestic farm programs. It is not a permanent solution nor a satisfactory substitute for trade for dollars. So long as Public Law 480 is in effect, its administration should continue under the U.S. Department of Agriculture.

"Sales for foreign currency must not replace sales for dollars. Public Law 480 sales effort should be directed toward those countries which lack sufficient dollar exchange to purchase our farm products.

"Agriculture's primary task in the export field is to develop dollar markets for its products on a permanent basis.

"American agriculture must not become permanently dependent on Government export programs. A program must be formulated to replace foreign currency sales with commercial sales for dollars on a gradual basis."

Currently Farm Bureau recommends that Public Law 480 be extended for 2 years and that funds be provided as follows: \$1,200 million for fiscal year 1959, \$800 million for fiscal year 1960.

Such an action by Congress could have a very healthy effect upon the agricultural export picture. First, it would give promise to other exporting nations that the United States really considered foreign currency sales a temporary measure and not a way of life. Second, recipient nations would be put on notice that they could not expect to obtain indefinitely their food and fiber needs in this manner.

It is essential that we change from foreign currency to dollar sales as quickly as possible, recognizing that this cannot be done abruptly. Congress should give a clear indication of the temporary nature of Public Law 480, and the United States should program foreign currency sales in such a manner that countries would gradually become less dependent on this mechanism.

This would be a positive, constructive program of helping countries to grow into full-fledged trading partners of the United States. This is the road to economic growth and permanently increased standards of living. We are certain that underdeveloped countries would much prefer this to a total indefinite dependence on U.S. Government programing under the provisions of Public Law 480.

#### SURPLUS DISPOSAL AND CUSTOMER NATIONS

In our statement supporting the beginning of the Public Law 480 program in 1954, Farm Bureau stated in part:

"\* \* \* But in so doing, we must always guard against policies that would indicate to our foreign customers that we have in mind some giveaway scheme for agricultural commodities. We believe that if the executive branch of the Government and the Congress should adopt such a large-scale giveaway policy it would impair our firm dollar sale of agricultural commodities."

We must always keep in mind that American farm products, for the most part, compete directly with U.S. industrial export for scarce dollars.

Many countries of the world are engaged in state trading of one form or another. If our foreign customers assume that they can continue to obtain their food and fiber needs with local currencies, they will certainly not be interested in spending scarce dollars for these agricultural commodities. They will undoubtedly direct a substantial portion of these scarce dollars for the purchase of U.S. nonagricultural commodities.

Foreign countries or domestic producers should not come to depend on easy sales through this program.

#### SURPLUS DISPOSAL AND COMPETITOR NATIONS

Objections from competitor nations whose friendship and cooperation is vital to the United States and the free world have not been infrequent. Some of these nations are very good customers of American farmers and ranchers. However, many have recognized that our serious surplus situation required programs to move substantial portions of U.S. production into the export markets. In 1954 Farm Bureau stated: "To indiscriminately dump or give away these huge commodity credit stocks would be very disruptive to our efforts in developing a coalition of free nations for mutual defense."

These competitor nations have been willing to accept such programs as a temporary means of alleviating our surplus problem. We can expect adverse reactions from them unless we (1) adopt measures to reduce Government stimulus to surplus production, and (2) begin to show our firm intention to prevent

sales for foreign currency from becoming a long-term means of exporting American farm products. The following excerpt from a June 22 press release of the Food and Agriculture Organization illustrates this point:

"The unfavorable terms of trade of agricultural exporting countries, the report says, present 'formidable obstacles to economic development,' and serve as a brake on the expansion of world trade generally. Low or declining prices for agricultural goods were in contrast to the stable or rising cost of nonagricultural goods.

"The committee again laid stress on the need for adjusting national agricultural policies so as to promote a better balance between supply and demand in the international market, and to correct the growing differences in standards of living of different countries. Despite action taken so far, the report indicates that the basic factors responsible for the maladjustment remain."

The steps taken by the President initiating conferences between the exporting countries are certainly necessary at this time. We are not using food for peace when we disrupt the markets of friendly competing nations by U.S. Government programs; we may be promoting disunity among nations.

We must face the facts. The production of our present surpluses was not motivated by real market needs at home or abroad. They were motivated by the continuation of unrealistic government price support programs. Many of those who have consistently advocated programs that have been responsible for the accumulation of such vast amounts of agricultural commodities now look desperately for any avenue of disposing of them, regardless of the longrun consequence to the American farmers, to friendly nations, or to the U.S. Treasury.

#### U.S. AGRICULTURE BECOMING DEPENDENT ON GOVERNMENT EXPORT PROGRAMS

There is evidence that American agriculture is becoming overdependent on Public Law 480 and similar export programs.

We have been very successful in moving substantial portions of agricultural commodities into export markets, but, at the same time we have not been successful in removing the Government incentives for surplus production. As a consequence, U.S. farmers have continued to produce those commodities having high Government-guaranteed price supports in excess of effective market demand.

Since 1954 approximately \$8 billion has been programed under all the titles of Public Law 480. Special Government export programs in this amount carry with them a tremendous responsibility in regard to normal commercial trade.

When Public Law 480 was passed on July 10, 1954, CCC had title or held loans on about \$6 billion worth of agricultural commodities. Today, 5 years later—even with this vast movement of food and fiber, under Public Law 480, of over \$8 billion, CCC stocks are about \$9,500 million.

In fiscal year 1958, 31 percent of our agricultural exports moved under direct Government programs. (See attachment I.) In fiscal year 1952, the United States exported \$3,430 million worth of farm products for dollars. In fiscal year 1958, our commercial shipments outside direct Government programs will be \$1 billion less, or approximately \$2,474 million. In fiscal year 1952, 15 percent of farm exports moved under Government programs; in fiscal year 1959, 34 percent.

Attachment II reveals the serious decline in sales for dollars in our export markets. Even this is not the whole story. Many of our exports for dollars are made possible by subsidizing the sales price. We estimate that approximately 70 percent of our agricultural exports were the result of some form of Government assistance. For example, during the past fiscal year all of our wheat and cotton exports were subsidized.

Consider the fact that in addition to subsidizing all of our wheat and cotton exports, in fiscal year 1958, 65 percent of our wheat exports and 34 percent of our cotton exports moved under Public Law 480 or section 402 of the mutual security program.

#### EXPORT OF AGRICULTURAL PRODUCTS SHOULD BE EXPANDED ON COMMERCIAL BASIS

The answer to this critical situation is not donating U.S. farm products to foreign countries, paying transportation, and financing storage facilities in such countries. The answer is not initiating a program of sales on 50-year credits. The only real answer is a concerted effort to move toward expanded agricultural exports on a commercial basis. This means that we must (1) make some basic



changes in some of our domestic price support programs, (2) extend Public Law 480 on a temporary basis, (3) work hard to develop markets on a more permanent and unsubsidized basis.

We must face up to the basic decision in regard to agricultural exports. Do we go down the road prescribed in S. 1711 and extend Public Law 480 foreign currency sales for 5 years—and thereby encourage the idea of its being a permanent program—and in addition invent new ways to “give away” additional agricultural production, or do we utilize these programs to encourage farmers to work at maintaining and expanding commercial agricultural exports? We favor the latter approach.

It is important to farmers that this Nation maintain and expand export markets for farm products. It is important not only to the producers of the export crops but also to the producers of all agricultural commodities.

If export markets were lost, the 50 million acres of cropland that were used for the production of exports last year could be used to grow commodities for the domestic market. Then all farmers would lost income.

Exports mean dollars for farmers. And agricultural exporting is big business for many other groups in our economy. Shipments of food and fiber for fiscal year 1958 required inland transportation, storage, and ocean shipping for 32 million tons of cargo. That's enough to fill 710,000 freight cars or 3,200 cargo ships. Last year an average of nine ships a day left U.S. ports laden with farm products.

Surpluses will not be eliminated by far-fetched schemes for artificial export programs. They will only be corrected when Congress makes up its mind to try to stop the flow of Government price-supported commodities into Government bins and warehouses. In the meantime, efforts to increase commercial export markets must be greatly expanded.

Farm Bureau intends to dedicate every effort to expanding real markets at home and abroad. An example of this is Farm Bureau's foreign trade office established in Rotterdam, Netherlands last year. This is a direct effort to expand old markets and locate new markets for U.S. farmers throughout Western Europe. We have already had strong indications that an unrealized potential exists for expanded mutually advantageous trade. American farmers ask only that they be given the opportunity to work in this manner to expand their markets on a commercial basis.

We believe that the passage of S. 1711 will hinder those efforts.

#### RECOMMENDATIONS OF FARM BUREAU

In summary, we recommend that:

(1) The Congress put aside short-time political considerations and lend a helping hand to agriculture to obtain realistic farm programs. Some Government programs have contributed greatly to the solution to the farm problem and have improved farming conditions. However, efforts to fix prices and control individual plans of farmers to produce have not been successful. On the contrary, they have created a whole series of new problems, among them the vast surpluses of agricultural commodities.

(2) Public Law 480 in its present form be extended for 2 years with an authorization of \$2 billion; \$1.2 billion for the first 12 months' period and \$800 million for the next annual period.

(3) The section authorizing the United States to enter into 10-year commitments to supply countries with food and fiber, whether or not such commodities are in surplus, be deleted. This provision authorized a permanent program of “sales” on the basis of 50-year credits. Such a program would duplicate title I activity and lead inevitably to state trading of U.S. farm products.

(5) The section of the bill authorizing the donation of large quantities of surplus agricultural products to nations desiring to establish in their country national food reserves to be deleted. We believe such a large-scale “giveaway” program would seriously disrupt commercial markets and deter trade.

(6) Emphasis be placed on market development in the use of foreign currency accumulated under title I of Public Law 480. We believe that the provisions of Public Law 480 in its current form are sufficient with regard to uses of foreign currency. According to our information, market development projects currently underway are having to be curtailed due to the lack of foreign currencies for this purpose. To further fragmentize the use of these funds will not serve the best interests of American farmers.

We vigorously oppose the provision of the bill that would move the administration of the agricultural export program from the Department of Agriculture and place it under a separate agency to be designated as the Peace Food Administration. This change would take the program from those who have been trained in agricultural marketing and who have had experience in the operational and administrative problems connected with the handling of agricultural commodities. This provision attempts to divorce agricultural surpluses from agricultural programs. We believe that Public Law 480 should be administered by the U.S. Department of Agriculture.

ATTACHMENT I.—*Agricultural exports, fiscal year 1958*

[Millions of dollars estimated]

Commodity	Total exports	Exports under Government programs <sup>1</sup>	Outside of programs	Percentage under Government programs
Wheat.....	724.2	471.7	252.5	65.0
Feed grains.....	427.8	118.4	309.4	28.0
Rice.....	97.6	45.7	51.9	47.0
Rye.....	4.1	.3	3.8	7.0
Cotton.....	841.0	289.1	551.9	34.0
Livestock products (dairy).....	585.4	180.8	404.6	31.0
Vegetable oil and oil seeds.....	412.9	104.8	308.1	25.0
Fruits and vegetables.....	383.1	12.8	370.3	3.0
Tobacco.....	343.0	26.1	316.9	8.0
Other.....	183.2	.4	182.8	.2
Total.....	4,002.3	1,250.2	2,752.2	31.0

<sup>1</sup> Programs: Public Law 480, all titles, and mutual security program sec. 402.

ATTACHMENT II.—*Agricultural exports under direct Government programs <sup>1</sup>*

Fiscal year	Under programs	Outside of programs <sup>2</sup>	Total exports
1952.....	623	3,430	4,053
1953.....	450	2,369	2,819
1954.....	718	2,218	2,936
1955.....	866	2,278	3,144
1956.....	1,367	2,129	3,496
1957.....	1,960	2,768	4,728
1958.....	1,250	2,752	4,002
1959 <sup>3</sup> .....	1,260	2,474	3,735

<sup>1</sup> Public Law 480, all titles: ECA and mutual security programs including sec. 402, 550; USDA sec. 416 donations; barter.

<sup>2</sup> Includes: Short term credit; sales at less than domestic prices; and export payments in cash or kind as well as commercial sales without Government assistance.

<sup>3</sup> 1959 figures estimated.

Senator GREEN. The next witness is from the National Planning Association—Mr. Lauren Soth, chairman of the Agriculture Committee.

Mr. Humphrey has just come in, and I will now turn over the chair to him.

Senator HUMPHREY (presiding). I see that Mr. Harris and Mr. Lynn have already testified.

The next witness will be Mr. Lauren Soth, who is the chairman of the National Planning Association's Agriculture Committee. Mr. Soth, it is good to see you, sir. We are very pleased to have you here. Many of us are familiar with your excellent work and your outstanding contributions to a better understanding of agricultural problem. I thank you for being with us today.



**STATEMENT OF LAUREN SOTH, CHAIRMAN, AGRICULTURAL  
COMMITTEE, NATIONAL PLANNING ASSOCIATION**

Mr. SOTH. Mr. Chairman, the views I express here are somewhat at odds with those which you just heard, or which were presented by the Farm Bureau.

Senator HUMPHREY. Are the representatives of the Farm Bureau still here?

Mr. SOTH. No; they left.

I am grateful for this opportunity to comment on the food for peace bill, S. 1711, and to present the views of the Agricultural Committee of the National Planning Association.

Our committee has for a number of years been looking into the possibilities of fuller employment of the powerful productive capacity of American agriculture in the interests of world development and peace, and I think that you, Senator Humphrey, and other members of the Senate Foreign Relations Committee, will remember that we made a study for your committee a couple of years ago on this very matter, and at that time we concluded that aid in economic development is the most constructive use of proceeds of sales from foreign currencies.

We believe in most cases the aid should be in the form of long-term loans, but in particular circumstances grants are warranted.

We could make the program more effective, in our opinion, by assigning specialists to cooperate with the receiving countries in developing methods of distribution which will bring increased consumption and minimize unfavorable repercussions on domestic prices and imports from other countries.

We believe that cooperation with food deficit countries in establishing national food reserves—this is a point that the Farm Bureau opposes—we believe that is desirable and we should develop effective methods for doing this.

**NATIONAL FOOD RESERVES PROGRAM AS ADOPTED BY THE UNITED NATIONS**

Senator HUMPHREY. I might add that 80 nations of the United Nations thought it was desirable, too, and the Government of the United States at one time though it was desirable.

It was my duty and privilege to handle this item for our Government at the U.N. The national food reserves program is a product of our Government. It was reluctantly accepted by the U.N. in lieu of an international food and fiber reserve; but at least it was a constructive effort. I shall tell you some of the background of it.

I recall during my service as a delegate to the U.N., I was very unhappy over the negative attitude of our Government relating to the use of food and fiber on an international basis. I insisted that I would not, as a delegate, oppose efforts made by other countries to try to do something about the international use of food and fiber. One can always resign, you know, as a delegate to the United Nations, particularly if one feels strongly enough about an issue.

As a result of discussions the United States came up with this proposal on national food and fiber reserves. Yet I think you would be interested to note that two witnesses from the Government—one

from the State Department and one from the Department of Agriculture, both Departments having studied S. 1711—testified critically on S. 1711. The State Department's statement was a completely negative document, and yet there is a provision in S. 1711 relating to national food reserves on which they didn't even comment. The proposal to establish national food reserves which was adopted by the United Nations was, of course, sponsored by the United States.

I just thought I would again make this record clear, because I am going to try to shame this administration into an acknowledgment of its own proposals, even if they happen to creep into a bill introduced by some of us who are not necessarily waving the banner of the administration.

You may go ahead now, Mr. Soth.

#### FOOD SURPLUSES CAN BE IMPORTANT INSTRUMENT OF FOREIGN POLICY

MR. SOTH. Well, the events of the last 2 years have strengthened our committee's belief that the use of food surpluses to strengthen the economies of the poorer countries can be an important long-range element of our foreign policy.

We have reviewed it again recently and issued a recent report on this. The supply situation now is even more conducive to this type of foreign aid than in 1957. Agricultural output in this country continued to far outpace domestic consumer demand. At the current level of prices of farm products about 6 to 8 percent of our total production cannot be sold through commercial channels and is being diverted to Government storage or to noncommercial disposal in this country or abroad. Long-range projections of production trends, taking into account the rapid rate of technological advance in agriculture, indicate that this degree of surplus, on the order of 6 to 8 percent, will persist for some year ahead.

The Government now has about \$8 billion invested in farm products, accumulated under price support programs, and the end is not yet in sight. It seems likely that the total will soon pass \$10 billion.

Another huge grain crop, especially of corn, will be harvested this year. Prices of farm products which rose temporarily during 1957 and 1958 are now heading downward again.

The grain surpluses are now beginning to be converted into oversupply of livestock and livestock products. Already we have seen a serious crisis in the poultry and egg business. Hogs will be next, and a buildup of beef cattle numbers points toward a recession in beef prices within the next few years.

Agricultural price supports and storage programs have shielded farmers from some of the effects of their own abundant production.

Dr. Walter Wilcox of the Library of Congress Legislative Reference Service has estimated that net farm incomes might be as much as 25 percent lower than they are today if these programs were not operating.

I would like to point out that the price supports on a few crops have been of much wider benefit to farmers as a whole than is commonly realized. It is often stated that the income-raising effects accrue only to producers of the so-called basic crops.

However, if the capital, land, and labor being used in producing wheat, corn, and cotton, and other supported crops, were not so used,



they would be producing other crops and livestock, increasing the supplies in those lines and bringing prices down.

#### FOOD SURPLUS TREND REQUIRES PRICE SUPPORTS AND OVERSEAS FOOD PROGRAM

Farm price supports, as we have had them in this country, may not be the most efficient possible method of protecting farm income—I will even agree that they are cumbersome and messy at times—but we should not forget they provide some help to agriculture in a period of serious oversupply and maladjustment.

I say this to reemphasize the long run nature of the farm surplus problem. This country is likely to produce food considerably in excess of domestic nutritional needs for as far ahead as the most competent students of production trends can see, perhaps a quarter of a century or more.

Without any farm supports this situation would mean a drastic decline in farm income and a depression in agriculture even though we were in the midst of general national prosperity.

With the kind of supports we now have, we are still likely to have lower income in the next few years, but not necessarily disaster, and we will have under these programs a continued pileup of stocks of farm products in Government warehouses.

Either way, it seems to me that the case is a strong one from the viewpoint of domestic policy for vigorous efforts to make more use of our farm products overseas.

We are going to have the excess production, excluding the possibility of workable, acceptable farm production controls.

So it will make sense to try to find constructive uses for this surplus.

Let me note in passing that this supply situation in agriculture is largely a consequence of long-range public programs for research and education. The general public, through Government, has been pumping new knowledge, really a form of capital, into agriculture for more than half a century.

In effect, society has been telling farmers to produce more. Now that farmers have responded so magnificently to this drive for better technology, the rest of us cannot in fairness leave farmers to go it alone and adjust to the market situation.

Besides, there is a great need for the surplus farm production of the United States if statesmanship is only resourceful enough to bring the surpluses and the needs together.

The United States now has considerable experience in this business, with postwar relief programs, the Marshall plan, the Mutual Security Act, and Public Law 480. These programs have been of great advantage to the recipient countries, but they have been expedient, temporary, and unpredictable, and they have not done much more than raise consumption level and have not been tied in directly to economic development projects sufficiently, in our opinion.

#### UNITED STATES SHOULD INITIATE LONG-RANGE PLANNING

The Agriculture Committee of NPA believes the United States is now ready to initiate, in cooperation with other countries, some long-range planning in this field, planning so as to provide the maximum lift to economic development in the receiving countries.

We believe the United States should be prepared to make policy commitments with respect to the form of programs, eligibility of recipients, price concessions, and the use of the local currency received from sale of our farm products.

This proposed legislation recognizes that many of the techniques and institutional arrangements of the Public Law 480 programs are good and will be useful in the future.

In our opinion, the food-for-peace bill which is now before this committee is a great step forward in foreign assistance programs. It builds well upon the experience of recent years with Public Law 480, and it does several things which our study group believes are essential.

One is, and this is very important, that it makes possible a longer range commitment than under the old program, and all I have to do is just to mention India and the 5-year plans to indicate the importance of this.

It would be possible under this new legislation to give India a definite commitment over a planning period for a given quantity of wheat, for example. With a billion and a quarter bushels of wheat on hand before our new crop is harvested, we can certainly spare the wheat.

Frankly, Mr. Chairman, I was amazed to find in the Department of Agriculture testimony, and again this morning from the Farm Bureau, the idea that this is a temporary situation and should be dealt with on a temporary basis.

With this grain we have got on hand and what we can see ahead, it doesn't look very temporary to me.

Senator HUMPHREY. It depends upon whether you have a Methuselah or a Malthusian philosophy; if you think you are going to live until you are 800, it is rather temporary.

Mr. SOTH. Yes.

Senator HUMPHREY. But for those who aspire for three score and ten, throwing in perhaps half a dozen years, it doesn't seem very temporary.

Mr. SOTH. The period covered in this bill is from July 1, 1959, to June 30, 1964, and I think this is a vast improvement, but I would raise a question as to whether even this is long enough.

Senator HUMPHREY. I think you are right. I don't think it is, but you mustn't go too far down here in Washington because it frightens people. We only took 5 years for that reason.

#### GOVERNMENT COULD BUY FOODS NOT IN SURPLUS

Mr. SOTH. One point I should like to make—and this is a point that we consider very important—that the food-for-peace bill provides that farm products not technically in surplus—that is, those in Government warehouses—could be purchased by the Government and could be used in foreign development projects.

To make the most effective use of our high carbohydrate foods, such as grains, proteins are needed to go with them. The Government should have this authority to buy foods to balance out the foods in surplus storage. And what do you call a surplus, anyway? I am from Iowa, and the hog situation coming up looks like a surplus to



me, even though it is not technically pork stored in the Government coolers.

We are going to have a surplus and it is going to show up in very low prices of hogs.

I don't see why, with the plentiful nourishing food of this kind, why the Government should not buy pork to supplement wheat and starchy foods in Public Law 480 type agreements with other countries.

#### COOPERATION WITH OTHER EXPORTING NATIONS AND U.N. GUIDANCE

The food for peace bill properly puts emphasis on cooperation with other food exporting countries and with the United Nations. I agree with the Farm Bureau on this, that the United States has incurred ill will unnecessarily in recent years by heedless sales of grain and other products for soft currencies without enough consideration to the interest of other allied countries and consultation with these countries. Many of them depend on farm exports for their livelihood.

Many countries which badly need planning help and administrative guidance do not like to accept strings, so called, with aid from the United States, because it may seem to some of their politicians to be dollar imperialism. They are more willing, I believe, to accept this guidance from United Nations agencies.

We believe that the United States should urge the U.N. to help needy countries develop plans for use of farm surpluses in economic development projects.

#### USE OF LOCAL CURRENCY FOR EXCHANGE-OF-PERSONS ACTIVITIES

In closing, I should like to especially urge the enactment of the proposed section authorizing the use of currency obtained from sale of farm products for exchange-of-persons activities. I am personally much interested in this, Senator Humphrey, because I am connected with the Institute of International Education and their committee on Educational Interchange Policy, and I believe that this would be a very constructive use of this soft currency.

Both from the view of encouraging economic development and from the view of improving international understanding, economic development surely should be broadly defined, as I believe it to be in this bill, and should cover expenditures for research, education, and vocational training.

Thank you very much.

#### UNITED NATIONS ASSISTANCE IN DEVELOPING PLANS TO USE FARM SURPLUSES

Senator HUMPHREY. Mr. Soth, I refer to a suggestion you make, and I quote from your testimony, "We believe that the United States should urge the U.N. to help needy countries develop plans for use of farm surpluses in economic development projects." This is a proposal which fits very nicely into the U.N. special fund activity under the guidance of Paul Hoffman. I have talked with Mr. Hoffman about these matters and, as you know, the special fund essentially does surveys and formulates plans for the more effective use of economic development assistance in recipient countries or in other coun-

tries which are going to chart a new course of industrial or agricultural programing.

It is true that with the cooperation of U.N. specialized agencies—the technical assistance agency and the U.N. special fund agency—there is a great deal that could be done in terms of integrating the farm commodities and the currencies generated therefrom into the total economic planning of a country.

Mr. SOTH. I agree, and I think that much of our surplus food could be used as a prime mover in agricultural progress in these countries.

Senator HUMPHREY. Indeed.

Mr. SOTH. Tied in directly toward land reclamation and other agricultural development projects.

The FAO and WHO, both U.N. agencies, have an important role in this kind of planning, I believe.

Senator HUMPHREY. I have a feeling—and it is one based not just upon superficial study, but upon some sincere effort to understand and to know what is going on—that our Government tends, except on certain occasions, to bypass these U.N. specialized agencies. I don't mean that we ignore them; I mean that we utilize them only occasionally.

For example, here we are involved with friendly nations in very serious negotiations relating to wheat. I am pleased there has been this negotiation here in Washington on this matter. I think this is a good sign. It should have been done a long time ago. We waited many years; this is the fifth year of Public Law 480. This could and should have been done the very first year. But be that as it may, at long last it is being done.

Here we have an instrumentality for this type of planning—we have the Food and Agricultural Organization of the United Nations and our leadership in FAO is very important in light of the tremendous problems of agricultural economics that we face, and the tremendous technology of agricultural production with which we are blessed.

I say these things in the hope that some day we will fully utilize these facilities that are at our disposal or at our command.

#### ARTICLE BY HENRY WALLACE AND NPA REPORT

Mr. SOTH. Mr. Chairman, have you seen this article by Henry Wallace on this subject?

Senator HUMPHREY. No, I have not.

Mr. SOTH. I recommend that to the committee's attention as a statement of interest and significance.

Senator HUMPHREY. May I keep this?

Mr. SOTH. You may.

Senator HUMPHREY. I should like to read it and to make it available to my colleagues.

Mr. Wallace was a very outstanding Secretary of Agriculture. I think sometimes the Nation longs for the days when we had vision and practicality in the Department of Agriculture. It is a happy coincidence when you have both; it is a tragedy when you have neither.



Mr. Soth, you skipped over a few paragraphs in this statement. Is it agreeable with you if they are included, because there are references that I think will be helpful.

Mr. SOTH. The whole thing may be included, and I will be glad to supply copies of our committee report.

Senator HUMPHREY. I would like to have copies of the most recent committee report. We have your study that you did for the Foreign Relations Committee.

Mr. SOTH. I will see that you get the other, too.

Senator HUMPHREY. In fact, as an educator and as the chairman of the Agriculture Committee of NPA, you might want to send a copy of that to our colleagues with a little covering note.

Mr. SOTH. I will do that.

Senator HUMPHREY. I know that Members of Congress are more responsive to educators than they are to their colleagues on occasion.

Mr. SOTH. I haven't noticed that.

Senator HUMPHREY. Haven't you?

Mr. SOTH. No. [Laughter.]

#### RECOMMENDATION IN 1957 NPA STUDY

Senator HUMPHREY. The body of recommendations of the NPA study of 1957 has been noted earlier in the testimony of yesterday, but I notice one point where you state:

"We could make the program more effective by assigning specialists to cooperate with the receiving countries in developing methods of distribution which will bring increased consumption, and minimize unfavorable repercussions on domestic prices and other imports." This is the kind of a technical service that could be extended at the distributive level.

Mr. SOTH. Instead of sending salesmen out.

Senator HUMPHREY. We need both. I think it is good to have our salesmen, in a sense, but we also ought to have people who are able to teach others how best to use these commodities.

I know that in business after a good salesman operates, there is a followup plan. For example, if you have new equipment, they teach you how to run it.

Mr. SOTH. I am just suggesting that we ought to put the emphasis on development as a part of our foreign policy effort in these countries, and not so much on getting rid of the stuff and selling it.

Senator HUMPHREY. Yes—the emphasis should be on use of the commodities.

#### DISTRIBUTION AND STORAGE OF GOODS IN UNDERDEVELOPED COUNTRIES

Senator HUMPHREY. One of the problems that we have faced in many countries is that of distribution. There is, for example, a lack of communications and transportation systems in underdeveloped countries and storage facilities inadequate for large enough quantities to meet the food needs of the people.

Do you see any reason why our country should not be able to assist in development of storage facilities in these areas of the world where we say we have friends and allies, and where we are seeking to combat

the inroads of Communist infiltration and subversion, and, at the same time, trying to help lift the standard of living for the people?

Mr. SOTH. I think we should do it, and I think we should go further and develop help on inplant feeding programs, school lunch programs, feeding programs in vocational schools, and that sort of thing right on this point of making effective use of the stuff.

#### DEFENSE EXPENDITURES OVERSEAS VIS-A-VIS EXPENDITURES FOR USE OF FOOD SURPLUSES

Senator HUMPHREY. Yes. You know we have spent hundreds of millions of dollars in Europe building what we call the infrastructure of NATO.

Now, a good general just would not think of stationing troops in large installations overseas for a considerable period of time without building depots and supply lines. We have put in cables, pipelines, gas tanks, and underground storage facilities. When I was in Naples, Italy, a couple of years ago they told me about the huge new trans-oceanic cables we were putting in, the telephone systems we have put in, and other vast expenditures of the American taxpayers' money for common defense.

I voted for this money and I am not complaining about what we did. But when we get around to the subject of the use of surplus food we hear people around here say it is a difficult matter—that we don't know how to do this, or we shouldn't do this.

Mr. SOTH. That comes from looking at it as a sort of emergency, temporary thing, doesn't it, instead of viewing it as a long-range part of our foreign policy?

Senator HUMPHREY. Either that or mental paralysis. I am very blunt about this. I am getting rather fed up with this kind of stickiness, this unwillingness to use imagination. If one doesn't have imagination, then I don't want to criticize, for one should not be unkind to people who just are not blessed with some of these attributes. But if one has imagination, intelligence, and know-how, he either ought to use them or ought to be chastised for not using them in the kind of a world in which we live.

#### NEED FOR LONG-TERM PROGRAMING IN FOREIGN ASSISTANCE

Mr. SOTH. There are two programs, in my opinion, definitely which need long-term programing, planning, and both of them—well, one of them was knocked out the other day on the Development Loan Fund. I don't know what will happen to this one, but I certainly hope this can go through as a start toward long-range planning in this field.

Senator HUMPHREY. The administration was against the long-term Development Loan Fund; but they were for an ad infinitum authorization for military assistance yesterday. We have an open end, unlimited authorization for military assistance in the mutual security bill. That had administration support.

Mr. SOTH. I thought the administration was for a long-range Development Loan Fund.

Senator HUMPHREY. If they were, it is a carefully guarded secret. They are, perhaps, for it theoretically, but not when we vote for it. Otherwise we would have it.



Mr. SOTH. You certainly could interpret statements made by the President as favoring this kind of thing.

Senator HUMPHREY. Except on the day that we voted, and that was when the pay dirt came up, you see.

#### DEPARTMENT OF AGRICULTURE'S VIEWS ON FUTURE FARM PRODUCTION

Now, I wonder, have you ever confided to the Department of Agriculture your views as a respected editor and as at least a layman's expert on agricultural matters? Have you confided to them what you think will be the degree of surplus that will persist for some years to come?

Mr. SOTH. Yes, sir; I have made by views available to them.

Senator HUMPHREY. Have any of them ever come out to Iowa and taken a look around to see whether or not we will have extra production for the years to come? Did they stop long enough to really look around?

Mr. SOTH. Well, the people, the agricultural economists, the technical people in the Department know this very well. It is in their own reports.

Senator HUMPHREY. What does the study out at Ames show?

Mr. SOTH. The Agricultural Adjustment Center?

Senator HUMPHREY. Yes. What do they prognosticate as to future production?

Mr. SOTH. This is accepted throughout the agricultural economic profession as a reasonable estimate of the situation, the people at Ames, the technical people in the Department of Agriculture, and others. I would like to call attention to "The Pioneering Study of Production Trends," by Dr. Black, of Harvard, and Dr. Bonnen, of Michigan State University, which NPA published, on projecting supply and demand trends for about 15 years ahead.

Senator HUMPHREY. And do those trends indicate that there will be an excess of supply over demand?

Mr. SOTH. Excluding really effective, acceptable production controls; yes.

Senator HUMPHREY. All the production controls which have been advocated that I have seen also included allowing farmers to produce for the world market. Therefore, there are two kinds of production: One kind produces at a higher price for the folks at home, and the other is a sort of general, open-end production for the world market. No matter how you define it, that is still production; it is still on the market, it still affects price, it still is available.

#### FARM SURPLUS PROBLEM NOT PASSING

It is very discouraging to me, Mr. Soth, that I can't seem to get it driven through the minds of the policymakers of this Government that we have a problem here which is going to exist well over a year. Of course, they have been trying to make us believe that many situations are temporary—I sat in this committee room in 1953 when they came in and said, "We are now going to start to liquidate Mutual Security." Each year we were told, "This is just about the end of the line." Now finally, after about 6 or 7 years, we are being told maybe foreign aid

will last another 25 years. One of the reasons we have had this trouble is because we have been deceiving ourselves.

Now in your responsible position as a public information officer, so to speak, on a great newspaper in the agricultural area of the Midwest, do you see any possibility within the next 5 years of bringing production into balance with demand? By "demand," I mean domestic consumption, normal dollar exports, and the reserves which are required under law.

Mr. SOTH. No, sir; I do not.

Senator HUMPHREY. Do you know anybody with the brains of a March hare who does? [Laughter.]

Mr. SOTH. I don't know much about the brains of March hares.

Senator HUMPHREY. Let me put it this way, then—the judgment of a March hare.

Mr. SOTH. I don't know any knowledgeable people in agriculture that do think so, Senator.

Senator HUMPHREY. Well, then, why do we not plan on the basis of what the facts are, rather than conjure up some sort of palatable potion of facts that we can swallow?

Mr. SOTH. I can't see any reason why we should not.

#### UNITED STATES WON'T FACE FACTS ON DURATION OF FARM SURPLUS

Senator HUMPHREY. I hope that you will keep telling the agricultural officials of our Government, just as you have been, about the duration of the farm surplus problem, because I think that one of the real tragedies in this country today is the unwillingness to face up, one, to the competition that we are up against now and will continue to have in the days to come from the Soviet Union, and two, the economic realities at home.

This Nation is duping itself on these unrealistic tranquilizers and won't face up to the facts. What do you do with a State Department and a Department of Agriculture that come in here, look you coldly in the eye, and just say, "1 year," just like at the end of 1 year we shall have the millennium.

What would you do if you were in my position?

Mr. SOTH. I would continue to press for at least a 5-year planning program and try to extend it.

Senator HUMPHREY. Thank you. I felt that you might be of that mind, and I can tell you I am going to press and I am going to be a little tougher each day.

I think, Mr. Soth, that is about as much of your time as we should take. I am very grateful for your testimony, and I hope that you will send the report around, as was suggested, to some of the members of Congress.

Mr. SOTH. I will do so.

Senator HUMPHREY. Thank you. Mr. Soth, while you are here in Washington, I hope you will stop over at the State Department and the Department of Agriculture and give them your valued judgment as to the possibility of future farm production. I want to encourage you to make that trip. I am not sure it will be helpful, but try it.

Mr. SOTH. I go over there all the time, I will say that.

Senator HUMPHREY. Thank you again, Mr. Soth.



(The complete prepared statement of Mr. Soth is as follows:)

#### FARM SURPLUSES FOR FOREIGN ECONOMIC DEVELOPMENT

(Statement by Lauren Soth, editor of the editorial pages, Des Moines Register and Tribune, and chairman, Agriculture Committee, National Planning Association)

I am grateful for this opportunity to comment on the food-for-peace bill, S. 1711, and to present the views of the agriculture committee of the National Planning Association. First, let me say that in my opinion "food for peace" is an excellent, descriptive name for this program of using American farm abundance to promote and assist economic development in the poorer countries of the world. It is a bipartisan, or nonpartisan, phrase which truly reflects the American spirit of friendly, humanitarian aid to the less fortunate.

America has many times used food as a weapon of peace, by both private and public action. During and since World War II the bountiful production from American farms has been employed in the national interest to fight famine, curb unrest, facilitate recovery from the devastation of war. Too often we look upon the overproduction of agriculture as a curse instead of realizing it as a blessing and trying to maximize its potentialities for good in the world.

The agriculture committee of NPA has for a number of years been looking into the possibilities of fuller employment of the powerful productive capacity of American agriculture in the interests of world development and peace. Members of the Senate Foreign Relations Committee will remember a study made for the committee by NPA in 1957. At that time, we concluded:

"Aid in economic development is the most constructive use for proceeds from sales for foreign currencies. In most cases the aid should be in the form of long-term loans, but in particular circumstances grants are warranted. A sound policy regarding the utilization of foreign currencies which will accrue from loan repayments is needed.

"We could make the program more effective by assigning specialists to cooperate with the receiving countries in developing methods of distribution which will bring increased consumption, and minimize unfavorable repercussions on domestic prices and other imports.

"Cooperation with food-deficit countries in establishing national food reserves and developing effective methods of managing them is desirable.

"Frequent and frank consultations with other exporting countries would keep us on guard against adverse effects on their exports, and might point the way toward international cooperation in some phases of the program."

Events of the last 2 years have strengthened our belief that the use of food surpluses to strengthen the economies of the poorer countries can be an important long-range element of our foreign policy.

#### PRESENT SUPPLY OF FARM PRODUCTS CONDUCTIVE TO AGRICULTURAL "FOREIGN AID"

The supply situation now is even more conducive to this type of foreign aid than in 1957. Agricultural output in this country continues to far outpace domestic consumer demand. At the current level of prices of farm products, about 6 to 8 percent of total production cannot be sold through commercial channels and is being diverted to Government storage or to noncommercial disposal in this country or abroad. Long-range projections of production trends, taking into account the rapid rate of technological advance in agriculture, indicate that this degree of surplus will persist for some years ahead.

The Government now has about \$9 billion invested in farm products, accumulated under price-support programs, and the end is not yet. It seems likely that the total will soon pass \$10 billion. Another huge grain crop, especially of corn, will be harvested this year. Prices of farm products, which rose during much of 1957 and 1958, are now heading downward again. The grain surpluses are beginning to be converted into oversupply of livestock and livestock products. Already, we have seen a serious crisis in the poultry and egg business. Hogs will be next, and the buildup of beef cattle numbers points toward a recession in beef prices within a few years.

#### GOVERNMENT PRICE SUPPORT AND STORAGE PROGRAMS

Agricultural price supports and storage programs have shielded farmers from some of the effects of their own abundant production. Dr. Walter W. Wilcox,

of the Library of Congress legislative reference staff, has estimated that net farm incomes might be as much as 25 percent lower than they are today if these programs were not operating.

The price supports on a few crops have been of wider benefit to farmers as a whole than is commonly realized. It is often stated that the income-raising effects accrue only to producers of the so-called basic crops. However, if the capital, land, and labor being used in producing wheat, corn, cotton, and other supported crops were not so used, they would be producing other crops and livestock, increasing the supplies in those lines and bringing prices down. The farm price supports may not be the most efficient possible method of protecting farm income. I will even agree that they are cumbersome and messy. But they do provide some help to agriculture in a period of serious oversupply and maladjustment.

#### AGRICULTURAL OVERSUPPLY WILL CONTINUE

Let me reemphasize the longrun nature of the farm surplus problem. This country is likely to produce food considerably in excess of domestic nutritional needs for as far ahead as the most competent students of production trends can see—perhaps a quarter of a century or more. Without any farm supports, this would mean a drastic decline in farm income and a depression in agriculture in the midst of general national prosperity. With the kind of supports now in effect, it will mean somewhat lower farm income—but not disaster—and a continued pileup of stocks of farm products in Government warehouses.

Either way, it seems to me the case, from the viewpoint of domestic policy, for vigorous efforts to make more use of our farm products overseas is a strong one. We are going to have the excess production—excluding the possibility of workable, acceptable farm production controls—so it will make sense to try to find constructive uses for it.

Let me note in passing that this supply situation in agriculture is largely a consequence of long-range public programs of research and education. The general public, through Government, has been pumping new knowledge—really a form of capital—into agriculture for more than half a century, in effect, telling farmers to produce more. Now that farmers have responded so magnificently to this drive for better technology, the rest of us cannot in fairness leave farmers to “go it alone” and “adjust” themselves to the market situation.

Besides, there is a great need for the surplus farm production of the United States, if statesmanship is only resourceful enough to bring the surpluses and the needs together. Many struggling countries of Asia, Africa, and South America desperately need more and better food in order to achieve the economic advances they aspire to. We, the Canadians, and other farm surplus-producing countries of the free world have the food. It is in the interest of all of us to solve this seemingly simple, but in practice so difficult, equation.

#### PAST EXPERIENCE AND FUTURE PROSPECTS FOR UTILIZING FARM SURPLUSES OVERSEAS

The United States now has considerable experience in this business, with postwar relief programs, the Marshall plan, the Mutual Security Act, and Public Law 480. These programs have been of great advantage to the recipient countries. But they have been expedient, temporary, and unpredictable. They have not done much more than raise consumption levels and have not been tied in directly to economic development projects.

The agriculture committee of NPA believes the United States is now ready to initiate, in cooperation with other countries, some long-range planning in this field—planning so as to get the maximum “lift” to economic development in the receiving countries.

We believe the United States should be prepared to make policy commitments with respect to the form of programs, eligibility of recipients, price concessions, and use of the local currency received from sale of our farm products.

Many of the techniques and institutional arrangements of the Public Law 480 programs will be useful in the future. The sales for soft currency, for example, have proved to be a valuable invention. But it will be much more valuable if it can be used in a long-range economic development program where both parties know what to expect.

#### FOOD FOR PEACE BILL

The food for peace bill, which is now before the committee, is a great step forward in foreign assistance programs. It builds well upon the experience of



recent years with Public Law 480. It does several things which our NPA group believes are essential.

One is that it makes possible a longer range commitment than under the old program. Just to mention India's tight 5-year plans—an attempt to demonstrate for Asia that economic progress can be made with democratic methods—is enough to dramatize the importance of this change. Under this food for peace bill it would be possible for India to definitely figure on a certain quantity of wheat, for example, for the duration of a planning period.

With a billion and a quarter bushels of wheat on hand before our new crop is harvested, we can certainly spare the wheat. We also could spare quite a bit of corn from our reserve of about 1.8 billion bushels, since a new crop of nearly 4 billion bushels seems probable this year.

The period provided in this bill is from July 1, 1959, to June 30, 1964. This is a vast improvement, but I raise the question whether this is long enough.

The food for peace bill provides that farm products not technically in surplus, that is, in Government warehouses, could be purchased by the Government and used for foreign development projects. This is a most important provision. To make the most effective use of high carbohydrate foods, such as grains, proteins are needed to go with them. The Government should have the authority to buy foods to balance out the foods in surplus storage. Besides, the difference is only in semantics. The hog surplus situation next year is likely to be a serious one, even if there is not a lot of pork in Government coolers. The "surplus" will show up in low prices of hogs.

The food for peace bill properly puts emphasis on cooperation with other food-exporting countries and with the United Nations. The United States has incurred ill will unnecessarily in recent years by heedless sales of grain and other products for soft currency without enough consideration to and consultation with allied countries who depend on farm exports for their livelihood.

Many countries which badly need planning help and administrative guidance do not like to accept such "strings" with aid from the United States, because it may seem to be "dollar imperialism." They are more willing to accept this guidance from U.N. agencies. We believe that the United States should urge the U.N. to help needy countries develop plans for use of farm surpluses in economic development projects.

In closing this statement, I should like to especially urge the enactment of the proposed section authorizing the use of currency obtained from sales of farm products for exchange of persons activities.

This would be a wise use of this money, both from the view of encouraging economic development and from the view of improving international understanding. Economic development surely should be broadly defined—as I believe it to be in this bill—to cover expenditures for research, education, and vocational training.

Senator HUMPHREY. The next witness is Robert Nathan. Mr. Nathan, how are you?

Mr. NATHAN. Fine, thank you, sir.

Senator HUMPHREY. We are glad to see you.

Mr. Nathan is the national chairman of the Americans for Democratic Action, and he will now testify on S. 1711. We are very happy to have you here. I may add that Mr. Nathan is one of our most eminent and respected economists, and has had many years of service in the Federal Government. I believe that you were the assistant to the late and beloved Judge Vinson; is that not right?

Mr. NATHAN. That is right, in the Office of War Mobilization.

Senator HUMPHREY. You must recall the days of the War Food Administration, then.

Mr. NATHAN. Very well; yes, sir.

Senator HUMPHREY. Please proceed, Mr. Nathan. I will have some questions to ask you later.

Mr. NATHAN. Thank you, Senator Humphrey.

**STATEMENT OF ROBERT R. NATHAN, NATIONAL CHAIRMAN,  
AMERICANS FOR DEMOCRATIC ACTION**

Mr. NATHAN. In addition to identifying myself as chairman of the Americans for Democratic Action, I want to state in accordance with the requirements of the Foreign Agents Registration Act, that I am personally registered and my company is also registered on behalf of Vietnam, Colombia, and Israel as serving those countries in economic programing. In the past we have worked also for Burma, Korea, France, and other foreign countries, and in some measure what I say today is based on the benefit of observations we have made while serving abroad for many governments.

Senator HUMPHREY. Your service for these countries makes you an extremely knowledgeable and informative witness.

Mr. NATHAN. We have had quite a bit of experience working with these governments in relation to Public Law 480.

**FOOD FOR PEACE PROPOSAL MORE FORWARD LOOKING THAN PAST PROGRAMS**

I just want to say briefly about the law itself, Mr. Chairman, that we in ADA have been in favor of positive economic programs and cooperation from the very beginning of the Marshall plan, and, if anything, we have felt that the programs have not been as adequate, as imaginative, as forward looking as they should have been in magnitude and scope, and we feel that in some real measure this food for peace program does measure up to the kind of positive and constructive program we need.

We feel that it would be disastrous for the United States, in view of its own history, in view of the world circumstances, and in view of the needs of the world, to fail in any degree to measure up to what the world needs and what we need to do about the food picture.

**INFLOW OF FOREIGN HELP IN EARLY AMERICA**

I would like to state also, Mr. Chairman, that it is our feeling that sometimes we in the United States feel that we have sort of accomplished everything by our own brains and imagination and muscle, and that the underdeveloped countries ought somehow to come up by their own ability, and the United States ought to play no positive or constructive part in making available some of our resources.

I can't help but think that if one were to analyze and interpret American history, one would find in a very substantial measure our own economic growth and our own economic progress can be traced to a kind of point 4 program and a kind of a development fund program, and a kind of incentives for investment program that we are now engaged in providing for other countries; that the earlier stages of American economic development were stages of a tremendous inflow of talent and know-how through immigrants, and also very substantial capital inflow. And today when the underdeveloped countries of the world need capital and need know-how, I think it would be consistent with how we benefited in the past, for us to go all out for those abroad who need this help.



As far as the Food for Peace Act is concerned, we feel it should have the fullest support of all Americans. As the legislation says, our agricultural abundance is a blessing, and it ought to be used for the service of mankind, and we thus particularly and wholeheartedly support the legislation, Mr. Chairman, without any qualification.

I would like to make a few very specific comments, however, with respect to particular features of the act.

#### PROGRAMS NEED TO BE PUT ON LONG-TERM BASIS

First of all, concerning the 5-year program, I share very much your views, Mr. Chairman, that if you are going to do any kind of intelligent planning and looking ahead in the future, one has to get away from these annual programs, annual appropriations and annual authorizations.

Nobody can undertake development planning in any constructive sense on a year-to-year basis.

Further in this field of agriculture what obviously we are trying to do is not only to make available our agricultural abundance to those who need these products, but we obviously want to get the other exporting nations, as this law says, to cooperate; we want to avoid disrupting normal marketing channels, and we want, it seems to me, also to help the underdeveloped countries increase their agricultural production so that they can more fully meet their needs.

If these are really our objectives, it seems to me clear that one has to look beyond the year-to-year basis or it is going to be rather fruitless.

In this point of view as you have indicated already this morning, Mr. Chairman, it is clear that we are going to have agricultural surpluses for many years to come, and from that point of view it is absurd that we do not, therefore, do a programing job consistent with those prospects, and certainly from the point of view of the purchasing countries and from the point of view of the alternative sources of supply countries, we ought to take a look at the longrun picture, and therefore, we wholeheartedly hope that there will be no compromise in terms of duration and that the 5-year program will be adopted.

#### AVOIDING DISRUPTION OF NORMAL WORLD MARKETS

One specific matter in the legislation relates to avoiding the disruption of normal markets.

Mr. Chairman, I think it is rather significant that we have disposed of substantial agricultural commodities under Public Law 480 over a period of years now without encountering what I would describe as terribly serious international crises or incidents or disruptions of international relations.

There have been some objections here and there, and I do think occasionally some exporting country has been hurt, but by and large I think it is remarkable how little the impact has been on normal marketing.

On the other hand, as we step up this program and as we lengthen its duration there may be possibilities of impact on normal marketing, and I would suggest, Mr. Chairman, that consideration be given

in this legislation for a provision which would call upon the President to bring other exporting nations into the negotiations. In other words, when you negotiate grains for India, or grains for Indonesia, or grains for Japan, I suggest that alternative sources of supply (Australia, who may be normally supplying wheat, or Burma, or Thailand, or Vietnam, who normally supply rice), might be brought into the negotiations not in detail but so that the purchasing country and the alternative normal source of supply and the United States work together to assure that there will continue to be this no disruption of normal marketing. I think this could be extremely useful with respect to our relations to other countries that have surpluses and actually are engaged in substantial export.

#### ACCUMULATION OF LOCAL CURRENCIES

As far as the local currency problem is concerned, Mr. Chairman, this has raised eyebrows and worried a good many people who fear that it might result in accumulations of currencies by the United States which could possibly result in interference in the domestic economic operations of countries whose money we own.

I don't believe that up to now our accumulations of local currencies have approached those magnitudes, but it is possible, that after a goodly number of years of Public Law 480, and the Development Loan Fund, and other types of assistance, whereby we use local currencies, you could accumulate so much of the local currency and have such a large portion of the money supply or the credit possibilities that you become a sort of partner, and this has political ramifications.

Senator HUMPHREY. I believe this is very much the case.

We had testimony here, Mr. Nathan, relating to the use of the currencies that have accumulated thus far. As a matter of fact, the problem of accumulation is not universal. We are actually short on some currencies in certain countries. There is an accumulation of currencies, however, in countries such as Yugoslavia, Poland, and India; but even in India there is a determined effort being made now to put to use both privately and publicly the rupees that have been accumulated.

#### UTILIZING LOCAL CURRENCIES IN CULTURAL, EDUCATIONAL, AND HEALTH PROGRAMS

But when the repayment schedules start to operate—not only on Public Law 480, as you say, but also on the Development Loan Fund and other loans where repayment may be in soft currencies—that is when the problem will become acute. That is why in this bill we have provided for certain binational foundations which operate on grant, so that the currencies will not be held by the U.S. Government as a threat over the economy of another country. Whether it is a real threat or not, it is a psychological threat—and it is a threat upon which our enemies seize for propaganda purposes. Therefore, we provided for these binational foundations which will be what we call the non-self-liquidating type of projects—the education, health, and cultural relations programs wherein substantial sums of currencies can be utilized.



Also, I am convinced that large amounts of currencies could be used for what we have been talking about. Building a children's hospital over in Poland would be an example of American consideration for the needs of the Polish people.

Well, now, this would be a grant, and the zlotys we have accumulated from the sale of Public Law 480 commodities in Poland have very little use unless they can be used for purchase of goods and services, or made available on sort of an exchange basis or a gift basis to the Polish people for certain projects upon which we can have mutual agreement. I think there are such projects.

I, for one, happen to believe that in Poland, where the Russians insisted on having the monstrous statue of Stalin erected, there is no better way to show the differences between a totalitarian society and a free society than by our building a fine children's hospital demonstrating our compassion and our love for children. I think it would be a good idea.

Mr. NATHAN. I would go even further, Mr. Chairman. I think that this binational proposal for grants for a specific purpose ought to include not only the funds for repayment and interest, but where necessary and where desirable, even initial proceeds from the sale of currency.

#### LEGISLATIVE PROVISIONS FOR BROADER USE OF LOCAL CURRENCY

Senator HUMPHREY. I put in an amendment to the mutual security legislation last night that should facilitate the use of these funds for research including health research under section 104(k). We also have some in 104(l), and there are other portions of Public Law 480 in which these funds are available.

Mr. NATHAN. Yes. Well, I was thinking mainly of this legislation. In here, as you point out, the provision of 602 is that the grants for these particular purposes, binational institutions, shall come only from repayment and from interest.

Senator HUMPHREY. Yes.

Mr. NATHAN. And I think generally this is desirable, but I would suggest that there may be circumstances where you are accumulating a local currency at a rate that has certain consequences that may be psychologically, if not financially or economically, questionable, where you might even allow under exceptional circumstances that the original proceeds be used as well as the repayment and interest.

Senator HUMPHREY. I see. That may be feasible, particularly in certain countries.

Mr. NATHAN. Because your repayment is going to come very slowly, Mr. Chairman. You see, in some of these countries it takes a year or two or three after the sale is consummated before the actual loan arrangements are made; then the loan arrangements are normally over a long period of 30 years, 40 years, at relatively modest interest, and so it may be 5 or 6 or 8 years from now before you begin to get any sizable amounts accumulating from repayment and interest.

And if that is the case, then these binational institutions which are proposed and which I think have a great deal of merit, just are not going to get anywhere for maybe the next decade. This is section 602.

Senator HUMPHREY. Yes, I am just reading it over again. In other words, you would suggest amending section 602 where "the

President is authorized to grant to any foundation established under this title for use in carrying out the purposes specified in section 601(a), any unexpended local currencies which accrue to the United States as repayments \* \* \*" you would have this refer to local currencies accruing "as a result of sale and/or repayments."

Mr. NATHAN. Yes. Because otherwise I think, Mr. Chairman, you are just not going to get anything of this nature for the next decade to amount to anything. I don't know the figures, but I suspect that up to now the repayments of loans are so near nil that they don't really mean anything, and I think it will be many years before they do.

That is one specific suggestion.

#### MAKING FUNDS AVAILABLE FOR EXCHANGE OF PERSONS ACTIVITIES

There is another specific suggestion, Mr. Chairman, I would like to make, and that concerns section 104(h) which deals with grants to U.S. nonprofit organizations, and institutions engaged in exchange, in the problem of exchange of persons.

I think this idea of making some of these funds available with respect to the exchange of persons is a very good one, but, Mr. Chairman, quoting from the bottom of page 7, the bill would state:

Such currencies may also be used for making grants to U.S. nonprofit organizations and institutions for carrying out such exchange of persons projects under this paragraph between the United States and other countries as may be agreed upon between such organizations, institutions, and the Secretary of State, but no such grants shall be made to any organization or institution which does not agree to provide the dollar funds which the Secretary of State deems necessary to carry forward these projects.

I feel, Mr. Chairman, that this language on the dollar matter is terribly restrictive in the sense that you are going to limit these grants then to only the really bigger institutions. It may well be, Mr. Chairman, that in time to come we may be willing to make available some dollars for exchange of persons to nonprofit institutions by some kind of a grant method so that in a sense we would be financing most of it, and I feel that saying now that currencies shall not be made available unless the institutions can provide the dollars that are deemed necessary, is restricting it only to the very largest and most financially competent institutions. It might be well in a sense just to leave that dollar part out and let them bargain and negotiate, and you may get some who through other means may get some dollar facilities from the Government.

In other words, I think it would be well not to restrict it as it is done now in the present legislation only to those who definitely can provide the dollars that are needed.

There would be more flexibility to it, Mr. Chairman, and I would strongly suggest that this language that no grant shall be made to any institution which does not agree to provide the dollar funds be deleted.

Obviously, the institutions are not going to get the grants, Mr. Chairman, unless they demonstrate that they are going to be able to carry out their program, which means they have got to have some dollars for the people going over, and so forth.

But I think this pretty much implies that only those larger institutions with substantial amounts of funds are going to be able to partici-



pate in the program, and I think it would be better if this provision, this condition, were left out, Mr. Chairman.

Senator HUMPHREY. We will examine it very carefully. That is a constructive criticism.

USING LOCAL CURRENCY FUNDS ONLY WITH CONCURRENCE OF HOST COUNTRY

Mr. NATHAN. One other point, I would say: Section 104(t), Mr. Chairman, provides that some of these funds may be used for contributions to the capital funds of an international association.

Senator HUMPHREY. Yes, sir.

Mr. NATHAN. I would say two things: One, that section (t) ought to say clearly that this would be with the approval of the country in whose currency—whose currency is made available.

This isn't provided specifically in the bill. As I read it it says, "shall be used for contributions in addition to U.S. dollar contributions to the capital funds of any international development fund association of which the United States is a member, and may be established," and so forth.

I think right here it has to be said to "which the approval of the local government is given."

The reason I say that, Mr. Chairman, is this: Let's take an illustration of a country—most of the countries to whom you are going to make these contributions are countries short in foreign exchange and short in capital, local capital. To sell this country, say, \$100 million of U.S. commodities and say then to take \$25 million of X currencies, rupees or whatever it is, and turn it over to an international bank, in a sense gives to that bank or to the countries which borrow from that bank a claim of \$25 million worth of goods on this purchasing country.

Now, this country may not be in a position to export capital for a long time to come, and in a degree, I think, we have to be careful—

Senator HUMPHREY. I see your point.

Mr. NATHAN. In draining their limited resources, you see. We have got to say, "We are selling this to you, we will use the local currency for development," but we can't say to them, "We are going to take some of your normal exports back and make them available to a third country without your approval," because in a sense you shorten up what is already shortened, that is, the available capital.

Senator HUMPHREY. In other words you are saying, it is one thing to make a sale presently under title I of Public Law 480, or as presently described in this bill, for local currency, and then arrive at an agreement with that country on a bilateral basis as to the use of that currency.

Mr. NATHAN. Inside the country.

Senator HUMPHREY. Inside the country.

Mr. NATHAN. That is right.

Senator HUMPHREY. And it is quite another thing to have ownership rights to the currency and just decide willy-nilly on our own what we are going to give of it to the International Development Association, which has been suggested, or to the United Nations Special Fund, or some other organization, without the consent of the host country.

Mr. NATHAN. That is correct. That would, I think, be wrong, because what you are doing is giving to the International Development Association or the Special Projects Fund of the United Nations a claim on products in that country.

Now, that country may already be able to sell all that it can conceivably export, so you are taking away then in a real sense some of its normal foreign exchange which it desperately needs.

Senator HUMPHREY. Yes, sir.

Mr. NATHAN. So I think a condition ought to be added to 104(t) requiring the approval of the country whose currency we own.

Senator HUMPHREY. Do you remember what page that provision is on?

Mr. NATHAN. Yes, sir, page 9 of the bill.

Senator HUMPHREY. 104(t), yes.

Mr. NATHAN. There are a couple of other very specific points I would like to make, Mr. Chairman.

ALLOWING DIFFERENTIAL BETWEEN WORLD PRICE AND U.S. PRICE UNDER  
PUBLIC LAW 480 SALES TO BE ON GRANT BASIS

One, I would like to see this bill provide for a portion of the proceeds to be regarded as an outright grant, which grant would take into account the differential in the world market price and our price.

Now, this happened in the case of India. India bought some wheat from us and the prices they paid were really above the world market prices under Public Law 480. They bought it here and paid the price here.

Now, India wanted this Public Law 480 grain, but they didn't like to pay a higher price even though it was paid in local currency.

If you are going to go to the buying country and you are going to say, "Look, this is not a grant, this is not charity, this is a deal. You are buying our products, we are taking your currency instead of hard currency," you want to make them feel this is really a commercial transaction, a business transaction.

Now, if they have to buy your goods at 20 percent above the world price, they begin to stumble on this, if they look at it as a serious deal. If they look at it as an indirect gift and say "they are going to get our currency and we are never going to pay them back and we will finagle with the use of it, then it is a different matter. But if you want to make the purchasing country take this seriously as a responsible deal between responsible parties, then I think that it might be well for us to make a grant of some of the proceeds equal to the difference in the price that they pay to us and the world price."

In other words, what you are doing is taking local currency then equivalent to the world price rather than to our price.

RECENT PUBLIC LAW 480 ARRANGEMENT WITH INDIA

We did this with India: We gave, as I remember, in the last Public Law 480 arrangement in India, something like 15 percent of the local proceeds were given as a grant to the Government of India. This was arrived at, as I understand it, by the difference between the U.S. price and the world price so that in essence we said to India: "We are selling you this grain as a straight Government-to-Govern-



ment transaction, this is not charity, this is not relief, this is not a gift. We are selling this to you, but to take care of the differential between our price and the world price, we are only going to take 85 percent of the rupee proceeds and not a hundred percent of them.

I would think, Mr. Chairman, this is something that might well be used.

Senator HUMPHREY. I had not heard of this before, Mr. Nathan, and I think it is worth, again, our consideration and study. I will ask the staff to note your suggestion and I would like to explore this possibility, taking into account what has been done in the past, with the Department of Agriculture and see what the reactions are of the technicians over there.

Mr. NATHAN. Well, I do know that countries in the past have had, for instance, Public Law 480 arrangements to buy things like dried milk and dairy products, and they found that they could buy in Holland or in some other markets, goods for 20 percent less and they took the Public Law 480 sales seriously enough that this sort of hurt them—the idea that they were going to pay 20 or 25 percent more to the United States just because it was in local currency. This to me takes away the dignity of it and takes away the seriousness of it as a sale and begins to make people think, “Well, we are going to give local instead of foreign currency so what is the difference in the price?” And I think this takes away from what it seems to me you want to establish here and what makes this a serious transaction, and I would seriously suggest that this grant be made as equal to the differential between the U.S. price and the open world market price.

#### COORDINATION OF DOMESTIC AND OVERSEAS AGRICULTURAL PROGRAMS

One other point I would wish to make, Mr. Chairman, a basic point, and that is here in section 103 (c), on page 6, it states:

Section 103 is further amended by adding at the end thereof the following new subsection:

“In carrying out programs and activity under this title the President shall, insofar as possible, coordinate such programs and activity with other United States and international programs and activities directed toward that end.”

I would hope, Mr. Chairman, that that would be interpreted as meaning coordinated with our domestic agricultural program as well as other aid programs. I would hope, Mr. Chairman, that we would quit looking upon agricultural surplus as something that is evil and something that is a consequence of failure to achieve some kind of positive objective of limited production. In a sense “Food for Peace” would become our positive program, and we would gear our domestic agricultural programs to these total demands, domestic and foreign, rather than gear our domestic agricultural program to restrictive conceptions and then use whatever is left over, because we fail in the restrictive conceptions. I would hope that the coordination paragraph would include this idea of coordinating our domestic agricultural policy with the Food for Peace Act.

Senator HUMPHREY. One of the thoughts I have had on this subject, Mr. Nathan, is that there ought to be some type of a production goal for agriculture, not just in bushels, but actually in the nature and in the quality of food and fiber supplies. We will need, for

example, goals on vegetable oils and animal fats, and proteins and carbohydrates, and so on. We ought to have a pretty good idea what the domestic requirements are going to be in these areas, the normal commercial export requirements, and what we might want to program, in terms of the food-for-peace program, rather than letting all this come by accident.

#### PLANNING ON A LONG-TERM BASIS

Mr. NATHAN. That is correct.

Senator HUMPHREY. One of the dangers I see in any kind of a program like this is if you start it one year and withdraw it the second year, you create great frustrations and bitterness. We ought to be able to say quite honestly to these countries, "Look, we are going to plan a program for the next 5 years; if you want to phase your operations into this program, this is the time to do it." Just like the Indian Government comes to us now and says, "Look, we have a 5-year plan for India. We need some help; we would like to have you phase some of your activity into this.

The Indians know what they are doing; today we just do not know what we are doing. Our programs are all by guess—they just happen. Of course, it is an exciting way to live. It is a little perilous, may I add. We just go along willy-nilly and anything that happens happens. Then we complain about it later.

#### GENERATING LOCAL CURRENCY TO PARALLEL FOREIGN EXCHANGE OF AID AND LOAN PROGRAMS

Mr. NATHAN. Well, Mr. Chairman, I think that the Public Law 480 program has served a purpose which nobody anticipated in the beginning and which, I think, is one of the most important of all and that is that it provides local currency to parallel the foreign exchange which almost all of our development aid programs are limited to.

Your World Bank, the Export-Import Bank, the Development Loan Fund, and ICA by and large confine aid in the investment area to foreign exchange items.

In other words, a country comes to the United States and says, "We want to build a dam which costs a hundred million dollars"; the Export-Import Bank, or Development Loan Fund or World Bank says, "OK, how much is the foreign exchange component, \$30 million?"

"All right, we will lend you the \$30 million to buy the turbines; where is the other \$70 million coming from?" They will generate it locally, but they cannot generate these savings so in many cases the local currency problem is more serious than the foreign problem. It serves to help total development in the foreign exchange. Obviously, we do not want to make it easy for them so they do not have to tax themselves and tax savings, and we want them to create a capital market, but I have had people saying the tax program is no good and they ought to do it this and this way. Well, you cannot change it overnight. I hate to say this, but look at France, their tax program is nothing to be held up as a shining example, and these countries have limited possibilities for acquiring savings for investment. We



say we are lending the foreign exchange components, but you find difficulty in generating them and a lot of times they can't do it except by inflation. So this is a part of the total development because you need foreign exchange and local and this provides in very substantial measure the local currency needs.

#### INTEGRATION OF PROGRAM INTO TOTAL U.S. ECONOMIC EFFORT ABROAD

Senator HUMPHREY. Mr. Nathan, you are not the first economist who has testified, but we have never had an economist from the Government to testify about these matters. Their talk is out of the realm of fact; they talk about boll weevil and surpluses without getting down to the dollars and cents of the economics of the program, without planning the use and the integration of hard money—the gold, dollars, and pounds sterling—along with the soft currencies. This is something that has not been discussed, and this is why some of us have felt that the time has arrived to take a new look at Public Law 480 operations, which at best have been an experiment and, I think, a very constructive experiment.

Mr. NATHAN. Yes.

Senator HUMPHREY. The time is now at hand to fashion this into a more permanent type of program—when I say “permanent” I do not want to be misunderstood, but I mean at least for a period of 5 to 10 years—and integrate this program into the total economic effort of our Government.

All we know how to do around here is appropriate dollars. We are finally getting around to where we are asking the foreign aid administration, the ICA, to come in and give us some idea of the plans that they have. This has been like pulling the teeth out of a dinosaur, but at last we are going to compel this by law. What some of us would like to do is to get a better picture of how we can convert the food and fiber which we produce in abundance into a supplement to our dollar aid in economic programing and planning abroad. This is what we are trying to do.

Mr. NATHAN. It is a natural coordination.

Senator HUMPHREY. It may be natural, but I want to tell you it surely is a new experience for some people around this town.

Mr. NATHAN. Well, not only, I think, Mr. Chairman, do you and your fellow sponsors deserve the really deep gratitude of everyone here and, I think, throughout the world, but I think this bill will have consequences which will be perhaps an unearned increment or unanticipated dividend. This will be just what you referred to—a forcing of economic programing to tie together these various kinds of aid and compelling the local currency and foreign currency and local fiscal programing to be done in an intelligent manner. I think it is going to be a tremendous dividend.

#### ATTITUDE OF OTHER EXPORTING COUNTRIES CONTINGENT UPON U.S. ATTITUDE

Senator HUMPHREY. When we can get to thinking of this program as an adjunct to our overall economic activity rather than as a way to dispose of surpluses, we will start to get the cooperation and the friendly consideration of even other exporting countries.

Mr. NATHAN. That is correct.

Senator HUMPHREY. Because the truth is that unless the Western European countries and the United States can combine their economic efforts to help provide capital resources for the new and rising, but still underdeveloped, countries we are licked; we are done; we are living on borrowed time. There is an effort being made here, it seems to me, if we will only pursue it, not only to combine our efforts in dollars, gold, pounds sterling, and deutschemarks, but in the soft currencies which we acquire from many of the underdeveloped countries as well. There needs to be a good deal of thinking about this effort, Mr. Nathan, and your constructive criticisms of the bill we are considering is the kind of heartening thinking which I have been looking for rather than having somebody come in here and dish up those old burned-out cliches I have heard for 6 years. Those cliches don't amount to anything except they show somebody did not do his homework when he comes here and says what we are proposing to do will, well, disrupt markets and that it will do this and that. I have an 11-year-old boy who can say it with more zest and zeal than some of the witnesses.

Mr. NATHAN. I think it is an excellent measure and I do feel, Senator, that this is a major contribution. We said here in our statement, and I think it is true, this could be the most important single piece of legislation in terms of our international relations that has ever come up, if it goes through.

Senator HUMPHREY. Thank you very much.

Mr. NATHAN. Thank you, sir.

(Mr. Nathan's prepared statement is as follows:)

STATEMENT OF ROBERT R. NATHAN, NATIONAL CHAIRMAN, AMERICANS FOR  
DEMOCRATIC ACTION

Mr. Chairman and members of the committee, my name is Robert R. Nathan and I appear here today on behalf of Americans for Democratic Action, of which I am acting national chairman. We sincerely appreciate the opportunity to present our views on this important legislation.

Prior to discussing this bill, I wish to state that in accordance with the Foreign Agents' Registration Act I am personally registered under this act because of the services now being performed for Vietnam, Colombia, and Israel by the economic consulting firm of which I am president, Robert R. Nathan, Associates, Inc.

U.S. ECONOMIC ASSISTANCE ABROAD

Americans for Democratic Action has been in favor of positive economic cooperation by the United States ever since the Marshall plan was first proposed. We have believed sincerely that the cause of peace and freedom would be better served if our tremendous resources and abundance could be used in some measure to facilitate the economic development of those countries and peoples who still suffer from inadequate diets, poor housing, limited educational facilities, and low levels of productivity and production—all of which spell poverty and deprivation. Economic progress provides no guarantee of freedom and liberty, but it does afford an environment within which the prospects for freedom and liberty are enhanced.

There can certainly be no question but that modern technology gives to mankind the very realistic possibility of winning the war against poverty universally. However, this war can only be won if those nations which possess advanced human, financial, and material resources are willing to cooperate with the underdeveloped countries in accelerating economic development. On this score, the United States is by a substantial margin the country which can and must take the leadership in this dramatic human endeavor.



## U.S. ECONOMIC PROGRESS WAS SPURRED BY FOREIGN CAPITAL INFLOW

It would be appropriate for us to remember that in substantial measure our own phenomenal economic progress can be traced to the inflow of capital and of trained and experienced people during several decades and generations of our own history. Our immigrants brought with them much know-how and we enjoyed a net capital inflow until World War I. It would be only proper that we now engage in the reverse process with vigor and enthusiasm and imagination.

The "Food for Peace Act" is a measure which should have the fullest support of all Americans. The proposed legislation states that our agricultural abundance is a "blessing to be used in the service of mankind." It is essential that we regard this abundance in these terms rather than as a burden and a plague to be overcome. We know that there are hundreds of millions of human beings throughout this world who suffer from inadequate foods and fibers, and it would not only be selfish but stupid as well for us to do anything but take maximum steps to share our abundance with those less fortunate than ourselves.

I believe it is not necessary to say much more about the general purposes of this humane and constructive legislation. However, there are some specific observations which might be of value to this committee and to the Congress.

## DURATION OF PROPOSED PROGRAM AND COOPERATION WITH OTHER EXPORTING NATIONS

The proposal of a 5-year program for the sale of 2 billion dollars' worth of surplus agricultural commodities per year is commendable and is consistent both with prospective production potentials in the United States and with the need for longer term planning and programming of economic development. We will certainly have adequate supplies for such a program. The purchasing countries must look ahead for many years in laying out their development plans. Further, agricultural production in the purchasing countries and in exporting nations needs to be scheduled over a considerable span of years if balanced output and consumption are to be achieved at high levels of living standards.

The legislation continues the earlier provisions of Public Law 480 with respect to avoiding replacement of usual imports by the purchasing countries from friendly nations. Also, it proposes that other exporting nations be invited to participate in the total program. It is rather remarkable that we have sold very substantial amounts of agricultural products under Public Law 480 without seriously disrupting normal markets. However, from time to time some exporting countries have complained and undoubtedly some have been adversely affected temporarily. Might I suggest that consideration be given to including a provision in the legislation which would call upon the President to bring exporting nations into the negotiations which are held with purchasing countries in order to assure the continuation of normal marketings and to prevent disruptions and ill will which might otherwise occur as our program is enlarged.

## ACCUMULATION AND UTILIZATION OF LOCAL CURRENCIES

Many individuals are disturbed about possible adverse consequences of huge accumulations of foreign currencies in the hands of the United States. It is my feeling that to date such accumulations have not reached serious proportions and that in the immediate period ahead there is not too much danger of this occurring. However, we must guard against acquiring such levels of local currency as to endanger our relations with the countries whose currencies we do possess and in whose internal economies we should not and do not seek to interfere.

It is gratifying to note that provision is made in the proposed legislation for the possibility of grants of these local currencies for health, education, public welfare and research purposes. It would be wise for us to make such grants and I would suggest that in section 602 of the proposed legislation, these grants might be made from local currencies initially acquired from the sale of agricultural commodities, as well as currencies which accrue as a result of repayments of principal or payments of interest on loans.

In section 104(h), provision is made for grants of these local currencies to U.S. nonprofit organizations and institutions engaged in exchange of persons projects. This is a worthy proposal, but there is a provision that no such grant shall be made to any organization or institution which does not agree to provide necessary dollar funds. This would limit such grants to very large institutions and I would suggest consideration be given to changing this provision, since the dollars might be made available from the U.S. Government

through various aid programs and thus permit a wider participation in this valuable program of exchange of persons.

I believe that section 104(t) should be included in the legislation, but we should not expect too much from it because the purchasing countries will generally be capital importing nations and it is not likely that they can make the local currencies available in substantial quantities for capital funds of international development associations. We must remember that most of the purchasing nations will need other kinds of economic cooperation and that they cannot very well buy our surpluses and then make available the local currencies for exports of goods for which reasonably ready markets exist.

There is one point which needs major emphasis and that relates to the tremendous value derived by the purchasing countries when we provide local currency for economic development. By and large, most of our aid programs and most international lending institutions are limited to providing capital for imported machinery and equipment and other goods. Generally, financing by these agencies is confined to the foreign exchange portion of development capital. The underdeveloped countries encounter great difficulty in accumulating savings to match the foreign capital.

Of course, we should seek to encourage the accumulation of savings by individuals and by governments. However, capital markets, as we know them, do not exist in most underdeveloped countries and effective tax systems take time to be formulated and implemented.

#### FOOD-FOR-PEACE PLAN WILL FACILITATE ECONOMIC DEVELOPMENT WITHOUT INFLATION

Our disposition of agricultural products, in a real sense, permits the accumulation of local currencies to match the foreign exchange which comes from the Development Loan Fund, the Export-Import Bank, the World Bank and similar institutions. The legislation under consideration will greatly facilitate economic development without inflation.

It is important for us to know that the initial sale of our agricultural commodities is anti-inflationary, but the later use of the currencies can be inflationary unless supplies of agricultural products continue to flow into the underdeveloped countries. What is needed and is properly provided for in this legislation is a long-term program permitting the kind of planning and scheduling which will help development and prevent inflation. Of course, careful planning will be needed within each purchasing country.

#### COORDINATING DOMESTIC AND FOREIGN AGRICULTURAL PROGRAMS

There is one final point which I should like to make, and that relates to coordinating our domestic agricultural policies with the objectives of this legislation. Section 103(c) calls upon the President to coordinate such programs and activities with other U.S. and international programs and activities. I would hope that this coordination would include our domestic agricultural program. We should seek to achieve those levels of agricultural production which will fully serve the needs of mankind, rather than to seek to restrict production because normal commercial markets are not adequate to absorb our agricultural output readily and easily.

We conclude with the view that Senator Humphrey and those other Senators who have associated themselves with this bill deserve the gratitude of all Americans. This measure can do more than any other legislation ever enacted in bringing to the people of the world a full understanding of our deep interest in their welfare and of our dedication to peace and freedom and abundance.

Senator HUMPHREY. I would like to call now, because of a commitment I made yesterday, on Mr. William E. Hoge, of the Soybean Council of America, Inc. Then the following witness will be Mr. Willard Johnson, followed by Ray Wilson and Patrick Healy.

#### USE OF LOCAL CURRENCIES FOR INTERNATIONAL INSTITUTIONS

I want to note for the record, in reference to the use of currencies for the U.N. Special Fund and other U.N. specialized agencies, that all uses under current law are now, and would be under S. 1711, sub-



ject to the acquiescence of the government whose currencies are involved.

In other words this would be set forth in the sales agreement.

Also, under the authority of last year's conference report on Public Law 480, extension grants can be made for binational foundations if such foundations are provided for either by new agreements or by transfer of some of the excessive currencies already allocated for loans under section 104(g) to grants under 104(e). That is the discretionary authority which is provided in the existing law as a result of amendments last year to Public Law 480.

These statements are related to the testimony of Mr. Nathan and the colloquy that took place between him and myself.

Go right ahead, Mr. Huge.

### STATEMENT OF WILLIAM E. HUGE, DIRECTOR, SOYBEAN COUNCIL OF AMERICA, INC.

MR. HUGE. In the course of world history the human race on occasion has been provided, or has developed, a tool of great potential.

In many instances it has used such tool constructively, for the benefit of man—in some instances, it has stupidly used such tool for destructive purposes.

In some instances it has failed to comprehend the full utility of a tool, and has therefore missed its opportunity to use the tool in the interest of human progress.

#### U.S. AGRICULTURAL ABUNDANCE CAN BE "TOOL" TO BENEFIT MANKIND

I believe the United States has been provided such a tool of great potential, in the form of an abundant food supply. A food supply, and food production capacity, exceeding anything before known in the world.

Early in 1957, in an address before a Moscow audience, Nikita Khrushchev made the following statement:

If we overtake the United States in the per capita production of meat, butter, and milk, we will have hit the pillars of capitalism with the most powerful torpedo yet seen.

Mr. Khrushchev recognized the potential power of our food abundance. Are we not capable of at least equal powers of comprehension?

Senator HUMPHREY. By the way, Mr. Huge, Mr. Khrushchev recognized this potential you are speaking of just yesterday in his conversation with the Governors who are visiting the Soviet Union and had an audience with him. He never fails to recognize it. I might add that in my visit with him he dwelt on this subject at length, particularly upon the Russian plans for agricultural expansion and production. He also did this with Mr. Harriman. In fact, it is almost as if he has a pat speech on this subject which he delivers to each and every delegation.

MR. HUGE. It must be obvious to him.

With respect to comprehension, perhaps we comprehend, but are we not able to muster the intelligence, courage, or unity to use our food abundance for constructive purposes?

## FOOD CAN BE WEAPON FOR PEACE

A brief review of world history reveals a frequently common circumstance leading to past wars. Privation, or a threat to food supplies has often been an important factor, inducing peoples to follow the saber rattlers.

Yet, in spite of this obvious opportunity to serve the interest of peace, do we not often hear our food abundance classed as a burdensome surplus, or a glut?

I often wonder whether historians will record the administration of our food abundance as similar to the actions of ants and squirrels—like ants and squirrels, storing that food which exceeds the needs of our own stomachs.

Many of us have probably observed individuals, and sometimes nations, who have suddenly come upon new material wealth, or new power, acting quite awkwardly and obviously unable to handle such new wealth, or new power gracefully.

The Food for Peace Act is tangible evidence that we are beginning to outgrow our awkward stage in the administration of our food abundance.

## FOOD-FOR-PEACE PROGRAM CAN HELP CREATE FUTURE COMMERCIAL MARKETS

The bulk of our agricultural export programs in the past have been directed at the commercial market, which becomes effective demand, only when the factors of need, and ability to buy are present.

The principles of the Food for Peace Act are aimed primarily at that potential demand, which today is classified as want.

As such, "food for peace" accomplishes rehabilitation of presently underfed, and in some cases destitute peoples, it is hope that such programs will be an aid in converting today's want, to tomorrow's commercial demand.

There will undoubtedly develop many frustrating problems in activating the food-for-peace program. Many of our present programs, which involve export subsidies, have offended other friendly producer nations, who are endeavoring to sell their product in this same limited commercial market.

To the extent that "food for peace" might be directed toward those areas of need, which today do not qualify as commercial markets, we may be able to avoid this irritation to other people.

## DISTRIBUTION METHODS AND ACREAGE ALLOTMENTS

Our Nation has used two routes in recent years, which for the most part have avoided the competitive feature, and undoubtedly can supply an important framework in developing distribution methods for the constructive use of our food abundance.

These two routes, Public Law 480 and charitable relief programs have made worthwhile progress to the extent that their resources permitted.

As the "food for peace" program expands, there may develop needs for acreage shifts within the United States. Statistics confirm that U.S. agriculture has demonstrated much flexibility in this respect—



for example, important acreage shifts have been made in several major crops in the past 10 years. I would like to quote a few changes in harvested acreage of some major crops of 1948 to 1959. Corn acreage declined from 84,778,000 to 73,470,000; oats declined from 39,280,000 to 31,826,000 acres; cotton declined from 22,911,000 to 11,858,000 acres; wheat declined from 72,418,000 to 53,577,000 acres; sorghum grain increased from 7,317,000 to 16,761,000 acres; soybeans increased from 10,682,000 to 23,752,000 acres.

#### RESPONSIBILITY ACCOMPANIES PRIVILEGE OF ABUNDANCE

I am confident that the enterprise and ingenuity of U.S. agriculture will effectively keep pace with the requirements of "food for peace" and will support this Nation's positive approach in the administration of its food abundance.

It is a commonly accepted principle that with any privilege there must be associated responsibility.

This Nation has the privilege of enjoying the most abundant food supply in world history.

Is it not, therefore, our responsibility to find distribution methods whereby this abundance might be used in the world constructively?

I believe this is our responsibility as a Christian Nation, and we may find a parallel to this subject in the story of the eight talents as recorded in the 25th chapter of St. Matthew.

We might also remind ourselves of the admonition contained in verse 40 of the same chapter of St. Matthew, which reads:

Inasmuch as you have done it unto one of the least of these My brethren, you have done it unto Me.

Senator HUMPHREY. Mr. Huge, let me just ask you a question. You are from what State?

Mr. HUGE. I am vice president and director of the Central Soya Co.

Senator HUMPHREY. Where are your central offices?

Mr. HUGE. Our central offices are located at Fort Wayne, and we have plants in Iowa, Minnesota, Indiana, Illinois, Ohio, Tennessee, and South Carolina.

#### PRESENT AND PROSPECTIVE EXPORT TRADE MARKETS

Senator HUMPHREY. Does your work in your business bring you into contact with a number of exporters?

Mr. HUGE. Yes, sir, it does.

Senator HUMPHREY. So would you say you are reasonably well familiar with export trade practices?

Mr. HUGE. Yes. We have contact with exporters frequently.

Senator HUMPHREY. At one place in your statement you said: "To the extent that food for peace might be directed toward those areas of need, which today do not qualify as commercial markets, we may be able to avoid this irritation to other people."

Were you referring to the irritation of disrupting normal markets?

Mr. HUGE. I have in mind such methods as have been mentioned in earlier testimony today, whereby our feed grains, our wheat, our cotton, are exported with the assistance of export subsidies. We are competing for a limited market with other producers of the same

commodity. That surely has been true for some years in the case of cotton. It is becoming increasingly true in the case of wheat.

Senator HUMPHREY. Do you feel that a program such as is outlined in S. 1711 can be conducted without seriously disrupting normal marketings under normal export channels?

Mr. HUGE. Yes. As I visualize the bill, the basic ambition is to broaden markets by a supply of food to those areas which today are not commercial markets, and I am sure others are much better qualified to speak on this subject, but from all the information I have been able to obtain, there are hundreds of millions of people in the world today living on a deficient diet, barely existing.

That, in my opinion, is a market.

Senator HUMPHREY. Would you agree with me that these vast areas of the world which today are, for all practical purposes, not dollar or gold markets—that is, not hard currency markets or normal export markets—do represent a possibility for the future, if properly developed, to be markets in the normal sense of trade?

#### EXAMPLES OF CREATING NEW MARKETS

Mr. HUGE. Yes, I do, and I believe we have a number of examples which could be reviewed in that respect.

In spite of the limitations in the function of Public Law 480 today whereby it has been subject to year-to-year extensions and sometimes it was midnight of the last night before the next year's extension was made, we have seen some excellent progress, and I would cite one example in the case of poultry meat to West Germany.

A Public Law 480 allocation was made there some years ago. That type of poultry meat was virtually unknown in that area. But since that time, there has been an expanding market for hard currency, for dollars, into West Germany.

Furthermore, we suspect there will be a growing tendency to produce their own poultry meat as that market expands, and they therefore will become a market for U.S. feed grains.

I believe that is an example of a wise administration. I believe one must congratulate the Department for being able to bring about such progress under the handicaps under which they must be working.

#### SHIFTS IN PRODUCTION TO MEET MANIFESTED NEEDS

Senator HUMPHREY. Now, Mr. Huge, you are a businessman, and in your statement you commented upon the flexibility of American agriculture to make shifts in production, apparently with the thought in mind that we may be required to make some production shifts as needs are manifested in many of the areas of the world. Is that correct?

Mr. HUGE. That is right.

Senator HUMPHREY. You are able in your own business to make changes in production and products; is that right?

Mr. HUGE. It is most certainly right, and we either do or we do not survive. We cannot keep producing a commodity if the market requires a different commodity, and I suspect that is true in any industry. I am sure General Motors does not keep pouring out Pontiacs if the market is for Chevrolets.



## DURATION OF PROGRAM

Senator HUMPHREY. What about planning? One of the differences between some of the witnesses and the proponents of this bill rests on the 1-year extension which is asked for by the Department, and the 5-year program which the proponents of S. 1711 suggest.

Do you favor a short-range or long-range program?

Mr. HUGE. Well, I do not see how we can plan a program of any consequence on a short-range basis. I would be inclined to look upon the functions of Public Law 480 very much the same as a sales program which a commercial firm might indulge in, and I am sure our company would quickly become a very poor taxpayer if we tried to plan our sales programs on the basis of a year-to-year program.

Furthermore, we would be unable to interest qualified personnel in participating in our business if it were only a year-to-year program.

I am confident that from the consumers' standpoint, the markets we speak of, which in many cases today are not commercial markets, would face difficulty in considering something that might be cut off next year.

I could visualize it in this manner where in some nations, as an example, the consumption of fats and oils is on a level of 20 pounds per capita or less, compared to the U.S. food fats and oils of 45 pounds. If by a 1-year method they should raise their average consumption from 20 pounds to 22 pounds and then we might cut it off within a year, cannot one visualize the internal problems which would be faced in that country?

They cannot afford to do it from an internal standpoint, from the standpoint of political peace within their country.

If we want to lay the world open to communism, I cannot think of a better or more awkward way of doing it.

## OBJECTIVE OF EXPANDED TRADE IN S. 1711

Senator HUMPHREY. The Farm Bureau witness this morning testified on this bill. Some comment was made about the change in the nature of Public Law 480 contemplated in S. 1711, to the effect that trade development is struck from the title and removed as an objective, for all practical purposes.

Do you think, in reading S. 1711, that we have ignored the possibilities of expanded trade?

Mr. HUGE. I did not gather that interpretation, and I suspect it is still intended that counterpart funds shall be used just as aggressively as they have been in the past, and perhaps more so.

Senator HUMPHREY. And you may recall, this bill says "that Public Law 480 of the 83d Congress, as amended, is further amended as follows"—that is the way the bill starts out. This is an extension, an expansion, an improvement, a maturity of Public Law 480, and one of the provisions in Public Law 480 is trade development.

As you may recall from your own business—and you are testifying here in behalf of the Soybean Council—I believe that council or at least some of the affiliates of the soybean industry have received funds under the program for trade development purposes, market development. Is that not right?

Mr. HUGE. That is true, and an important part of the funds are provided by the Soybean Council itself in U.S. dollars, but there is a joint program through the Foreign Agricultural Service.

Senator HUMPHREY. Right. There is no deletion of that feature from this bill. Do you recall such deletion?

Mr. HUGE. Not as I understand, reading the bill.

Senator HUMPHREY. I can assure you there is not.

Mr. HUGE. That is true.

Senator HUMPHREY. I merely wanted to knock down that spook again. We should have received some of this testimony on Halloween. [Laughter.]

Mr. HUGE. Well, it reminds one of the statements somebody once made—so long as you are against a subject, one reason is just as good as any other. [Laughter.]

#### OBJECTIVES OF S. 1711 NOT ONLY ECONOMIC

Senator HUMPHREY. Well, I am surely glad that you are for it, Mr. Huge. You are an able businessman, and I appreciate the emphasis you placed in the latter part of your testimony on this bill, that this is not merely an economic measure, even though that is, of course, one of its most important aspects. It also is a measure which deals with the moral responsibilities of the American people and their relationship to the rest of the world. Would you not say that?

Mr. HUGE. I believe that very much, and in spite of the testimony of an earlier witness today, I cannot believe that he speaks for the rank and file of his people, because I have heard speeches just to the contrary from people from the same organization at the grassroots, and I am sure that the rank and file are quite in agreement with the principles of your bill.

Senator HUMPHREY. Of what witness?

Mr. HUGE. The Farm Bureau.

Senator HUMPHREY. Well, I find my Farm Bureau members in my State in the main are deeply interested in the use of their production—

Mr. HUGE. That is my impression.

Senator HUMPHREY. To help our country in this troubled world, and to help other people help themselves.

One of the great qualities of rural people—maybe it is because of the neighborliness which they live by out there on their farms, working closely in their community groups—one of their great qualities is sharing and a consideration of the other fellow.

I can honestly say that in my efforts around the country to stimulate understanding and interest in this measure, the response has been most gratifying. You can go out and talk to folks about all kinds of other subjects and they will be polite and listen, because most people are polite and they are considerate. But when you get down to talking about the use of our food and fiber abundance for constructive purposes of peace and freedom and human dignity, to satisfy needs of people, to feed the hungry and heal the sick, every spiritual motivation in a man's soul comes to the forefront.



## ALTERNATIVE TO UTILIZING ABUNDANCE IS AGRICULTURAL "POLICE STATE"

Mr. HUGO. And that should be our primary motivating factor, I believe, even if we were not to consider the alternates; and I believe one of the alternates that people are speaking of, whether they recognize it or not, is a police state in agriculture.

Senator HUMPHREY. Yes.

Mr. HUGO. Because the productive capacity of our American agriculture is so substantial that we will have to have policemen to prevent the planting of acres, with some of the negative approaches which some people suggest.

Senator HUMPHREY. Well, I want to just go on record again as saying that we have been told repeatedly that this is a worldwide struggle between the forces of decency against the forces of evil, we being the forces of decency. Others call it a struggle between communism and freedom, and still others call it a struggle between East and West, which is an unfortunate geographical delineation. But we all know what we are talking about; we all know we are engaged in the struggle for men's minds, for their loyalties. There is a struggle between ways of life, a system of values. Our values are different from those of the totalitarians. If it is a worldwide struggle, it would seem to me we would want to mobilize all the resources we possibly can in order to win it. And in a world of want and hunger, what is more powerful than food and fiber?

I could easily predict why we are in trouble with the Soviet Union and why Khrushchev seems to be running out in front all the time. That is because he knows he is living in the 20th century and he wants it for himself and his kind; on the other hand, we are not meeting the challenges of the 20th century.

Mr. HUGO. In that connection, you might draw another parallel to the functions of successful industry, and I am firmly convinced that any successful business never underestimates its competition.

Senator HUMPHREY. Nor does any successful politician, might I add. [Laughter.] There are many common denominators, may I point out.

## ADMINISTRATIVE EXPERIENCE IN AGRICULTURAL PROGRAMS

Mr. HUGO. I should like to add one other observation, Mr. Chairman, concerning the bill, and that is with regard to the direction of food for peace. You and I may have some difference of opinion on this subject.

I feel quite complimentary toward the people in the Department who have worked hard to administer Public Law 480. I am quite sympathetic with the problems they have had in the limitations which are established, attempting to build up programs ahead, and they do not know until midnight tomorrow night whether we are even going to have a program next year. I think they have done an excellent job in the face of those handicaps.

Senator HUMPHREY. I have tried to indicate that myself. The people who handle this program, particularly at the technical and ad-

ministrative level, and below the policymaking level, I think have done a good job, and I want to point out that we have had to learn by doing. This was a new experience for us. But the reason this bill is being proposed this year is that we have had 5 years now of this trial run, and in the 5 years we have learned a great deal about how to manage a soft currency sales program, an emergency famine relief program, a voluntary charitable organization program. We have learned about these things. We have learned how to manage different kinds of sales. We have had some barter arrangements. We have learned of Public Law 480's limitations and inadequacies. We have learned of some of its attributes. We have also learned that despite the determined efforts of a Government with soil banks, conservation reserves, acreage reserves, and payments galore, and billions of dollars expended in giving away food at home and abroad, we have today about 700 percent larger holdings in the Commodity Credit Corporation than we had 6 years ago.

In other words, we have today over \$9 billion of holdings in Commodity Credit, as compared to about \$1.5 billion in 1952, and the prices were higher in 1952 than they are now. I will not complain too much about that, if we just recognize we have to deal with this problem.

Mr. HUGE. Our problem is distribution. There is no lack of need for this food in the world.

Senator HUMPHREY. I want to thank you very much, Mr. Huge. Your testimony has been most helpful, and it is gratifying to have a businessman who will speak as you have, and I know many more will do the same.

Mr. HUGE. Thank you, Mr. Chairman.

Senator HUMPHREY. We will now hear Mr. Willard Johnson.

Before we recess at noon we will also hear Mr. Raymond Wilson and Mr. Healy. We are going to have Congressman Chester Bowles here at 2:30 this afternoon. Some of you may be interested in his testimony, and some of you may wish to say hello to a good and dear friend.

Now, Mr. Johnson, you are at liberty to read your statement or, if you wish to conserve the time for all of us, including yourself, you can paraphrase it and have it included in the record in toto.

#### **STATEMENT OF WILLARD R. JOHNSON, VICE PRESIDENT, INTERNATIONAL AFFAIRS, U.S. NATIONAL STUDENT ASSOCIATION**

Mr. JOHNSON. Thank you, Mr. Chairman.

My name is Willard Johnson, and I am the international vice president of the National Student Association. I would like to have this statement placed into the record. I will read some passages of it, and I may skip a large portion of it.

Senator HUMPHREY. We will have it all included as if presented orally. Thank you.

Mr. JOHNSON. I am very pleased to have the opportunity to address the committee on behalf of the U.S. National Student Association. The NSA is a confederation of student bodies at 400 American colleges and universities represented through their democratically elected student governments.



I wish to make known to the committee the interest of the U.S. National Student Association in the passage of Senate bill 1711, popularly entitled the "food for peace bill." Compared to the many provisions that the food for peace bill contains, the interests of my organization are fairly specific. We are particularly interested in furthering the development of international education, and furthering the opportunities for meaningful exchange of persons programs, particularly with the underdeveloped and emergent countries of Africa, Asia, and Latin America. The USNSA devotes a large share of its time and resources to furthering international awareness and in maintaining direct contact, cooperation and exchange with student communities in these underdeveloped areas. We are thus very directly involved in functions which are furthered by the food for peace bill.

**BOLD POLICY STATEMENT NEEDED IN GOVERNMENT INTERNATIONAL  
EDUCATION PROGRAMS**

Several successes, I think, can be registered along the lines of furthering educational exchange through governmental effort. We all know that the Fulbright program is perhaps one of the best known educational exchange programs in the world, with some 43,000 exchangees already returned to their countries. And Public Laws 584 and 480 have certainly made bold beginnings. And yet there exists no forthright statement of principle embodied in the official policies of the United States which underscores the role of education and which indicates the desire of the U.S. Government to further educational opportunities and strengthen the educational systems, particularly in the emergent countries, through all appropriate means.

Even Public Law 480, or S. 1711 which attempts to improve the former, lack such forthright statements. One needed improvement to the food for peace bill would be such a statement, perhaps embodying some of the language of the House of Representatives Resolution 193 introduced by Representative Byron Johnson.

**RESOLUTION TO BE INTRODUCED ON POLICY TOWARD INTERNATIONAL  
EDUCATION ACTIVITY**

Senator HUMPHREY. I would like to tell you, Mr. Johnson, that I have in preparation a resolution and a bill which will accomplish the objectives which you have in mind. In fact, I have been working with Mr. Nielson in New York, and I think I will be ready to introduce a resolution next week, along the lines of the suggestion that you have made, (1) setting up a governing body for all of the international educational exchange programs, and (2) containing a declaration of U.S. policy regarding international educational activity.

Mr. JOHNSON. I would certainly think this would be a benefit, and I think that the measures provided in S. 1711 certainly accomplish the same thing. It is a statement of our intentions, I think, that I am talking about here.

I have listed on pages 4 and 5 of my testimony certain of the sections in S. 1711 which I think would further international education, and I do not think I need recall those to you.

LINKS BETWEEN EDUCATIONAL COMMUNITIES THROUGHOUT WORLD  
IMPORTANT IN FOREIGN POLICY

I would state, however, that I think these provisions are not only important from the standpoint of furthering the purchase of our own agricultural commodities abroad, but are necessary to supplement the purely agricultural and economic aspects of this by utilizing these resources which we have, as I think many other witnesses have pointed out, to go beyond these fields into the field of international education, and I think my own organization serves as an outstanding example of how these funds can be useful in this way, because we are in the forefront, in a way. We are at the point of contact in many of these countries where the problems of our foreign policy come most into focus.

As the official national union of students in the United States, the USNSA is the primary link or contact between the student community in the United States and those in almost every other country in the world. Now the student community here is certainly not a powerful force in national, social, or political issues, nor is that community particularly vocal. But this is not the case in many other countries, as you well know.

## EXAMPLE OF POLITICALLY INFLUENTIAL STUDENT MOVEMENTS

To give an example, the movement which overthrew Peron in Argentina in 1956 was strongly based on the student community, and the Argentine national union of students, the Federacion Universitaria Argentina, was their spearhead.

Few people know that Dr. Fidel Castro, for instance, was a vice president of the student federation in Cuba, and it was with the national student union that the Cuban revolution was launched.

One of the national heroes of that revolution was martyred Jose Antonio Echeverria, the president of the Federacion Estudiantil Universitaria, who launched the final stage of that revolution with Castro in 1956. This was launched in 1956, I indicate.

I have recently returned from an extended tour in Latin America, and I have been able to see this in Nicaragua and the Dominican Republic.

In Japan, the most persistent activity against foreign military bases, the nuclear policies of the United States and Great Britain, and the presence of the United States in the Ryukyus, comes from the student federations.

In the fall of last year, nine leaders of the Zengakuren, the largest of the Japanese student federations, were suspended from the Japanese Communist Party for being "antiparty, extreme leftist, opportunistic, and schismatic." This spring seven more were suspended for similar reasons. This included the secretary. The student federation is one of the most powerful forces in opposition to the Kishi government.



ORGANIZED STUDENT GROUPS AFFECT INTERNATIONAL EVENTS:  
ANTI-AMERICAN AND COMMUNIST CURRENTS

These examples carry with them two messages: One is that the organized student communities in many parts of the world have a certain amount of power and influence on questions of national and international scope; and second, that many of these groups are actively fighting conditions and regimes in some cases with which the policies of the U.S. Government have on occasion been identified.

Much of the anti-U.S. sentiment which these student groups express is the natural consequence of the psychological position of the intelligentsia in an underdeveloped country and, indeed, some of it can be attributed to mistakes on our part.

Such considerations figured highly in motivating what were originally intended to be pacific demonstrations during the visit of our Vice President, Mr. Nixon, to Latin America last year. However, in several cases these sentiments are being deliberately nurtured and festered by Communist interests. The results were clear in the case of Vice President Nixon's visit mentioned before.

I think this situation poses several problems for us. It should become increasingly clear that we cannot brush aside these demonstrations of student dissatisfaction and alienation from the United States, for they are not only reflective of similar unrest in the general citizenry of these countries, but they also play an extremely effective role in molding public opinion as well.

CHANNELS OF CONTACT WITH STUDENTS MUST BE MAINTAINED

Ways must be found to maintain channels of contact with these communities. There is little excuse for us to allow the psychological difficulties of students who face the problems of emerging nations to become so negative and destructive a factor in influencing national trends—and, thus, international ones as well—in these countries. The ignorance these students have of the sentiments and motivations of the American people—which nurtures such bitter and sometimes hateful reactions—can be overcome.

One way such sentiments can be overcome is through exchange of persons, particularly through well thought out programs which provide enough time for personal contact and which do not gloss over the deficiencies which we do have in our society and which sometimes serve as the symbols of the ignorance of students throughout the world.

The program of the International Education and Exchange Service program of bringing to this country groups of student leaders from Latin America for traveling seminars is a good example of one such program. The USNSA has handled the programs for several of these groups. Such experiments should be expanded, and could be, through the provisions of S. 1711.

FOREIGN STUDENT LEADERSHIP PROJECT OF USNSA

Another example of an effective attack upon this problem is the foreign student leadership project of the USNSA. This program brings to the United States from 15 to 18 student leaders each year.

The participants are usually among the young and most talented leadership of the various national unions of students. By and large they come with minds still open enough to grow by their experience in the United States.

These students are chosen on a basis of being a present leader in the student movement of their countries, coupled with certain standards of academic performance. The exchange must have at least a year of study to complete upon return to his country during which time he can make use of his experience abroad in his own organization.

Returned graduates of the foreign student leadership project have often been able to carry into the leadership of their student federation a clearer appraisal of the real interest or motivation of the United States. They have been able in several cases to counteract the unfounded extremist charges of leftwing elements trying to manipulate the student organizations.

In some cases they have been instrumental in creating alternatives to the student organizations already controlled by Communist interest. In Japan, as an example, a recent issue of the Student Information Federation of Japan, which was set up by one of our graduates, carried an announcement of the formation of a new student federation to compete with the Communist-dominated Zangakuren, from which these leaders were expelled. Many of the returned exchangees have argued and worked for more responsible student organizations.

Such a program is one of the best feet the United States has to put forward. The experiment in international living is another program which is able to provide similarly close contact between the foreign student and American students.

There are obviously many other exchange programs of varying natures and merits which constitute an extremely important means of furthering international understanding, and particularly of furthering an understanding of people and policies of the United States.

#### S. 1711 WILL ENCOURAGE EDUCATIONAL EXCHANGE PROGRAMS

S. 1711 contains several provisions which will assist programs of this sort. The removal of special congressional appropriations in order to authorize the use of accumulated foreign currencies will facilitate the development and expansion of programs such as the one described, which are comparatively small and would, therefore, have difficulty in receiving a special congressional appropriation.

Another difficulty with the present provisions is that in our case, requests for the use of these funds, which have already been accumulated, would have to be channeled through the Department of State. This reduces the impact of such a program by imputing to it propaganda or cold war consideration. At least the project becomes open to such charges by the leftwing elements in the foreign student organizations.

#### ADVANTAGES OF SEPARATE ADMINISTRATIVE MACHINERY

S. 1711 allows for the creating of separate coordinating machinery. S. 1711 also provides for direct grants to the U.S. nonprofit organizations and institutions for exchange of persons projects if they can pro-



vide the dollar funds which the Secretary of State deemed necessary to carry the project to a successful conclusion.

If other administrative considerations were to allow it, there would be a distinct advantage in granting such authority to the Peace Food Administrator instead of the Secretary of State, provided for in title VII of the bill. If separate machinery is to be established, and lack of coordination is presently singled out by many as a deficiency in the existing legislation, then it ought to be used as separate machinery.

Given the psychological advantage we have in the work of private voluntary organizations, it seems self-defeating to jeopardize the impact of these organizations by involving the Department of State so directly.

And I would like to also subscribe to the comments made by the witness from the ADA in pointing out that the provisions of dollar funds required in this section as well would certainly hurt an organization like my own, which is one of the smaller ones, but which is in the forefront or certainly on the frontiers of our contacts with groups abroad.

We are in only one area, but I am sure there are other organizations which would have similar experiences in related fields.

#### NEED FOR INCREASED LEGISLATIVE EMPHASIS ON USING IDLE LOCAL FUNDS FOR EDUCATIONAL PURPOSES

The need for an increased emphasis on education in Public Law 480 is clearly indicated, I think, by looking at the pattern of withdrawals from these accumulated funds. Less than 1.3 percent of the total withdrawals for all purposes have been spent on education, according to the Institute for International Education.

No withdrawals were made at all from the currencies accumulated through the sale of surplus agricultural commodities in India during the year of 1958, and India has one of the largest accumulations of such currencies.

During 1959, what withdrawals were made included no funds for education. And yet India is one of the most important areas of international educational exchange. Our own project has attempted to bring at least one and usually two students from India each year. We certainly are one of the smaller international exchange programs. I think that these same arguments would be reiterated by the IIE.

Other countries where there are large accumulations of local currencies included Pakistan and Indonesia. In neither case was there any withdrawal for educational purposes during the year 1958. These are also important areas for student exchanges. It is hard to believe that no use has been made of these funds because there was no need.

The authorization to use these idle funds for educational as well as for other purposes important to our foreign policy will have effects not only in the countries where such funds are accumulated. With the use of local currencies in India to assist in providing for travel arrangements, in providing for adequate interview and selection procedures, U.S. dollars are freed to support programs in other parts of the world, to expand the total program and to move into new areas.

SENDING AMERICAN STUDENTS ABROAD USEFUL IN INTERNATIONAL  
RELATIONS

In addition to programs such as that which I have described to bring foreign students to the United States, there is also the consideration of sending serious American students abroad. I think this is certainly equally as important to us as our own foreign student leadership project, in terms of maintaining contact with the important student organizations throughout the world, that we have been able to place in the emergent countries a very few oversea representatives. These people are people who have been past officers of our own organization or who have been trained in our own international organization in a seminar which runs for 9 weeks during the summer at Harvard.

The presence of such a representative in Japan for the last 3 years, a person fully informed on the policies of our organization, and very much aware of the current issues in the international student movement, has been invaluable in offering on-the-spot refutation to left-wing charges and activities in the Japanese student circles, and has had a certain influence and responsibility for some of the activities of these returned graduates in starting alternative organizations, as I mentioned before.

We have also been able to place representatives in Rangoon, in New Delhi, and in Paris, and they also have been able to avert many problems because they had been fully trained to represent our own student community.

This is just one example, but I think it is an example again at the grassroots level of what we are talking about in the use of these funds.

Being able to send such students abroad to study, especially in Asian, African, or Latin American areas, is an invaluable addition to the diplomatic resources of the United States as a nation abroad. I think this fact is made all the more clear when you consider that of the 13,000 U.S. students who studied abroad last year, only 6 studied in Africa and only 36 in Latin America.

Currencies which could be used to support studies in these areas would make it possible to greatly expand programs to send qualified American students to the underdeveloped areas abroad.

Senator HUMPHREY. Also, may I add, Mr. Johnson, the funds are available to establish chairs in American studies——

Mr. JOHNSON. I mention this.

Senator HUMPHREY. At universities and colleges in these areas, such as Africa, Central and South America, and so on.

## WORLD REFUGEE PROGRAM AIDED BY S. 1711

Mr. JOHNSON. I would like to add just one more comment regarding the role this legislation can play, I think, in boosting our own program in the World Refugee Year.

Section 104(x) of S. 1711, which is a new section, would provide for "financing relief and rehabilitation projects undertaken following disasters or for assistance to refugees."

This provision seems to be somewhat of an afterthought, but it is a very important one. The World Refugee Year should certainly serve as one of the most effective opportunities yet to demonstrate the



objectives of the free world. Every single refugee is a symbol in himself for the conscience of mankind. Almost all of the 15 million of them have been produced by conditions and forces diametrically opposed to the philosophy and ideals of the United States.

One area of activity which S. 1711 could provide for in refugee work, but which unfortunately has been overlooked, is again in the field of education. You consider that nearly one-half of the Palestinian refugees are under the age of 15 years, certainly schools are one of their most important needs.

Five hundred students at the university level flee Communist China into Hong Kong each year. These students are among the most sensitive sufferers of Communist control because they have been subjected to the full treatment of indoctrination. And they have rejected not only the tangible hardships of the regime, but also the theory which underlies it.

It is extremely important, it seems to me, that ways be found for them to continue their desperate search for truth. Refugee colleges have already been established, many with funds from groups in the United States, but it seems clear that much more assistance is needed here.

#### UNITED STATES HAS IMPORTANT STAKE IN FURTHERING INTERNATIONAL EDUCATION

I would hope that these statements, which highlights just one small program, would be indicative of the important stake that this country has an international education and educational development throughout the world, and that it is certainly the belief of my organization that S. 1711 could be a significant means in furthering this interest of our country.

Senator HUMPHREY. Mr. Johnson, I want to congratulate you, as the vice president of the NSA in charge of International Affairs, on your statement and on your obvious fine background.

Do you speak Spanish?

Mr. JOHNSON. I have just begun to study it. Not well.

Senator HUMPHREY. You seem to speak it quite well, at least you seemed to when you read the Spanish word. And it is gratifying to me that a representative of the National Student Association would take the time to come here to testify.

I think this is a mighty good sign. I suggest you testify at more hearings. There are many really important things that the Congress ought to hear from young students. As you pointed out, the student body and student movement in the United States has regrettably not demonstrated the same vitality, vigor, and purpose as it has in some other countries. There are many reasons for this. We happen to have a little better life here.

But the kind of profound and mature evaluation which you and your associates can give to these problems is needed and welcomed, and I want to thank you again very much.

Mr. JOHNSON. Thank you very much.

## U.S. STUDENTS INFLUENTIAL IN FOREIGN POLICY

May I add that I think, not to do ourselves an injustice here, I think there have been many fine examples of well-directed programs in leadership in the U.S. student community.

One thing which perhaps is lacking here which is not elsewhere is the prestige, perhaps, that a student will have in terms of molding public sentiment on broader issues. This does not indicate, I think, a lack of interest or concern with these broader issues, nor does it indicate any lack of ability to deal with them effectively in our own circles, and I think the foresight which this piece of legislation has in providing for assistance through funds such as those accumulated under and through the sale of surplus commodities only gives a hint of the many groups that exist in our own society, again private, voluntary organizations of a diverse nature, projecting our ideals abroad and in being able to maintain contact in many cases with the very heart of our difficulties.

I think the examples I gave of the student unrest in Latin America—and I think Latin America is certainly the frontier of Communist activity at the youth and student level, at least this last year—I think that holds tremendous messages for us, and I think that all contacts we have with these areas and with these groups are important and ought to be nurtured and ought to be recognized in the public policy, and I think certainly this bill does just that.

Senator HUMPHREY. Thank you very much.

(Mr. Johnson's prepared statement follows:)

STATEMENT OF WILLARD R. JOHNSON, VICE PRESIDENT, INTERNATIONAL AFFAIRS,  
U.S. NATIONAL STUDENT ASSOCIATION

I am very pleased to have the opportunity to address the committee on behalf of the U.S. National Student Association. The National Student Association is a confederation of student bodies at 400 American colleges and universities represented through their democratically elected student governments.

INTEREST OF USNSA IN S. 1711

I wish to make known to the committee the interest of the U.S. National Student Association in the passage of Senate bill 1711 popularly entitled the "Food for peace bill." Compared to the many provisions that the food for peace bill contains, the interests of my organization are fairly specific. We are particularly interested in furthering the development of international education, and furthering the opportunities for meaningful exchange of persons programs, particularly with the underdeveloped and emergent countries of Africa, Asia, and Latin America. The USNSA devotes a large share of its time and resources to furthering international awareness and in maintaining direct contact, cooperation, and exchange with student communities in these underdeveloped areas. We are thus very directly involved in functions which are furthered by the food for peace bill.

I am certainly aware that Senate bill 1711 and Public Law 480 which it modifies are primarily concerned with the disposal of surplus agricultural commodities and have been considered by some to be basically agricultural measures. My organization may be somewhat incompetent to discuss many of the details of approach and administration concerning some of the general provisions of S. 1711 in fields of agricultural policy, economic development, or commerce. We do not intend to argue that bills such as Public Law 480 and S. 1711 should not be motivated by certain desires to "increase consumption of U.S. agricultural commodities in foreign countries," as the Public Law 480 states. We do hope, however, that the experiences and interest of private, volunteer organizations such as the the USNSA will adequately demonstrate the need to go beyond such considerations in our public laws in order to take full advantage of our capacities for



achieving international understanding and for furthering the ideals which underlie our national aspirations and our international policies.

#### HUMANITARIAN BENEFITS UNDER PROPOSED LEGISLATION

Many of the provisions of S. 1711, indeed as do provisions of Public Law 480 itself, offer effective opportunities to contribute, in a direct and tangible way, to human development, to relief from hunger, to welfare benefits, medical protection, and to the expansion and improvement of educational opportunities. These are gains which are embodied in the philosophy and aspirations of our Nation and are among the end products which our international mission envisions for all people. These are the considerations which I hope to dwell upon in this presentation, certainly not in opposition to the economic and agricultural objectives, but in supplement to them.

#### IMPACT OF UNIVERSITY IN AFRICA, ASIA, LATIN AMERICA

Consider for a moment the impact of a single institution in the countries which represent the frontiers of our international mission (the countries of Africa, Asia, and Latin America); the institution I want to single out is the university. The university is inextricably linked to the future of the emergent areas of the world. Whatever problems which face these nations or threaten on the horizon will have to be foreseen and tackled in the university if they are to be solved effectively. The very concept of university embodies, more than any other single institution I can think of, the ideals of human progress, intellectual sincerity, political freedom, and personal liberty—the very ideals which are found in the basis of our national philosophy.

#### NECESSARY FOR UNITED STATES TO MAINTAIN CLOSE CONTACTS WITH FOREIGN UNIVERSITIES

The stake which we as a nation have in the mission of the university is clear. The necessity, and the advantage, of identifying our international policies with the work of this institution in as dramatic and effective way as possible ought to be equally as clear.

Several successes along these lines can easily be cited. The Fulbright program is perhaps the best known educational exchange program in the world, with 43,000 exchangees already returned to their countries. Public Laws 584 and 480 have made bold beginnings. And yet there exists no forthright statement of principle embodied in the official policies of the United States which underscores the role of education and which indicates the desire of the U.S. Government to further educational opportunities and strengthen the educational systems particularly in the emergent countries through all appropriate means. Even Public Law 480, or S. 1711 which attempts to improve the former, lacks such forthright statements. One needed improvement to the food-for-peace bill would be such a statement, perhaps embodying some of the language of the House Resolution 193 introduced by Representative Byron Johnson.

#### PROVISIONS IN S. 1711 TO PROMOTE INTERNATIONAL EDUCATION ACTIVITIES

Some of the measures of S. 1711 which do further international education include—

(Sec. 103b) an increase in the limit on appropriations possible under the act from \$1.5 billion annually to \$2 billion annually;

(Sec. 104h) the elimination of the previous requirement of a special appropriation by Congress to authorize expenditures for educational exchange program, and the authorization of grants to U.S. nonprofit organizations and institutions for carrying out such exchange of persons projects between the United States and other countries;

(Sec. 104k) the elimination of special appropriations for projects to “promote and support programs of medical and scientific research, cultural and *educational development*, health, nutrition, and sanitation” (*italics mine*);

(Sec. 104p) the authorization of support for workshops in American studies or American educational techniques, or for support of chairs in American studies; and

(Sec. 601a) which provides for the establishment of nonprofit binational foundations to foster and promote research, education, health, and public welfare.

#### EXPERIENCES OF USNSA AND POWERFUL FOREIGN STUDENT MOVEMENTS

To demonstrate how important these provisions can be in furthering the general national interest of the United States abroad through educational activity, I would like to consider the experience of my own organization. I am sure that our experiences can be duplicated in related fields by many other private, voluntary organizations.

As the official national union of students in the United States, the USNSA is the primary link or contact of the U.S. student community with the organized student community in almost every other country. The student community in the United States is not a powerful force in national, social, and political issues, nor is that community particularly vocal. Such is not the case in many other countries, however.

The movement which overthrew Peron in Argentina in 1956 was strongly based on the student community, and the Argentine national union of students, the Federacion Universitaria Argentina, was their spearhead. Dr. Fidel Castro was a vice president of the student federation in Cuba and it was with the national student union that the Cuban revolution was launched. One of the national heroes of that revolution was martyred Jose Antonio Echeverria, the president of the Federacion Estudiantil Universitaria, who launched the final stage of that revolution with Castro in 1956. The leading antidictatorship sentiment in Latin America today exists in the ranks and leadership of the student organizations, as student activity on the Nicaraguan and Dominican Republic issues clearly indicates.

In Japan the most persistent activity against foreign military bases, the nuclear policies of the United States and Great Britain, and the presence of the United States in the Ryukyus, comes from the student federations. In the fall of last year nine leaders of the Zengakuren, the largest of the Japanese student federations, were suspended from the Japanese Communist Party for being antiparty, extreme leftist, opportunistic and schismatic. This spring seven more were suspended for similar reasons. The student federation is one of the most powerful forces in opposition to the Kishi Government.

#### COMMUNIST AND ANTI-AMERICAN SENTIMENTS IN STUDENT GROUPS

These examples carry with them two messages: One is that the organized student communities in many parts of the world have a certain amount of power and influence on questions of national and international scope, and second, that many of these groups are actively fighting conditions and regimes in some cases with which the policies of the U.S. Government have on occasion been identified. Much of the anti-U.S. sentiment which these student groups express is the natural consequence of the psychological position of the intelligentsia in an underdeveloped country, and indeed, some of it can be attributed to mistakes on our part. Such considerations figured highly in motivating what were intended to be pacific demonstrations during the visit of our Vice President, Mr. Nixon, to Latin America last year. However, in several cases these sentiments are being deliberately nurtured and fostered by Communist interest. The results were clear in the case of Vice President Nixon's visit.

This situation posed several problems for us. It should become increasingly clear that we cannot brush aside these demonstrations of student dissatisfaction and alienation from the United States, for they are not only reflective of similar unrest in the general citizenry of these countries, but they also play an extremely effective role in molding public opinion as well. Ways must be found to maintain channels of contact with these communities. There is little excuse for us to allow the psychological difficulties of students who face the problems of emerging nations to become so negative and destructive a factor in influencing national trends (and thus, international ones as well) in these countries. The ignorance these students have of the sentiments and motivations of the American people—which nurtures such bitter and sometimes hateful reactions—can be overcome.



## STUDENT EXCHANGE PROGRAMS BENEFICIAL TO UNITED STATES

One way such sentiments can be overcome is through exchange of persons, particularly through well thought out programs which provide enough time for personal contact and which do not gloss over the deficiencies of our society (which may be the symbols of their ignorance). The program of the international education and exchange service program of bringing to this country groups of student leaders from Latin America for traveling seminars is a good example of one such program. The USNSA has handled the programs for several of these groups. Such experiments should be expanded, and could be through the provisions of S. 1711.

Another example of an effective attack upon this problem is the foreign student leadership project of the USNSA. This program brings to the United States from 15 to 18 student leaders each year. The participants are usually among the young and most talented leadership of the various national unions of students. By and large they come with minds still open enough to grow by their experience in the United States. These students are chosen on a basis of being a present leader in the student movement of their countries coupled with academic performance. The exchange must have at least a year of study to complete upon return to his country during which time he can make use of his experiences abroad.

Returned graduates of the foreign student leadership project have often been able to carry into the leadership of their student federation a clearer appraisal of the real interest or motivation of the United States. They have been able in several cases to counteract the unfounded extremist charges of leftwing elements trying to manipulate the student organizations. In some cases they have been instrumental in creating alternatives to the student organizations already controlled by Communist interest. In Japan, as an example, a recent issue of the Student Information Federation of Japan carried an announcement of the formation of a new student federation to compete with the Communist-dominated Zangakuren. Many of the returned exchangees have argued and worked for more responsible student organizations.

Such a program is one of the best feet the United States has to put forward. The experiment in international living is another program which is able to provide similarly close contact between the foreign student and American students. There are obviously many other exchange programs of varying natures and merits which constitute an extremely important means of furthering international understanding and particularly of furthering an understanding of people and policies of the United States.

## PROVISIONS OF S. 1711 WHICH WILL FACILITATE EDUCATIONAL PROGRAMS

S. 1711 contains several provisions which will assist programs of this sort. The removal of special congressional appropriations in order to authorize the use of accumulated foreign currencies will facilitate the development and expansion of programs such as the one described, which are comparatively small and would therefore, have difficulty in receiving a special congressional appropriation. Another difficulty with the present provisions is that in our case requests for the use of these funds have to be channeled through the Department of State. This reduces the impact of such a program by imputing to it propaganda or cold war consideration. At least the project becomes open to such charges by the leftwing elements in the foreign student organizations. S. 1711 allows for the creating of separate coordinating machinery. S. 1711 also provides for direct grants to the U.S. nonprofit organizations and institutions for exchange of persons projects if they can provide the dollar funds which the Secretary of State deemed necessary to carry the project to a successful conclusion. If other administrative considerations were to allow it, there would be a distinct advantage in granting such authority to the Peace Food Administrator instead of the Secretary of State, provided for in title VII of the bill. If separate machinery is to be established, and lack of coordination is presently singled out as a deficiency in the existing legislation, then it ought to be used. Given the psychological advantage we have in the work of private voluntary organizations, it seems self-defeating to jeopardize the impact of these organizations by involving the Department of State so directly.

## LOCAL CURRENCIES NOT BEING WIDELY UTILIZED

The need for an increased emphasis on education in Public Law 480 is clearly indicated by the pattern of withdrawals. Less than 1.3 percent of the total withdrawals for all purposes have been spent on education, according to the Institute for International Education. No withdrawals were made at all from currencies accumulated through the sale of surplus agricultural commodities in India during the year of 1958, and India has one of the largest accumulations of such currencies. During 1959 what withdrawals were made included no funds for education. And yet India is one of the most important areas of international educational exchange. Our own project has attempted to bring at least one and usually two students from India each year. Other countries where there are large accumulations of local currencies included Pakistan and Indonesia. In neither case was there any withdrawal for educational purposes during the year 1958. These are also important areas for student exchanges. It is hard to believe that no use has been made of these funds because there was no need.

The authorization to use these idle funds for educational as well as for other purposes important to our foreign policy will have effects not only in the countries where such funds are accumulated. With the use of local currencies in India to assist in providing for travel arrangements, in providing for adequate interview and selection procedures, U.S. dollars are freed to support programs in other parts of the world, to expand the total program and to move into new areas.

## AMERICAN STUDENT REPRESENTATIVES OVERSEAS

Local currencies can also be effectively used to support programs which send astute and serious American students abroad. Equally as important as the foreign student leadership project, in terms of maintaining contact with the important student organizations throughout the world, have been the few "over-sea representatives" USNSA has been able to assist in studying abroad. The presence of such a representative, in Japan for the last 3 years, a person fully informed on the policies of our organization, and very much aware of the current issues in the international student movement, has been invaluable in offering on the spot refutation to leftwing charges and activities in the Japanese student circles. Representatives in Rangoon, New Delhi and Paris have averted many problems because they had been fully trained to represent our own student community.

All of these representatives have been students who have either been previous full-time officers of the USNSA or who have worked close to its program for several years. They have also been put through a 9-week seminar run by our association on the international student movement. Quite a number of these seminar graduates will be going to the Vienna Festival, fully prepared to counteract the objectives of the Communist sponsors of the festival, the International Union of Students and the World Federation of Democratic Youth. Being able to send such students abroad to study, especially in Asian, African or Latin American areas is an invaluable addition to diplomatic resources of the United States abroad. Currencies accrued under Public Law 480 as it would be modified by S. 1711 would make it possible to expand such programs.

Being able to send such students abroad to study, especially in Asian, African, or Latin American areas is an invaluable addition to the diplomatic resources of the United States abroad. This fact is made all the more clear when you consider that of the 13,000 U.S. students who studied abroad last year, only 6 studied in Africa and only 36 in Latin America. Currencies which could be used to support studies in these areas would make it possible to greatly expand programs to send qualified American students to the underdeveloped areas abroad. Of course, the value of legislation along these lines would lie in authorizing the direct use of the foreign currency rather than demanding payment for these in dollars. The provisions of S. 1711 are unclear on this point.

## S. 1711 POTENTIALLY HELPFUL TO WORLD REFUGEE YEAR PROGRAM

May I add one word about the potential of S. 1711 in boosting our program for the World Refugee Year. Section 104(x) of Public Law 480 would be amended by S. 1711 to provide for "financing relief and rehabilitation projects undertaken following disasters or for assistance to refugees." This provision seems to be



almost an afterthought. It is an awfully important one however. The World Refugee Year should be one of the most effective opportunities yet to demonstrate the objectives of the free world. Every single refugee is a symbol in himself for the conscience of mankind. Almost all of the 15 million of them have been produced by conditions and forces diametrically opposed to the philosophy and ideals of the United States.

The program which has been submitted to Congress for the U.S. participation in World Refugee Year is a bare minimum indeed compared to the gravity of the situation. A \$4 million special congressional appropriation has been requested. Several times that amount could be provided through Public Law 480 alone. Administrative proposals do include some stepup in distribution of surplus food distribution under Public Law 480. However, this program does not make use of the accumulated currencies for health, welfare, and related purposes.

One area of activity which S. 1711 could provide for in refugee work, but which has been overlooked is again in the field of education. Nearly one-half of the Palestinian refugees are under the age of 15 years. Schools are one of their most important needs. Five hundred students at the university level flee Communist China into Hong Kong each year. These students are among the most sensitive sufferers of Communist control because they have been subjected to the full treatment of indoctrination. And they have rejected not only the tangible hardships of the regime but also the theory which underlies it. It is extremely important that ways be found for them to continue their desperate search for truth. Refugee colleges have already been established, many with funds from groups in the United States. More, much more, assistance is needed.

I hope that these statements have adequately indicated the important stake our country has in educational development throughout the world. It is our belief that S. 1711 could be a significant means of furthering that interest.

Senator HUMPHREY. Mr. Wilson.

#### STATEMENT OF E. RAYMOND WILSON, EXECUTIVE SECRETARY, FRIENDS COMMITTEE ON NATIONAL LEGISLATION

Senator HUMPHREY. Mr. Wilson, the previous witness made some comment with reference to refugees. I want you and your associates to know that the mutual security bill has a provision authorizing \$10 million for the World Refugee Year.

Mr. WILSON. Thank you. That is very good news.

My name is E. Raymond Wilson, and I am speaking this morning for the Friends Committee on National Legislation.

With your permission, Mr. Chairman, I would like to speak very informally.

Senator HUMPHREY. Would you mind filing your statement then, to be included at the end of our discussion?

Mr. WILSON. I will file my statement.

Senator HUMPHREY. Thank you. You may proceed.

Mr. WILSON. We are here this morning to commend very heartily the major purposes of this bill, and you and your cosponsors for taking the initiative in offering this bill for consideration by the Congress.

What I would like to do, Mr. Chairman, is to concentrate mainly on the ways in which I believe this measure could be strengthened.

Senator HUMPHREY. Yes, sir. That will be very helpful.

#### NEED FOR INTERNATIONAL AGENCY FOR PRODUCTION AND DISTRIBUTION OF FOOD

Mr. WILSON. In the first place, developing more adequate international machinery. We do not have yet in the Food and Agricul-

ture Organization of the United Nations the fully developed machinery to plan on an international basis the production and distribution of food. In 1946, the United States took considerable initiative in turning down the World Food Board, and then in 1949 the International Commodity Credit Clearing House. So that while this bill does provide in many of its sections for encouraging work through the United Nations, I do think that we should work more actively for more adequate international machinery.

Senator HUMPHREY. What was that?

Mr. WILSON. The International Commodity Clearing House.

Senator HUMPHREY. In what year was that?

Mr. WILSON. 1949. That was a proposal to do internationally substantially what we do under title I unilaterally.

Senator HUMPHREY. Yes.

Mr. WILSON. I think it is a misfortune that we do not have international machinery to work on this problem of distribution of surplus rather than just to do it unilaterally by ourselves.

I would also suggest that we should put more emphasis on economic development. You pointed out very well in your testimony yesterday morning that the Food for Peace Act is no substitute for dollar capital investment which needs to go along with this kind of a program.

#### GRANTS OR LOANS?

To the degree that food can be used to stimulate construction or economic development, well and good. But I think we have to recognize its limitations in this field of economic development. So my third question is: Should we not put more emphasis on grants rather than loans? My apprehension over an excessive emphasis on loans goes back to the unhappy experience we had in 1930 and 1931 with inter-allied debts; we could not forgive them quick enough to get either economic benefit or political capital from them.

So it would seem to me as a layman that a good case could be made for putting more of our funds into grants in this field of food.

Senator HUMPHREY. Particularly in these non-self-liquidating projects.

Mr. WILSON. We should give more grants for health, sanitation, and educational activities which do not bring immediate economic return. It is unwise to load these countries with long-term obligations until they have developed an adequate economic base.

Senator HUMPHREY. I believe there is a growing realization of this in the responsible offices handling the program.

As you know, the other day it was indicated that some \$65 million has already been allocated. That is not enough, but it is a start. It was \$65 million, under the terms of our conference report on S. 3420 last year, for these non-self-liquidating projects.

Mr. WILSON. I have indicated in this statement that we have given away \$23.5 billion in grants of military aid. Under Public Law 480 we have entered into sales agreements totaling \$3.7 billion. But up until June 30, we had agreed to use only \$233 million of this amount for grants for multilateral trade and economic development. That is a very tiny amount, you see, about 7 percent. I think that proportion might be considerably increased.



## IMPORTANCE OF EXCHANGE OF PERSONS

I am happy to follow Mr. Willard Johnson and to try to reinforce his statement about the importance of exchange of persons. Here again, in 5 years, Mr. Chairman, only \$29 million out of \$3.7 billion has been allocated for this matter of exchange of persons.

Let me make that concrete. In 1957, I spend 12 days visiting agricultural developments in northern Japan, which is comparable to northern Minnesota in climate.

Senator HUMPHREY. A very beautiful place.

Mr. WILSON. Yes, sir. They are having to shift from the production of open field crops to dairies.

Now, suppose we could bring over several dozen young Japanese farmers to live in the fine dairy homes of Minnesota and Wisconsin for a year, and then go back to those areas to help make that shift. It would be one of the finest contributions we could make to the development of Japan, and it would be a splendid way of using our own agricultural know-how.

Here is another illustration. I had a letter a few days ago from an Indian friend of mine who has been awarded a State Department fellowship to come over here for 4 months, to study American agriculture.

His wife is a member of one of the leading families of India. He wanted to bring her along. And yet, because of lack of dollar funds, she probably will not be able to come. He is to be here this week.

Now, in spite of the question of currency exchange, that kind of a potential leader among the women of India ought not to be denied the chance of visiting our farms, our farm organizations, our farm co-operatives, and so on, for 4 months, when we have piled up all these currencies.

Senator HUMPHREY. Plus the fact there is transferability in mutual security funds, and there are contingency funds, special assistance funds, regional funds. There are all types of funds.

I must say, Ray, that I am of the opinion that sometimes it is the lack of will rather than the lack of dollars. Any time anybody around here really wants to do something, he finds ways of doing it.

We found ways to pay for the problem in Lebanon and Formosa, and we found ways to pay for the parolees in the McCarran Immigration Act. We found an escape hatch. When you get some "can do" people instead of those "can't doers," you will get a lot of this done.

Mr. WILSON. Correct.

Senator HUMPHREY. Even under limitations of law.

## SUBSIDIZATION OF NUTRITION FOODS

Mr. WILSON. My next suggestion is, if we are going to continue to subsidize American agriculture—and here I agree with Mr. Soth and Mr. Nathan that we probably will for a considerable period of time—why not consciously subsidize those foods which are needed for nutrition?

For example, in most of Asia they are very short of dried milk, and protein supplements, fats and oils. Therefore, let us try to make available to these countries not just wheat and corn and rice, but the

kinds of food which will supplement what they can grow themselves and which we can produce much easier than they can. Let us have more of a division of labor and let us pinpoint this food for peace on the things that are needed.

Senator HUMPHREY. Let me go back to Mr. Hoge, who testified about the flexibility of American agriculture to make these production adjustments.

Mr. WILSON. Yes.

Senator HUMPHREY. If you really had a food-for-peace program which was an integral part of your foreign policy and of your overall governmental policy, particularly foreign economic policy, you would not rely upon the accidents of surpluses to serve the needs. You would rely upon programmed plantings and production.

Mr. WILSON. And you can only do that if you have 5 or 10 years' authorization.

Senator HUMPHREY. That is right.

Mr. WILSON. And we gear our domestic programs to our foreign opportunities.

Senator HUMPHREY. What is wrong in all of this so far is not so much the way it is currently administered, but the philosophy or the thinking around it. The Department people and the Government today think in terms only of surplus disposal, rather than thinking in terms of agricultural production as being a fundamental, integral part of the total foreign economic policy of the U.S. Government, and using it to its best advantage, rather than using what you just happen to have around.

It would be like taking military assistance as an example, a situation where we just happened to be long on bazookas, so we just started shipping bazookas, whether anybody had any real need for them or not. Or, if we happened to be long on Sherman tanks, we would send countries Sherman tanks even though they needed ships.

If you reasoned the military assistance program the way you run the food program, there would be courts-martial for the generals and admirals. They would say, "This has got to go. These people are saboteurs."

In military assistance we get all the blueprints out and we get all the brainpower we can muster, and we say, "Now, we are going to give them the latest airplanes, the finest of tanks." And if they happen to need in Brazil certain kinds of equipment, we do not send to Brazil the same kind of equipment that we may send over to Ethiopia.

I do not think either one of them needs very much equipment, but we are apparently going to send some to both.

Mr. WILSON. That has been illustrated in Okinawa, where we have sent corn, for example, which they are not used to using, and which has been difficult to work into their diet. If we could have supplied them with rice and dried milk in greater quantities, that would have been a much greater help to them.

Senator HUMPHREY. There are a couple of people interested here in hearing you say dried milk, for you could have said peanuts to some places, peanut oil, soybean oil, cottonseed oil, lard. There are fat deficiencies, vegetable oil deficiencies. There are surely all kinds of dairy product deficiencies.

I think one of the real tragedies of today in the farm program is that we have cut back enough on production at the expense of a tre-



mendous number of people so that we can say we do not have to worry too much now about butter.

I do not think it is any great achievement to prove that you have been able to get rid of enough cattle and farmers so that you do not have to worry about the problem of butter.

Mr. WILSON. We had testimony a moment ago from the Soybean Council. Now the soybean has oftentimes been called the cow of Asia, and there again it makes an excellent supplement to cereal diet.

#### FOOD SHIPMENT TO IRON CURTAIN COUNTRIES

Our next suggestion is to remove the prohibition on shipments of food to countries behind the Iron Curtain.

Although we are in ideological and political struggle, food ought not to be used as an ulterior political weapon. I think we ought to be ready to sell or to give food to Communist countries or to Communist-dominated countries when there is need.

In fact, I would like to urge the Foreign Relations Committee to keep a watchful eye on the current situation in Communist China where they are having a serious flood, and to see whether we could not respond with a very generous offer of some of our surplus foods to the people of Communist China, if it is needed.

Senator HUMPHREY. I was going to ask the State Department witness about that. I shall direct a question in writing to the State Department. I would like to get their views on it. They always like to have us discuss these things first, you know, so I will wait to see what they think. I want official leadership.

Mr. WILSON. I urged similar shipments some years ago, when Life magazine proposed that we send food to the Chinese people to help them meet the disastrous effects of one of the most serious floods in their history. I knew people in the Pentagon who were very anxious that that should be done, because they had served in China and knew the Chinese people and the need. But that proposition, which Life magazine and others made, never got, so far as I have been able to find out, to the President's desk. Yet that was a chance, when we had billions of dollars in food, and people in Communist China were starving, of at least having made an honest and earnest gesture of helping them.

My last suggestion would be to channel more food through U.N. agencies. The U.N. is not an operating agency, but, as you were suggesting a moment ago, the Special Fund under Mr. Hoffman might very well be able to use food for economic development.

In two places in Public Law 480, there is the provision that food should be made available to intergovernmental organizations. I would like to appeal to your committee to ask the Department of Agriculture and the Department of State why more food has not been made available to the Children's Fund, to the program for refugees in the Middle East, and to the program for refugees in Korea. It seems to me that all of those programs have been very restricted, and that there is authority here—some of us worked on the inclusion of that authority in Public Law 480 some years ago, and we feel that it has not been used to the extent it might.

Senator HUMPHREY. We will extract this portion of your testimony and send it down to the Department and ask for an immediate reply, and we will try to find out what has been the holdup on this type of program.

(The following information was subsequently received from the State Department:)

DEPARTMENT OF STATE,  
Washington, August 7, 1959.

Hon. HUBERT H. HUMPHREY,  
U.S. Senate.

DEAR SENATOR HUMPHREY: Your letter of July 22, 1959 raised the question as to why more surplus foods have not been made available to United Nations programs i.e., the United Nations Children's Fund, the program for refugees in the Middle East and the program for refugees in Korea.

Under the terms of Public Law 480, surplus agricultural products can be donated only if they do not supplant normal food purchases. Nonfat dry milk is used by both UNICEF and UNRWA as a food supplement, and substantial quantities of milk have been given to both agencies to meet their requests.

Palestine refugees also receive supplementary title III food assistance from American voluntary agencies operating in the area.

UNRWA, which administers the relief program for Palestine refugees, does use substantial quantities of agricultural commodities, particularly flour. However, there are several problems in connection with the possibility of making our contribution to UNRWA through direct provision of agricultural commodities. In order to provide maximum flexibility to UNRWA, which operates through contributions from some 36 countries, we have urged, not only for ourselves but for other countries, that contributions be made in cash rather than in kind. If the United States as the major contributor made its contributions by way of commodities, UNRWA's administrative problems might be very serious. Furthermore we are limited to 70 percent of total contributions in our support of UNRWA. The costs of food stuffs for which we would have to credit UNRWA would probably result in a reduction of our real contribution. However, in recognition of the problem of surplus agricultural commodities in the United States, UNRWA consistently purchases 50 percent of its flour requirement in the United States. There would therefore be no particular advantage to providing a portion of our contribution through direct supply of agricultural commodities.

There is no special U.N. refugee program in Korea at present but the many American voluntary agencies distributing title III surplus food commodities undoubtedly assist refugees from North Korea.

There are no other U.N. agencies aside from UNICEF and UNRWA which distribute U.S. surplus food under Public Law 480, at present. While these agencies have only requested milk in the past, I can assure you that the Department will give consideration to any requests for other surplus agricultural commodities which may be received from U.N. agencies in keeping with U.S. financial obligations to the United Nations.

I hope the above information will be of assistance to you.

Sincerely yours,

WILLIAM B. MACOMBER, Jr.,  
Assistant Secretary.

#### RECOMMENDATIONS OF FRIENDS COMMITTEE

Mr. WILSON. I should like to conclude my testimony, Mr. Chairman, with six specific suggestions for consideration.

The first would be to add "literacy" to your splendid series of things to which this currency might be applied or used. This is of particular importance since about half of the people cannot read.

Senator HUMPHREY. Educational development was to cover that. But I think the word "literacy" would be much more pertinent and meaningful.



Mr. WILSON. Thank you.

Senator HUMPHREY. I agree with that.

Mr. WILSON. No. 2 would be to consider whether title II should be made permanent legislation since we ought to be ready to respond to any major disaster through action by the President. It seems to me that this is a noncontroversial program that we might make permanent, just as title III is permanent.

The third is in line with my recommendation a moment ago of deleting (a) and (b) from section 304, which restricts trade in food with the Soviet Union and countries dominated by them.

The fourth would be to consider adding the Wolf bill, H.R. 6681 to this legislation as title VII.

Senator HUMPHREY. What is that?

Mr. WILSON. H.R. 6681 would give to the United Nations over a 10-year period up to \$250 million a year in surplus foods for use in economic development.

Senator HUMPHREY. Do you mean that amount would be in the soft currencies?

Mr. WILSON. No. It would be a grant to the United Nations that they could use.

Say, for example, the U.N. was going to help sponsor some kind of construction project, maybe the people working on that project could be paid in food. This would not be relief food. This would be economic aid food, and would strengthen what we are doing through U.N. agencies in the field of economic aid and development.

Fifth would be—and I think you referred to this a moment ago—that not only should we work toward setting up international food reserves, but that some of the receipts from this movement of agricultural goods might be used for storage facilities.

Senator HUMPHREY. Yes.

Mr. WILSON. Depots, and warehouses, and storage facilities for food.

Senator HUMPHREY. Do we not provide that?

Mr. WILSON. It is not specifically spelled out, and I think spelling it out would strengthen the bill.

Senator HUMPHREY. Are you referring to our national food reserves?

Mr. WILSON. Yes. But I mean the storage depots for the food.

Senator HUMPHREY. Yes. I am sure it is provided.

Mr. WILSON. It may be by implication.

Senator HUMPHREY. If it is not provided with sufficient explicitness, we would surely want to make it more explicit.

Mr. WILSON. I am sure you had it in mind. In fact, I think Mr. Bowles may be testifying more specifically to that this afternoon, so I will not labor that point.

No. 6—and this was the suggestion made yesterday by the Institute of International Education—that in the provision for aiding education, the reference to stricken out “in such amounts as may be specified from time to time in appropriate acts,” be stricken so that specific appropriations will not be required for educational purposes.

That is stricken out in instances, but in one case it is not.

Senator HUMPHREY. Those are very objective suggestions, and most helpful. I want at this time to remind the staff to keep very close

tabs on these constructive proposals to amend the bill which have been suggested by the testimony of witnesses. Otherwise, we will lose track of some of these. You have been very, very helpful.

Mr. WILSON. Thank you very much, Mr. Chairman.

Senator HUMPHREY. Thank you, Mr. Wilson.

(Mr. Wilson's prepared statement follows:)

STATEMENT OF E. RAYMOND WILSON, FRIENDS COMMITTEE ON NATIONAL LEGISLATION

Mr. Chairman and members of the Foreign Relations Committee, my name is E. Raymond Wilson. I serve as executive secretary of the Friends Committee on National Legislation, for whom I am testifying today.

You will recognize that, with its extremely democratic organization and emphasis on the rights of the individual, no one can speak officially for every member of the Society of Friends (or Quakers) on questions of doctrine nor on the application of their religious faith. But Friends throughout our history have been concerned about building the necessary conditions for a peaceful world and have sought to feed the hungry and clothe the distressed in many war-torn and disadvantaged parts of the world.

SUPPORT OF SOCIETY OF FRIENDS FOR S. 1711

Today I am speaking strongly in favor of the main objectives of S. 1711. I am glad that this legislation is before the Senate Foreign Relations Committee because it has so many possibilities of aiding and strengthening our foreign policy. However, I will concentrate mainly on several suggestions for improvement.

May I first express appreciation to Senator Humphrey and the cosponsors of this bill for outlining the possibilities in the use of our abundance. We commend heartily the major purposes of this bill, including the following provisions:

Expanding the purposes for use of food and fiber as an important means of aiding hungry people around the world and of furthering economic and social development;

Providing for a 5-year extension of Public Law 480 so that shipments can be planned more adequately over a longer time;

Increasing to \$2 billion annually the commodities that may be sold abroad in foreign currencies under title I of Public Law 480;

Increasing funds for government-to-government disaster relief in title II of Public Law 480, with extension of authority for 5 years;

Beginning national food reserves, on a modest scale;

Developing binational foundations for fostering research and for working out programs of development in education, health, and public welfare;

Fixing administrative responsibility for a vigorous program of moving America's agricultural abundance at home and abroad.

SOME GENERAL OBSERVATIONS

As a nation undergirded by religious ideals, we ought to be concerned with the rights and well-being of every person. Our agricultural abundance ought to be viewed as a blessing in a hungry world, to be distributed as intelligently and as wisely as possible.

The goal, I believe, that we as Americans seek is a world where individuals can produce with hand and brain, and exchange their products and services for what they need. But with the disparities of advantage and the barriers to trade that exist, normal trade and exchange need to be supplemented with aid and assistance if many of God's children are going to have even a minimum and tolerable existence. This condition of abundance in a world of poverty and want must be approached with real humility. Is there any of us good enough to hold in his hands the decision whether someone else lives or dies because of our ability as a society to share or withhold God's bounty of food?

For the next few years, barring very unfavorable weather over a period of more than a crop season, all signs point to the prospect of more food and fiber produced by the farmers of America than is likely to be consumed at home or sold abroad for payment in dollars.



Some of the constructive uses that can be made of these surpluses, in a world where more than half the human race is undernourished, include—

Selling as much food as possible in exchange for dollars, and encouraging normal trade.

Exchanging more food and fiber for local currencies. These currencies would be used for economic development, trade development, exchange of persons, and progress on health, education, literacy, communications, and the foundations for a higher civilization.

Generous granting of disaster relief on a government-to-government basis and to international organizations.

Aiding needy people at home and abroad through public and private agencies.

The foregoing objectives are in the proposed bill, S. 1711, or in Public Law 480, which S. 1711 extends and expands.

#### SOME WAYS IN WHICH PROVISIONS OR ADMINISTRATION OF S. 1711 MIGHT BE IMPROVED

In planning ahead for the next 5 years regarding the sharing of our abundance, more efforts should be made—

- (1) To rationalize the disposal program with our reciprocal trade program;
- (2) To develop more adequate international machinery under the U.N. Food and Agriculture Organization;
- (3) To emphasize economic development;
- (4) To provide more grants for economic development;
- (5) To produce foods needed for better nutrition and to relate whatever incentives are given to American agriculture toward better nutrition, conservation, and bringing production and consumption into better balance;
- (6) To increase exchange of persons;
- (7) To use food to bridge the chasm between our people and those behind the so-called Iron Curtain;
- (8) To channel more through the United Nations;
- (9) To recognize that more must be done about the population explosion if the world is to be better fed.

#### DEVELOPING MORE ADEQUATE INTERNATIONAL MACHINERY

I sincerely hope the report from this committee and the legislative history of this bill will show it as the earnest desire of the Congress that the U.S. Government should persevere, in cooperation with other governments, in a search for better ways of overcoming the disparity of too much food in one part of the world and chronic hunger in another. The Food and Agriculture Organization of the United Nations and other U.N. agencies should be utilized to the full. This would mean making full use of the provision in the proposed amendments (p), (q), (r), (s), (t) to section 104.

Let us face frankly the problem that there is as yet no adequate international machinery under the Food and Agriculture Organization of the United Nations for the planning and coordination of the production and distribution of agricultural commodities around the world.

Our Government played a considerable part in the turning down of the proposed World Food Board in 1946 and of the International Commodity Credit Clearinghouse in 1949. Our country is doing bilaterally now, under title I of Public Law 480, very much what was envisaged as an international process under the proposed clearinghouse. This policy has raised serious objections from other wheat-exporting nations, such as Canada and Australia. The difficulty is met in part by international commodity agreements and by discussion in the FAO Committee on Commodity Problems, but is not yet satisfactorily solved.

The United States should make a continued effort to help develop more adequate international institutions for achieving much better distribution of food supplies. This is needed to deal with the complexity of handling agricultural products—in excess supply in some parts of the world but very much needed elsewhere—without disrupting normal trade channels, or without having serious adverse effect on the producers of the importing countries.

## MORE EMPHASIS ON ECONOMIC DEVELOPMENT

While emergency relief to meet temporary needs is a worthy objective in itself, I believe the American people are particularly concerned that the movement of farm products from the United States should contribute as much as possible to the longtime economic health of the countries benefited. By and large, people must be fed by food grown near at hand.

The American taxpayer cannot be expected to supply large amounts of food over a long period of time without payment in goods and services useful to our citizens. This points to the desirability of enhancing the capacity of countries to supply more of their food needs and of expanding industry to raise their standard of living in the respective countries and to provide more products for international trade. While to some degree such a policy would mean more competition for American agriculture and industry, it also would provide more markets. If the United States is to have a steadily expanding economy, the world economy needs to expand, too, and should expand faster in order to narrow rather than widen the disparity between people in our country and those in less developed countries.

The underdeveloped countries desperately need foreign capital to supplement what capital savings they can make themselves. Sending in food, even if paid for in their own currency, does not add to their capital funds, available for purchases outside their country. So shipping food is no substitute for a generous economic aid program such as is proposed in the mutual security program now before Congress.

But insofar as title I funds can be loaned back to these countries for economic development or where food can be used to pay workmen on construction projects, it does contribute to the economic development of the country in question.

According to figures which we secured on July 7 from the Department of Agriculture, sales agreements signed through June 30, 1959, amounted to \$3,703 million. Of that sum, \$1,766 million will be loaned for stimulating multilateral trade and economic development. While this is encouraging and impressive, it is a small sum over a period of 5 years toward the needs of these countries for investment capital.

## GRANTS OR LOANS?

It is encouraging that countries as a rule psychologically and politically prefer loans to grants. There is increasing talk in Congress about ending all grants in the economic field, and restricting our aid only to loans.

May I raise grave doubts about the wisdom of this policy? Where agricultural products can really be used to foster economic growth and where countries are both willing and able to repay the United States, even over a period of 40 years, then loans are well and good.

But where food is poured into a famine or chronic hunger situation in a country with very limited resources, and where it can't be related fully to raising the economic level of the country's industry or agriculture, then it seems to me unwise to burden that country's financial system with loans.

My apprehension goes back in part to the period between the First and Second World Wars when interallied debts plagued the international situation and when the slate should have been wiped clean. But the United States was unable politically to forgive those debts early enough to reap any real political or financial benefit from their elimination.

Since the end of World War II we have supplied about \$23½ billion in grants in military aid. Why not think in at least equivalent terms in food?

What is the record to date under Public Law 480, not counting the donations to disaster relief and donations through voluntary agencies under titles II and III? Out of the \$3.7 billion in sales agreements up until June 30, 1959, the U.S. Government expects to use \$233 million, or less than 7 percent, for grants for multilateral trade and economic development.

## MORE EXCHANGE OF PERSONS

One of the most creative ways of utilizing foreign currencies acquired under this food program is to bring community and national leaders to the United States, and to other countries, for specialized training in their chosen professions. And yet less than \$1 in a thousand has been spent on this method of generating good will and training much needed world leadership. To date only \$29 million out of \$3.7 billion has been earmarked for this purpose.



### THE UNITED STATES SHOULD PRODUCE MORE OF THE FOODS NEEDED TO PROVIDE BETTER NUTRITION

If the U.S. Government is to continue supporting American agriculture—and I am not dealing with those policies of price and other supports, such as the International Wheat Agreement in this testimony—more attention should be given to producing foods needed to improve human nutrition. For example, in much of the Orient, there is a great deficiency of dried milk, dairy products, fats, and oils.

If the American taxpayer is to subsidize the farmer along with the magazine publishers, airlines, railroads, steamship companies, munitions makers, and other sectors of our economy, why not encourage the production of those foods which will contribute most to a well-balanced diet, rather than just wheat, corn, cotton, and tobacco?

### REMOVE THE PROHIBITION ON SHIPMENTS OF FOOD TO COUNTRIES BEHIND THE IRON CURTAIN

The Communists have made a great cry for 50 years of "peace and bread," although they have often failed to supply either. Some of the areas dominated by the Communists are food-deficit areas, or, as in mainland China right now, subject to widespread floods or disasters.

The New Testament injunction was, "If thine enemy hunger, feed him; if he thirst, give him drink." Following that policy might do a lot to change the climate of hostility today.

The President should be encouraged to give food to countries suffering any major disaster without any political strings and without a delay.

Some years ago Life magazine urged a generous shipment of food to the Chinese people on the mainland at a time when a serious flood, I believe it was, had destroyed a large amount of their crops in the Yangtze Valley. But the redtape in the Pentagon and the State Department never got sufficiently unsnarled to get that proposal approved by the President.

In the ideological struggle between the ideas of freedom cherished by the people of the United States and the totalitarian ideas of communism, food ought not to be used as an ulterior political weapon, but insofar as possible as a healing and reconciling force. It would seem that the language of title II and title III does not prohibit the sending of donated food to countries behind the so-called Iron Curtain. In actual practice, however, little, if any, has gone there, with the exception of some aid to Poland and Yugoslavia.

With these considerations in mind, I would suggest the deletion of section 304(a) and 304(b) in Public Law 480 rather than adding the provision in S. 1711 on page 12, lines 6 through 11, which would make such restrictive provisions apply to titles I, III, IV, V, and VI.

### CHANNEL MORE FOOD THROUGH U.N. AGENCIES

Since the language of Public Law 480 plainly gives authorization for making food available to intergovernmental organizations, I have wondered why more food was not provided for UNICEF, which has helped so many tens of millions of children around the world, and to the United Nations Relief and Work Agency for Palestine Refugees with nearly a million refugees to care for in the troubled Middle East, and for the refugees in South Korea.

Congressman Leonard G. Wolf of Iowa has introduced a bill to provide \$250 million worth of food annually for a decade to the United Nations specifically for economic development. The United Nations for the most part (with the exception of the United Nations Emergency Force in the Middle East) has not been an operating agency. While there would be administrative problems to be solved, I do not for a moment think that they are insoluble, given a will to overcome them. Why not make Mr. Wolf's measure title VII in this Food for Peace Act and channel at least that much of our abundance for constructive purposes through the United Nations?

### SPECIFIC RECOMMENDATIONS FOR AMENDMENTS TO S. 1711

1. To the listed objectives on page 8, line 10, add "literacy," thus: "medical and scientific research, cultural and educational development, *literacy*, health, nutrition, and sanitation."

Unless people can read, they are handicapped in understanding instructions for better sanitation, methods for improving their techniques of production, and other ideas for improving their lot.

2. Make title II permanent legislation (as I believe title III is). Title II provides for government-to-government disaster relief. Consideration should be given to broadening the provisions to include areas subject to chronic hunger and malnutrition.

3. Delete (a) and (b) of section 304 from Public Law 480, which restricts trade in food with the Soviet Union, the Communist regime in China, or nations dominated or controlled by them.

4. Consider adding the Wolf bill, H.R. 6681, as title VII to the International Food for Peace Act.

5. At the end of section 501, page 15, line 22, add the following "and for the storage facilities for such reserves."

6. In the first line of section 104(o) of Public Law 480 as amended through September 6, 1958, strike out "in such amounts as may be specified from time to time in appropriate acts."

We will recess until 2:30.

(Whereupon, at 1:10 p.m., the committee recessed, to reconvene at 2:30 p.m., of the same day.)

#### AFTERNOON SESSION

Senator HUMPHREY. We will proceed with the hearing of testimony on S. 1711.

Congressman Bowles has been detained because of a vote in the House. I would like to indicate to you that I should like to have him testify as soon as possible because he will have to go back; so we will, perhaps, interrupt the testimony.

The next witness is Mr. Patrick Healy, assistant secretary of the National Milk Producers Federation. Will you identify your associate?

Mr. HEALY. Yes, sir. This is Mr. Nelson Post. He is associated with our organization.

Senator HUMPHREY. We are very pleased to have you here, representing the National Milk Producers Federation, Mr. Healy. You may proceed.

#### STATEMENT OF PATRICK B. HEALY, ASSISTANT SECRETARY, NATIONAL MILK PRODUCTS FEDERATION

Mr. HEALY. My name is Patrick B. Healy, and I am the assistant secretary of the National Milk Producers Federation, with offices at 1731 I Street in Washington.

Mr. Chairman, in the interest of time, I would like to file my statement, and comment on one or two very pertinent parts of it.

Senator HUMPHREY. Please do.

Mr. HEALY. Today I am here as a representative of the Nation's dairy farmers. My organization is made up of some 800 dairy farmer-owned and controlled cooperatives which have, in turn, membership in excess of half a million dairy-farm families.

These dairy farmers make the policies of our organization and direct the efforts of the National Milk Producers Federation in its work here in Washington.



## EFFECT OF S. 1711 ON MILK INDUSTRY IN THE UNITED STATES

Therefore, today I would like to speak in regard to S. 1711, not so much on its effect upon the international picture, but in respect to the profound effect which it might have upon the production and marketing of milk in this country.

We have had considerable experience with Public Law 480 which this bill would amend, considerable favorable experience. However, we would like to note that Public Law 480 is essentially a surplus removal program, surplus utilization program—a program under which these surpluses which result from America's agricultural effort are used to their best advantage.

As we read S. 1711, it would to a very drastic extent change that basic philosophy. Public Law 480 would become instead of a surplus utilization program a planned utilization of America's agricultural potential.

We heard witnesses this morning talk about the necessity for planning the utilization of this abundance in foreign countries and for planning for the use of the counterpart funds which result from its sale and so on.

We would like to call to the attention of the committee the complete and dire necessity for planning a supply program with the producers of the commodity in mind. Now that is particularly true as it regards milk and dairy products.

## SURPLUSES OF DAIRY PRODUCTS

Our surpluses of milk amount to about  $31\frac{1}{2}$  percent, and we have kept those surpluses from having too profound an effect upon the market for milk and butterfat in this country by utilizing them as they did collect, so that right now we have got less than 50 million pounds of butter in the Government warehouses, less than 25 million pounds of cheese, and less than 50 million pounds of nonfat dry milk.

These are not tremendous quantities as measured against America's total production of milk.

Senator HUMPHREY. How many pounds of butter did you say?

Mr. HEALY. Less than 50 million; 48.3 million last week.

Senator HUMPHREY. What do we do in case of a war, with those limited supplies? The very first area of America that would be affected, outside of our immediate industrial establishment (our immediate strategic bases), would be rural America, would it not?

Mr. HEALY. That is correct.

Senator HUMPHREY. Do you consider that the amounts of dairy products in possession of the Government today are excessive?

Mr. HEALY. Well, from the standpoint of market prices, yes, sir. Any unplanned, unearmarked commodity which the Government has depresses market prices. There is just no question about that.

## DEPRESSION OF PRICES OF STOCKPILED GOODS

Senator HUMPHREY. What happens to the price of ammunition? We have a lot of that stored up. I do not quite get what you are saying. We have all kinds of trucks and tanks and ammunition and bombs, and the price does not go down at all; the prices go up.

Mr. HEALY. Not a bit. I think, Senator, the real difference is that ammunition or bombs or war materials as such are not available to a market for those things.

Senator HUMPHREY. What about our strategic stockpiling of metals? Is that depressing the prices?

Mr. HEALY. I think the same thing there. That cannot be gotten to and purchased by industry for use, whereas these foodstuffs which the Government has in its stockpiles are available to the market and therefore act as depressants on the market.

Senator HUMPHREY. Well, they are available to the market depending upon marketing practices. I think they should be available to a market if the market is in need.

Mr. HEALY. That is correct.

Senator HUMPHREY. But as we indicated here in our discussion yesterday relating to cottonseed oil, it is one thing to sell into the market, which seems to be the No. 1 priority of the Commodity Credit Corporation, and to sell into the market at a time when it depresses prices, but it is another thing to hold those Government stocks in order to maintain the price structure and then to ease them in when there seems to be not too much chance of a severe price depression.

Mr. HEALY. Well, that, of course——

Senator HUMPHREY. That is what we call management of stocks.

Mr. HEALY. That is correct.

If we could insulate the market from these things when the market cannot stand them, then of course the stocks would not have the effect that they now do. I think several years ago you had some legislation before the Congress which provided for that. It was not adopted. It would have——

Senator HUMPHREY. Those were the so-called national reserves and set-asides.

Mr. HEALY. That is correct.

Senator HUMPHREY. Well, I just wanted to point up the ironical situation that exists. On the one hand, you can have a large reserve of metals which are stockpiled and which are used regularly in American industry.

Mr. HEALY. That is right.

Senator HUMPHREY. That stockpile instead of depressing prices maintains them or bolsters them. And you are saying to me that when you have a stockpile of food and fiber that the tendency is to depress prices.

Mr. HEALY. And I think that has been——

#### MANAGEMENT OF RESERVE STOCKS

Senator HUMPHREY. Do you know what I think that has been due to? Attitude, management, and philosophy. If somebody just simply said, "Look, we are going to maintain here at all times, whether we rotate the stocks or not, 75 million pounds of butter."

Mr. HEALY. Yes, sir.

Senator HUMPHREY. Or 50 million pounds of cheese. I am just using that figure for illustrative purposes. And if you could keep it within that area, or within that degree or number of units, it would not be a price depressant then.



Mr. HEALY. No; it would not be—it could not be. I think we have adequate data here for the last few years, since 1954, that such is the case with milk at least.

Senator HUMPHREY. And perishable commodities, we might add.

Mr. HEALY. Any of these bulky, perishable things, the effect is more immediate than it is on things which can be stored for longer periods of time.

Senator HUMPHREY. Yes.

Mr. HEALY. Well, in any event, our stocks are low, and we are happy that they are low because when they are low it points the way toward their complete elimination and therefore their lack of effect upon market prices, market prices which could rise if they were eliminated.

We think that Public Law 480 has done quite a bit toward keeping these stocks down within easily manageable limits.

Now, as we proceed into S. 1711, we are getting away from the concept of a surplus utilization program. We are getting more into the concept of a supply program. If the Congress passes this law, they will have said, "It is our duty and our job here as Americans, with our stature on the world scene such as it is, to help feed hungry people everywhere. Therefore, we are going to have to generate supplies which will allow us to do it."

If the Congress does that, we think it would be wonderful, because we do have the productive capacity here in this country to make available to the world enough to take the edge off this tremendous hunger which it must be suffering.

#### NECESSITY OF LONG-TERM PROGRAM IF MILK PRODUCTION IS INCREASED

But, if the Congress does it, our plea here today is to do it on a long-term basis. In our industry, in the milk-producing industry, it takes a long time to crank up production. You can't just sow some seeds and have a crop. You have got to develop herds, you have got to develop facilities, and you have got to develop marketing techniques to handle these larger quantities.

Similarly, once this productive capacity is cranked up and we are turning out these greater quantities of milk, it takes a long time to shut it off. We have learned that. We have learned that after every war, every national emergency that we have experienced. We have always come out of these wars or emergency situations with too much milk for the outlets which were commercially available to us.

So, by all means, at least as it regards milk, these programs must be planned on a long-term basis so that American dairy farmers can provide the material, in the first place, and can plan toward the end of the program. Because we do not want to be put back into economic marketing chaos such as we suffered here 4 or 5 years ago.

Mr. Chairman, that is the burden of what I have to say.

There is only one other thing which is, we think, very important. The bill provides for bilateral agreements between this country and the receiving country, and bilateral organizations through which these agreements can be made.

It is our further plea that such an arrangement, which we think is excellent and necessary, not lead us into this General Agreement

on Tariffs and Trade, because there we would have one voice out of some 34 or 35, and the other voices there are not always used in the best interests of this country.

Senator HUMPHREY. It would not have that tendency. It would have to be a very loose interpretation of the law, may I say.

Mr. HEALY. That is right.

Senator HUMPHREY. I think it is well you brought it up, though, for the record.

Mr. HEALY. I am glad you feel that way.

#### STATEMENT ON "DAIRY TRENDS" AND PUBLIC LAW 480 PROGRAM

Senator HUMPHREY. May I suggest, too, that we incorporate in the testimony the article which you have affixed or attached to your statement, entitled "Dairy Trends."

I doubt that we will be able to get all the exhibits in the record. If we can, I would like those in the testimony.

Mr. HEALY. I was going to ask that that be allowed. This "Dairy Trends" is a publication of my organization which goes into various things which we think are important and timely, and just this month—this is dated July; it was published in June, however—we looked into the surplus utilization programs of the Government, and talked about them a little bit here for 6 or 8 pages, and we think there is some valuable information here which the committee may like to use.

Senator HUMPHREY. It is a very good statement, and it is particularly good on Public Law 480, and its effect upon the dairy industry and upon the utilization and distribution programs.

I want to say to you, my friend, as I have said to you privately, that I know of no program which has had a more salutary effect in terms of ironing out some of the difficulties between ourselves and other nations than our food distribution program, particularly as it relates to your products, dairy products.

Mr. HEALY. We were very happy to hear this morning that the other witnesses look upon our product as important in the diets of the nutritionally deficient nations, and what we are here to say is that if a program is planned—and it must be planned—then the productive capacity is available to provide this food which is almost necessary, and we, of course, are able and willing to provide it.

#### NEW ATTITUDE ON FOOD PRODUCTION AND USE

Senator HUMPHREY. I would just like to suggest to you, without too much advance thought about it, that it might be well for the farm organizations, such as the National Milk Producers Federation, and the other great farm organizations—Farmers Union, Farm Bureau, Grange, and so forth—to start to rethink their thinking, so to speak, on agricultural policy in this sense: I am becoming, at least personally, more convinced that our sights ought to be geared toward a program of abundance for use rather than a program of abundance for storage or a program of limited production just for and as a means of obtaining price.

I recognize the importance of a fair price, and of a price at a profit. But I think that is obtainable in the kind of a world situation in which



we live, not so much through excessive restrictions and regulations as it is by a more imaginative program of use and distribution, both at home and abroad.

I have spoken this week to Senator Ellender and Senator Johnston in reference to our surplus food bills—food stamp, the food allotment and food distribution. You remember the testimony which we had 2 or 3 weeks ago.

Mr. HEALY. Yes.

#### SHORTAGE OF SUPPLIES

Senator HUMPHREY. We have designed a composite bill now as a result of all the bills that were placed before the subcommittee, and I am hoping that we can report out a bill which includes the provisions that were offered by several Senators, and get a more systematic program for this food abundance—for our own needy people in the United States, for our own unemployed, for our own people of low diet.

It seems sensible that we should do this. This cannot be done, however, unless you plan and program it. If you do not, you start out one month, and then run short of supplies; you get the machinery geared up, and then there is nothing to use.

I see people in the room here today who are at the head of great voluntary organizations, and they know the heartaches and the disappointments which come up in getting a program started, and administered, with the personnel assigned, and all at once no food. May I say, that with the cutoff of butter and cheese, we are seeing the effects of it.

Mr. HEALY. You see, that was one of the points I neglected to make earlier, that butter was removed from this foreign donation list in June 1956, 3 years now, you see.

Senator HUMPHREY. Yes.

Mr. HEALY. And cheese in July 1958.

Those were important foods, and they were important foods to people who have no food.

Senator HUMPHREY. When I was in Spain I saw cheese—almost the only protein they were able to get and powdered milk.

Mr. HEALY. Yes.

Senator HUMPHREY. They also wanted vegetable oils.

Mr. HEALY. Yes.

Senator HUMPHREY. They use these commodities in rather generous amounts, if they can get them. Now cheese is cut off because of the production cutbacks which were required under law if you were to get any price at all.

Vegetable oils have been limited very severely, and I do not know how long powdered milk is going to last.

Mr. HEALY. Mr. Chairman, we talked in one of your other committees here not too long ago about this difference between surplus and apparent surplus.

Senator HUMPHREY. Yes.

Mr. HEALY. And I believe that has its application here, too.

It is not the surplus per se which affects prices. It is the apparent surplus, that which remains after these things are done.

Senator HUMPHREY. Yes.

Mr. HEALY. And if we can expand these programs, these programs of foreign donations, relief feeding in this country, and program on top of that something like S. 1711 here, certainly it can be greatly beneficial both to the recipients of the food and to the people who produce it in this country.

One more remark, Mr. Chairman: You asked that the farm organizations take a longer look at this thing, something on long-term planning for agriculture.

Fortunately, we have sitting in our office downtown right now a half dozen eminent agricultural economists from the land-grant colleges, from each section of the Nation, and we have brought those people in and given them complete academic freedom to explore this whole field of agricultural production, marketing, and utilization, hoping that they can come out with something that is economically sound, to which we might have to apply the politics, that is, the dairy politics, and the national politics to put it in a package that is acceptable and palatable.

But I think for the first time we are taking a real objective view of this problem as it affects everybody in this country, not only farmers, so that, perhaps, in another few months we can develop something which will be sound and effective toward attacking some of these things which we have been unable to negotiate so far.

#### DIFFICULTY OF DRAFTING AGRICULTURE LEGISLATION

Senator HUMPHREY. Since last December, I have been trying to write a farm bill. I guess it is no secret.

Mr. HEALY. No.

Senator HUMPHREY. We have written one and then another, and written a third and a fourth and a fifth, and every time we go through this, it gets more complicated—and you know what limited resources we have. We do not have 80,000 members of the Department of Agriculture. To help on this, I have my administrative assistant and a lady on my staff, and two or three staff members of the Senate Committee on Agriculture and Forestry who are serving 15 Members of the Senate. It gets to be an almost impossible task. I have gone over these bills, rewriting them, until the wee hours of the morning—in fact, last week two mornings until after 3 o'clock—in an effort to get legislation which (1) you can explain to the public, and (2) would not lend itself to misinterpretation, and (3) would be effective.

Mr. HEALY. Yes.

Senator HUMPHREY. When I say effective, I mean a bill which will get a fair price for producers without too much of a burden upon taxpayers and consumers and, at the same time, maintain the traditional productive pattern of family farms and family farm production in the United States.



I want to tell you if anybody wants a job that is more difficult than launching a space satellite, let them try that one for size.

Mr. HEALY. That is correct, because each time you go over it it becomes more complex because new factors come into it.

So we have gone right back to basic production and marketing rules, and we are allowing these men, and they are eminent men, men who have spent their lives studying these things, to develop some criteria for us which could form the basis for a completely new look at this farm problem.

Senator HUMPHREY. I want to point out here that we have an opportunity to build this record, and this may be one of the few opportunities that we will have.

We are not going to make the headlines, you know that. We are not going to expose anybody here as being a thief or a crook or a Communist, so we are just going to have to do our work quietly and hope that somehow or another it will do some good.

But, you see, as the so-called surpluses in commodities disappear, the producers of which you are privileged to represent, it does not mean that the need disappears.

Mr. HEALY. No, not at all.

#### DIFFICULTIES OVER FUNDS

Senator HUMPHREY. I was just upstairs in the Senate voting against cuts on the contingency fund. I went up and helped line up a dozen or more votes against any cuts on the Special Assistance Fund. I am interested in that Fund, under which we take care of health and education projects and leadership projects, and so forth. These funds are always sitting ducks for anybody who wants to get the ax out and give them a good cut, and they do not have many friends. There are no lobbies around here for these funds.

When we are short of butter or of cheese or powdered milk or whatever product it may be in commodity credit, the need for these products still exists, and you do one of two things. You either deny that need, which causes unrest or trouble, or you appropriate dollars.

Mr. HEALY. Yes.

Senator HUMPHREY. And it is easier, believe me, to appropriate dollars up here at times than it is even to utilize the supplies which are readily available.

Let me put it this way: It is easier to appropriate new dollars to make purchases sometimes than it is to get a transfer of funds between departments.

#### AMOUNT AND STORAGE COST OF BUTTER IN WAREHOUSES

Mr. HEALY. For instance, here we have had butter cut off from foreign donations since June 1956, and we have 50 million pounds in our warehouses. Now, why in the world don't we give that butter to somebody and let them eat it?

Senator HUMPHREY. What is the storage rate per pound on that?

Mr. HEALY. About—I think it runs about 30 cents a hundred a year.

Senator HUMPHREY. Thirty cents a hundred a year? Let me see, you have what, 50 million pounds?

Mr. HEALY. Fifty million pounds.

Senator HUMPHREY. Well, that is a pretty good size. It is about \$15 million a year storage.

Mr. HEALY. No, about \$150,000.

Senator HUMPHREY. You can buy an awful lot of butter for that.

Mr. HEALY. To me it is unconscionable to have this commodity there, and have, as you pointed out, programs cranked up and going, only needing the commodity to put them into operation, and not to do it.

Senator HUMPHREY. Well, we could be here a long time, Mr. Healy. I always enjoy your testimony, and I happen to have the highest regard for the National Milk Producers Federation and the objectivity with which you present your testimony and the factual material in your testimony. It is very helpful. Thank you.

Mr. HEALY. Thank you very much, Senator Humphrey.

(The prepared statement of Mr. Healy follows:)

STATEMENT BY PATRICK B. HEALY, ASSISTANT SECRETARY, NATIONAL MILK  
PRODUCERS FEDERATION

Mr. Chairman, members of the committee, my name is Patrick B. Healy. I am the assistant secretary of the National Milk Producers Federation, 1731 I Street NW., Washington, D.C.

The National Milk Producers Federation was organized in 1916. It is the largest single agricultural commodity organization in the United States. It is made up of dairy farmer-owned and controlled cooperatives. The producers owning these cooperatives comprise the large bulk of commercial dairy farmers in the United States.

Member cooperatives of the federation market the milk produced by their producer members. These member organizations operate hundreds of facilities ranging from country receiving stations and creameries to highly modernized establishments merchandising fluid milk and manufactured dairy products.

The policies of the federation on national issues of concern to dairy farmers are established annually by the voting delegates to its annual convention. These are the policies of the producer segment of the dairy industry. They represent the thinking of dairy leaders in the United States most knowledgeable about the dairy industry and, therefore, most understanding of the problems which face it.

SUPPORT OF NATIONAL MILK PRODUCERS FEDERATION FOR S. 1711

S. 1711 before this committee for consideration would establish a food-for-peace program with the object of putting the abundant food and fiber production in the United States more effectively in the service of human need.

The membership of the National Milk Producers Federation has long supported the position that constructive use of our dairy production potential—both at home and abroad—can contribute substantially toward nutritional improvement as well as economic stability. The broad-visioned program contemplated in S. 1711 should under aggressive administration go a long way toward reaching these objectives. The evidence of the effectiveness of current disposal authorities is set forth in the attached publication released recently by our organization.

It appears to us that an evaluation of the merits of this proposal can well be based on the experiences over the past 5 years with the administration of the Agricultural Trade Development and Assistance Act—Public Law 480—which S. 1711 would amend and broaden.



We respectfully present for the committee's consideration the following observations on the program proposed in S. 1711.

#### MILK PRODUCTION MUST BE INCREASED IF S. 1711 IS PASSED

At present prices the current and foreseeable stocks of dairy products in Commodity Credit Corporation inventories would not be adequate, in our judgment, to meet the objectives of the food-for-peace program and at the same time continue domestic donation programs. This program would call for increased milk production. The size of the current inventory of dairy products in Commodity Credit Corporation ownership probably will not meet the full requirements of now known domestic and foreign distribution programs. Cheese and butter are no longer available, by decision of the U.S. Department of Agriculture to voluntary relief agencies operating programs under title III of Public Law 480. Cheese was removed from the distribution list for this purpose on July 11, 1958. Butter was removed on June 30, 1956. This situation is mentioned as a point of information. If—under the provisions of S. 1711—a distribution program is based on meeting the needs for food rather than on the objective of removing surpluses, American dairy farmers have demonstrated their ability to cooperate in programs to supply milk and dairy products.

Should the Congress determine a food-for-peace program to be in the interests of the United States, it could have widespread effect on the broad agricultural front. Internationally, one would expect that a properly administered food distribution program to needy persons would contribute toward developing and maintaining friendly relations for the United States. These effects are good. However, we call attention to the fact that if such a program is envisioned and carried out on a long-range basis, and domestic production is increased to make possible such a program, its sudden termination could be disastrous. It should be recognized at the outset that there would be a public responsibility to underwrite the ultimate conversion from an accelerated production rate to help meet world needs, to a lower production rate to meet only domestic requirements. Without an interim in which to change gears in production rates, so to speak, economic chaos could result for dairy farmers when the program was terminated. This is because an abrupt termination would leave dairy production far in excess of domestic needs.

These observations are not intended as a criticism of the principles of a food-for-peace program. On the contrary they are in the nature of an extension of the idea under review. We believe that an aggressive administration of a food-for-peace program could develop permanent markets for a large volume of the dairy production. Population increases in our own country would call for additional production and would enlarge our domestic market. In summary of this subject, we point out that—

1. Any problems involved in the abrupt termination of additional markets created by a food-for-peace program do not militate against the merits of the program.

2. Provisions in S. 1711 for long-term supply contracts, if applicable to all agricultural commodities, would be a stabilizing force in themselves in that the long-term character of the contracts contemplated could be tailored to a gradual tapering off of the program requirements.

The food-for-peace idea is a broader concept than the removal of agricultural surpluses, and, therefore, we respectfully direct the committee's attention to the possible need for language clarification in S. 1711.

#### LONG-TERM PLANNING NECESSARY FOR STABLE PUBLIC LAW 480 PROGRAM

The language providing for "Title IV—Long Term Supply Contracts" in Public Law 480 speaks in one section about the utilization of agricultural commodities and the products thereof " \* \* \* including but not limited to agricultural commodities in surplus supply \* \* \*." In the following section, the President, in carrying out this purpose, " \* \* \* is authorized to enter into agreements \* \* \* to deliver annually (a) certain quantities of wheat, rice, cotton, feed grains, or tobacco, or (b) such other surplus agricultural commodities \* \* \*." If the operation of the proposed title IV is to be limited by

the latter reference than the supply concept provided in the former reference will have been narrowed considerably.

The provisions in S. 1711 calling for title I agreements to run in excess of 1 year where possible and the long-term supply contract program are in line with recommendations the federation has made on other occasions. We believe that long-range planning and contracting can and will bring about a degree of stability in the Public Law 480 program not attainable in a program of short duration or in a strictly surplus removal operation. On this point we respectfully point out to the committee that a longer-range approach in the foreign donation program through the voluntary relief agencies also would assure these operations of continuity in planning and in program operations.

The distribution programs under Public Law 480 are of demonstrated benefit. The utilization of surpluses through donations for relief abroad and in sales for foreign currencies has improved nutritional standards and assisted toward friendly international relations. Although they have implications for agriculture, these are not farm programs exclusively—and should not be so regarded. They are definitely in the national interest and the expenditures involved are for the public welfare.

In conclusion, we again express our appreciation to the Congress for its far-sightedness in making possible the programs under Public Law 480. The record of the distribution programs carried on under this authority is impressive evidence of the contributions the programs have made. We believe a long-range program operating from a broader base, as provided in S. 1711, can make the record of achievement even more impressive. The administrative and operating structure provided in S. 1711 should make possible more effective use of our abundance in the national interest and in the interest of international relations.

We appreciate the committee's giving so freely of its time to hear our views on this subject, and on behalf of our membership express our thanks.

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[Dairy Trends, July 1959, National Milk Producers Federation, Washington, D.C.]

#### THE DAIRY FARMERS' STAKE IN GOVERNMENT FOOD DISTRIBUTION PROGRAMS

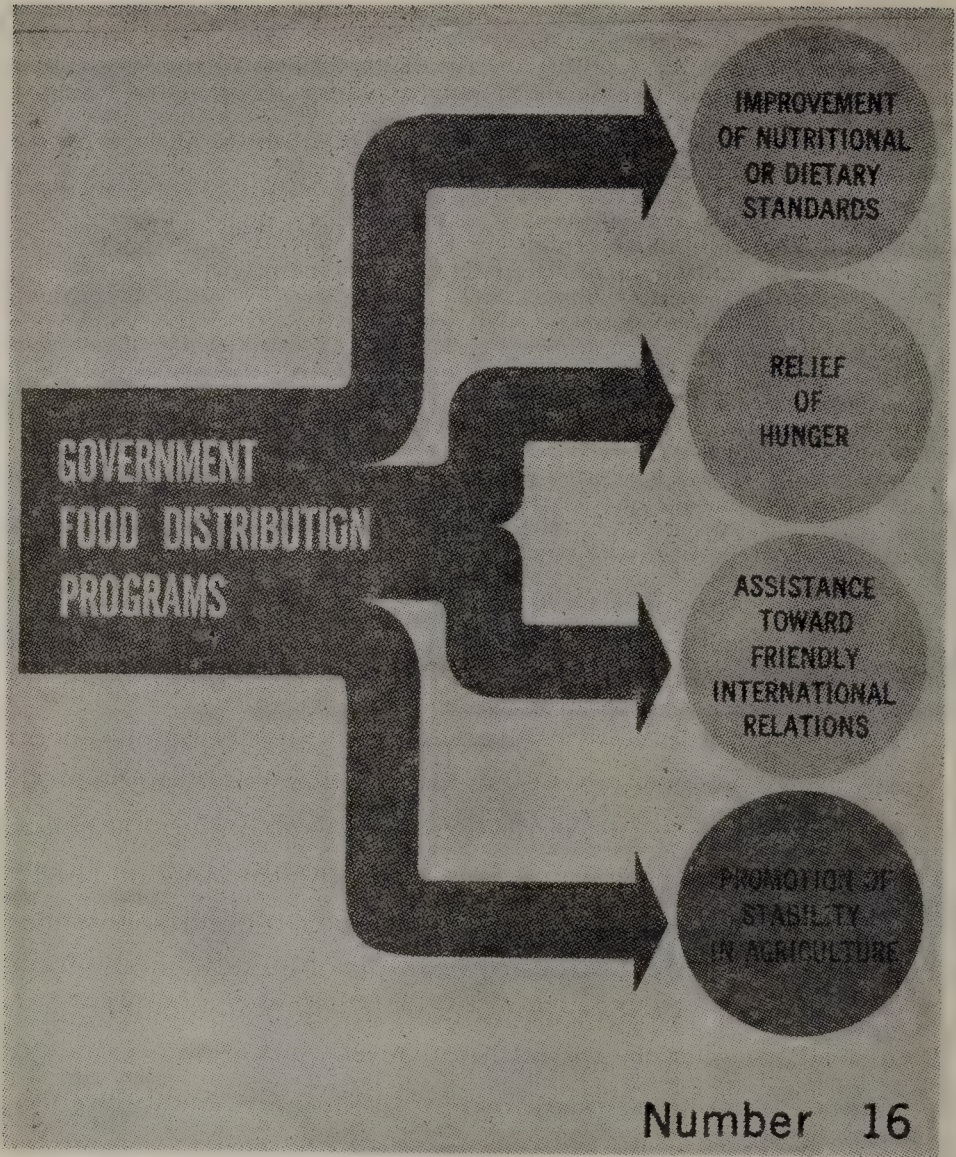
Today's Government programs of food distribution date back in cumulative experience for many decades. Relief for the hungry in foreign lands is a tradition which made history in the days of the international relief program following World War I. The school lunch program was recognized by Congress as being worthy of Federal assistance as long ago as the early 1930's. Federal food donations to the needy in our own country also have a background of almost 30 years.

Food donations to low-income families on relief began in the early months of 1932 following a congressional authorization for the transfer of some 85 million bushels of Government-owned wheat to the American Red Cross. The development of the Federal Emergency Relief Administration in 1933 brought about greatly expanded activity in food donations. In 1933 and 1934 the U.S. Department of Agriculture administered a hog and cattle purchase program under which pork and beef were made available to States for distribution.

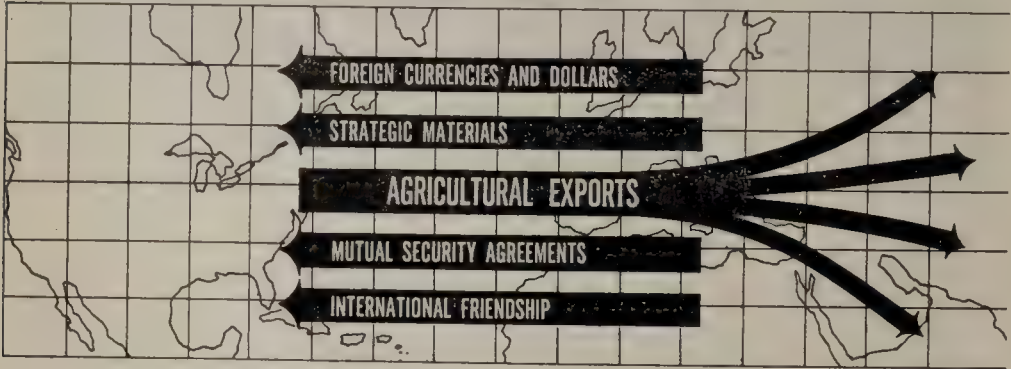
These types of programs have long been public policy. To them have been added, more recently, other Government food distribution programs such as the sale of agricultural surpluses for foreign currencies; the barter of such commodities for strategic materials; and the working toward mutual security internationally through exporting our agricultural surpluses.

Each of the Government food distribution programs is aimed at one or more of four broad objectives: (1) to improve nutritional or dietary standards; (2) to relieve hunger; (3) to promote economic stability in agriculture; and (4) to help toward friendly international relations. To a greater or lesser extent the goals overlap.





In carrying out its distribution programs, the Government becomes a substantial market for agricultural commodities. Food and fiber is purchased with funds authorized by section 32 of the Agricultural Adjustment Act of 1935, as amended; section 416 of the Agricultural Act of 1949, as amended; several of the titles of the Agricultural Trade Development and Assistance Act (Public Law 480); the Mutual Security Act; and from specific appropriations such as that for the special milk program for children, under which increased milk consumption is accomplished through normal trade channels.





There are other minor authorizations for food distribution such as, for example, the 1956 Soil Bank Act provision for donations to certain Federal and State correctional institutions. In general, purchases under the various authorizations sometimes are made from the normal channels of trade. More frequently they are transactions under which Commodity Credit Corporation makes available stocks of food which it has acquired under price support operations.

#### *Dairy products widely utilized*

Together the distribution programs represent one of the major approaches in overall national efforts to encourage the expanded use of agricultural commodities. For the milk producer the Government distribution programs have been responsible for utilizing a large volume of dairy products. Substantial quantities have been provided free to people in the United States and in foreign countries who are in need. Some also have been moved under the export sales programs at less than domestic market prices. Other quantities have gone to upgrade the diets of schoolchildren and Armed Forces personnel.

Thus the programs not only provide additional outlets for dairy products, but also result in improving the nutritional level of those participating. They contribute toward strengthening future markets for dairy products. They have helped materially toward stabilizing prices for producers.

#### *Section 32 in the vanguard*

A very basic authority in the Government's direct distribution programs is section 32 of the Agricultural Adjustment Act of 1935. It provides that 30 percent of the gross receipts from custom duties each year shall be maintained in a separate fund to be used by the Secretary of Agriculture for specific purposes.

In brief, the purposes of section 32 expenditures are (1) to encourage the exportation of agricultural products; (2) to encourage their domestic consumption; and (3) to reestablish farmers' purchasing power. Although section 32 has been amended a number of times since its passage, its purposes remain basically as originally enacted.

#### *Section 416 teamed up with section 32*

Another important food distribution authorization was enacted in 1949—section 416 of the Agricultural Act of that year. Although the distribution procedures under section 416 are similar to those under section 32, there is a fundamental difference between the two in their policies of procuring the products to be distributed.

Section 32 authorizes the Secretary of Agriculture to make purchases in the market. In the case of section 416, the commodities for disposal are those already acquired under price support operations by the Commodity Credit Corporation.

Under the authority of section 416, highest priority in the distribution of surplus foods is to the Bureau of Indian Affairs, school lunch programs, nonprofit summer camps for children, needy persons, and charitable institutions.

In the distribution of these foods to domestic outlets, the U.S. Department of Agriculture cooperates with State agencies under which the actual distribution of foods is handled. If the quantity of available foods exceeds the requests from eligible outlets in the United States, the foods are then offered to nonprofit voluntary agencies for use in programs for persons in other countries.

#### *Public Law 480 broadens distribution base*

The authority to use agricultural surpluses both at home and abroad was considerably broadened with the passage in July 1954 of Public Law 480—the Agricultural Trade Development and Assistance Act. Also provided were new avenues for distribution through the sale of farm commodities for foreign currencies and the bartering of these commodities for strategic materials.

Title I of Public Law 480 contains the authorization of the President to enter into agreements with friendly nations for the sale of surplus agricultural commodities for foreign currencies. When such agreements are completed, public notice is given by the U.S. Department of Agriculture of the commodities included in the agreements and the amount of funds allocated for each commodity. Private U.S. exporters then enter into sales contracts with designated foreign governments. The U.S. exporter receives payment from letters of credit established by the Commodity Credit Corporation in U.S. banks.

The foreign currencies accumulated by the U.S. Government from the sales are used by agreement with the foreign government for a number of purposes.



These include the development of new markets for U.S. agricultural commodities; purchase of strategic and critical materials; procurement of military equipment, materials, facilities and services for the common defense; purchase of goods or services for other friendly countries; promotion of balanced economic development and trade among nations by loans to private business; payment of U.S. obligations abroad; loans to promote multilateral trade and economic development; financing international educational exchange; financing the translation, publication and distribution of books and periodicals.

Also included in the uses of foreign currencies are the collection and dissemination of scientific and technological information; the conducting and supporting of scientific activities overseas; purchase, lease or rental of sites and buildings and grounds abroad for U.S. Government use; participation in trade fair activities; and providing assistance in the expansion or operation in foreign countries of established schools, colleges or universities founded or sponsored by citizens of the United States.

Title II of Public Law 480 authorizes the President to furnish out of stocks owned by the Commodity Credit Corporation surplus agricultural commodities to friendly governments to meet famine or other urgent or extraordinary relief requirements—the main purpose being to provide quick aid in emergencies on a government-to-government basis.

Title III permits distribution of farm products owned or controlled by the Commodity Credit Corporation to areas in the United States which are in acute distress because of unemployment or other economic causes. It also makes these commodities available in connection with major disasters and to voluntary agencies such as CARE for use abroad. It further authorizes the Secretary of Agriculture to barter or exchange agricultural commodities owned by CCC for: (1) strategic or other materials not produced domestically in sufficient quantity to meet U.S. requirements; (2) materials, goods or equipment required in connection with foreign economic, military aid and assistance programs; or (3) materials or equipment required in substantial quantities for offshore construction programs.

#### *Mutual security distributions dovetail with Public Law 480*

Another program involving exports of surplus agricultural commodities is authorized in section 402 of the Mutual Security Act. Under this authority—as under title I of Public Law 480—surplus agricultural commodities are sold for foreign currencies. While many of the procedures are similar under these two laws, their primary purposes are different.

Under Public Law 480 the main purpose is to regain and expand markets in foreign countries for U.S. agricultural commodities. Under section 402 of the Mutual Security Act, the main objective is mutual security, and Congress has specified that of the current mutual security appropriation, \$175 million is to be used to finance the export and sale of U.S. agricultural commodities. The foreign currencies from these sales are used for requirements of the mutual security program in foreign countries for economic programs and projects and for military (troop) support.

#### *The national school lunch program*

Among the Government food distribution programs which have an individual legislative authority is the national school lunch program. Part of the funds for this program are a direct congressional appropriation; part are a transfer of section 32 funds; and a large part are provided locally. The program requires, among other things, that one-half pint of milk be served with each type A lunch.

For the 1958–59 school year, Congress appropriated \$110 million for apportionment among the States to reimburse schools for food purchases made locally, and for direct purchases by the U.S. Department of Agriculture for distribution to participating schools. Another \$35 million of section 32 funds also was designated for the purchase and distribution of foods.

Basic to the school lunch idea is that proper nutrition and good eating habits contribute to satisfactory schoolwork. Early in the century “penny lunch programs” came into vogue and were gradually expanded. During the 1930’s, school lunch programs began drawing upon farm surpluses. Enabling legislation made possible the distribution of these foods on a limited basis to schools serving free lunches in 1932 and 1933.

Passage of the act of 1935 made possible the expansion of this distribution and in 1939 the U.S. Department of Agriculture announced a special program to

further expand school feeding through the use of surplus foods on the basis of the number of needy children served in the schools. During the succeeding 5 years the relief aspect of school feeding programs gradually shifted. Equal emphasis was placed on: (1) improving the health of children; and (2) encouraging the increased consumption of agricultural commodities.

In 1943 the Department of Agriculture inaugurated the program under which reimbursement was paid from section 32 funds to meet a part of the food purchase cost. Schools participating in the cash reimbursement program were required to meet certain nutritional standards in the lunches served, provide free or reduced-price meals for children unable to pay, and operate their lunch programs on a nonprofit basis. In 1945, Congress spelled out the conditions under which Federal assistance to school lunch programs would be provided. On the basis of these provisions the National School Lunch Act was passed in 1946.



Under the National School Lunch Act the basic responsibility for program administration is in the hands of State and local education officials. The Secretary of Agriculture is responsible for establishing standards for program operations and the maintenance of general supervision. Funds are made available each year by congressional appropriations. Not less than 75 percent of the amount must be apportioned to various States where it is used by State educational agencies except in States where the agencies are not permitted to disburse funds to private schools. In these instances the Department has the responsibility.

Section 6 of the National School Lunch Act provides that a part of the annual appropriation for the program is to be used by the U.S. Department of Agriculture in making large volume purchases of food for distribution to participating schools.

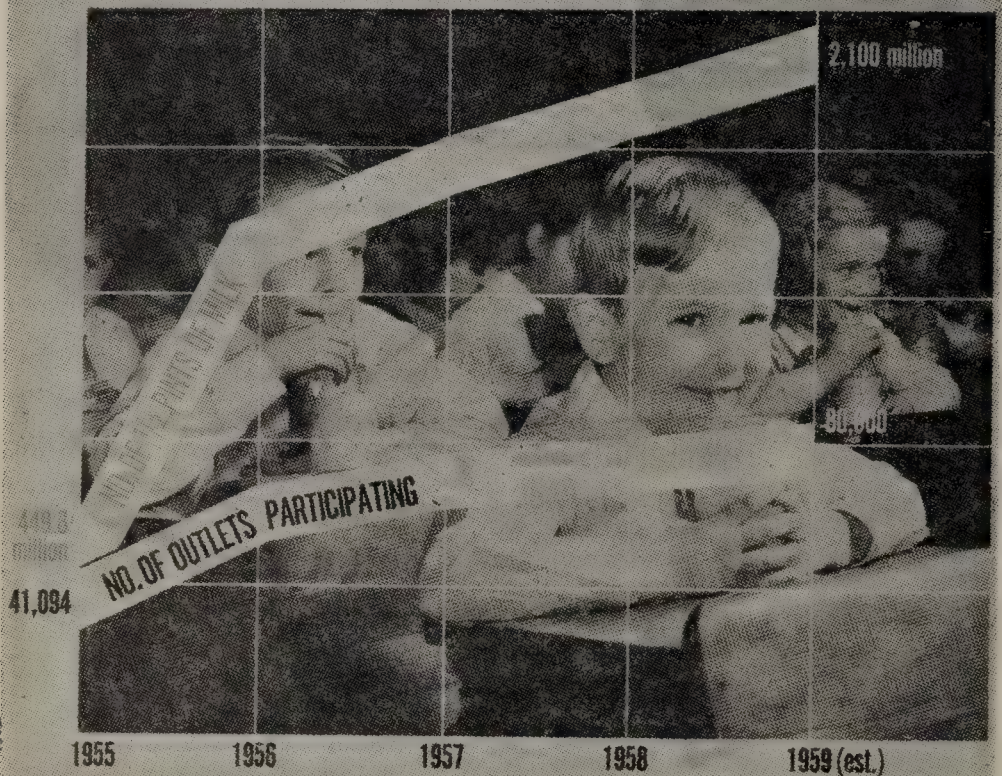


*The special milk program*

The special milk program for children is unique among Government food distribution programs in that it applies to only one commodity—milk. Its purpose, moreover, is to make possible the consumption, by children, of more milk than they otherwise would have.

Congress initiated the program in 1954 with an initial authorization for the expenditure of up to \$50 million from the funds of the Commodity Credit Corporation. In April 1956 the authorization was increased to \$60 million for the fiscal year 1956, and to \$75 million for the fiscal years 1957 and 1958. Recent congressional actions has further increased available funds to \$78 million for fiscal year 1959. The program also was expanded to include nonprofit summer camps and child-care institutions. Congress has extended the program until June 30, 1961.

## Special Milk Program Continues Gains



Program administration is handled by the U.S. Department of Agriculture which enters into agreements with State agencies. In some cases the State educational agency administers the program both in schools and in child-care institutions. In States where no State agency may disburse funds to private schools or institutions, the Department takes on that function.

State agencies determine the rate of reimbursement per one-half pint of milk. Maximum rates of reimbursement, together with maximum allowable handling charges per half-pint unit, are determined by the Department of Agriculture. Maximum rates of reimbursement are 4 cents for each one-half pint of milk served to children over and above the one-half pint of milk served as a part of each school lunch under the national school lunch program, and 3 cents for each one-half pint of milk used in all other schools, or in child-care institutions.



*Distribution in the armed services*

Another distribution program, exclusively for dairy products, is the plan under which their increased use is stimulated in the Army, Navy, Air Force, Marines, the hospitals of the Veterans' Administration, the U.S. Coast Guard, and the U.S. Merchant Marine Academy.

The program was approved by Congress in 1954 under section 202 of the Agricultural Act of 1949. It involves the use of Commodity Credit Corporation stocks, or reimbursement by Commodity Credit Corporation for armed services purchases of milk and dairy products in excess of normal purchases.

The effectiveness of the program is evidenced by the fact that consumption of fluid milk in the military has tripled that provided by the basic ration. From the program's start in November 1954 up through 1958, the armed services used approximately 1.7 billion pounds and the Veterans' Administration 14.6 million pounds of fluid milk over normal consumption. From May 1953 through March 1959, 159.7 million pounds of butter and 10.7 million pounds of cheese were transferred from CCC stocks, over and above the amounts provided in the basic ration.

*The proof of the programs*

The effectiveness of the Government food-distribution programs in utilizing dairy products is well verified by facts and figures. On April 28, 1954, when Commodity Credit Corporation had peak holdings of 599.3 million pounds of nonfat dry milk, it also had 363.5 million pounds of butter, and 384.1 million pounds of cheese. As of March 31, 1959, the comparative figures were 16.2 million pounds of butter, 6.7 million pounds of cheese, and 43 million pounds of nonfat dry milk.

Between July 1, 1953, and June 30, 1958, the programs under section 32 and section 416 have accounted for the domestic distribution of 499 million pounds of butter, 452 million pounds of cheese, and 458 million pounds of nonfat dry milk. In foreign distribution, section 416 accounted for 237 million pounds of butter, 123 million pounds of butter oil, 569 million pounds of cheese, and 1.8 billion pounds of nonfat dry milk.

To these figures must be added the amounts exported under titles I and II of Public Law 480 and under the mutual security program.

Under Public Law 480 exports have totaled 32.2 million pounds of evaporated and condensed milk, 3 million pounds of dried whole milk, 223.3 million pounds of nonfat dry milk, 84.2 million pounds of cheese, 59.2 million pounds of butter, and 13.3 million pounds of butter oil, anhydrous milk fat, and ghee.

Sales for foreign currencies under the mutual security program and economic aid from July 1954 through December 1958 accounted for exports of 346 million pounds of evaporated and condensed milk, 4.7 million pounds of dried whole milk, 6.7 million pounds of nonfat dry milk, 57,000 pounds of cheese, and 4.7 million pounds of butter.

In summary, the several distribution programs have proved their worth as efficient tools in the utilization of surpluses for the benefit of both consumers and producers. Utilization through domestic outlets such as school lunch programs, needy persons, and charitable institutions, and through foreign outlets for the relief of hunger by donations and in sales for foreign currencies have been constructive not only from the standpoint of nutritional improvement, but also from the standpoint of contributing toward economic stability in agriculture.

Senator HUMPHREY. Next is Mrs. Annalee Stewart, Women's International League for Peace and Freedom. Mrs. Stewart, you are always welcome.

**STATEMENT OF MRS. ANNALEE STEWART, LEGISLATIVE SECRETARY, U.S. SECTION, WOMEN'S INTERNATIONAL LEAGUE FOR PEACE AND FREEDOM**

Mrs. STEWART. Thank you.

Senator HUMPHREY. We are pleased that you are here to represent the Women's International League for Peace and Freedom. Do you want to proceed?



Mrs. STEWART. Thank you. Mr. Chairman, I appreciate the opportunity to give the views of our organization.

My name is Mrs. Annalee Stewart, and I am legislative secretary of the U.S. section of the Women's International League for Peace and Freedom, 214 Second Street NE., Washington, D.C. The league has long been interested in reducing the great disparities in living standards between the advanced and the less-developed countries, which we regard as a grave threat to peace. At its triennial international congress to be held this month in Stockholm, representatives of the U.S. section of the league will join with members from many other countries in appraising ways and means of promoting economic development throughout the world.

I might also say, Senator, that I am flying a week from tomorrow to Copenhagen where I am to speak at the international seminar for young people, which has been arranged by the Danish section of the Women's International League for Peace and Freedom, with the assistance of a grant by the Danish National Commission for UNESCO, and I am going to have the privilege of speaking to these young people on the theme, "How Nongovernmental Organizations Work To Influence National Policy for Better East-West Relations."

It will be my privilege to speak about the ways in which this committee, your committee, has worked, and others, in trying to bring about better relations and to show how we, in the United States, have an opportunity to speak directly to our Senators and Representatives.

I am always glad to tell people of other countries because we have such a privilege in that way. I am taking some of the testimony to show them what we are doing for peace here, and what you are doing not only here but in the field of world disarmament through the United Nations.

SUPPORT OF WOMEN'S INTERNATIONAL LEAGUE FOR PEACE AND FREEDOM  
FOR S. 1711

The league supports the food for peace bill because we believe that America's abundance of food should be used to further the causes of peace and development, and that the present bill offers the best approach to the use of our agricultural surpluses for these ends. We cannot claim to be economic experts, able to evaluate all the ramifications of the agricultural support program. In some ways that program does conflict with policies long advocated by our organization, since we have always believed that freer international trade—with respect to tariffs, embargoes, subsidies, and "curtains"—is in the interest of all peoples. Yet we realize that farmers alone cannot be expected to bear the brunt of a sudden cessation of Government subsidies while other sections of the economy continue to receive them. Eventually we believe that the American market must be opened more freely to imports from abroad, thus generating a greater outflow of dollars through trade, and enabling other countries to buy our agricultural and other products with earned dollars. Whatever may be said as to the wisdom of the policies which have led our agriculture so far away from a free market basis—and we are not debating that today—surpluses above what others can buy for dollars must for the present be accepted as a fact and their great constructive potential must be fully utilized at home and abroad.

GRANTS AND LOANS WILL SERVE SECURITY INTERESTS OF  
UNITED STATES

In addition to using these surpluses to feed and clothe needy people here in the United States, they must be made available to needy people overseas, on terms within their reach. This means in some cases grants, and in others loans for repayment in local currencies. We cannot say exactly how much of each of these categories would be optimum. Some expert studies made in the past for this committee have indicated that grants may be more appropriate than loans at the stage of economic growth when agricultural aid is most usable. The total annual expenditure asked in this bill, however, seems moderate in relation to the size of our country's surplus stocks and the billion-dollar-a-year cost of merely keeping them in storage. A far greater sum than this bill proposes for distributing food and fiber in the next 5 years has already been given by our Government for military aid to other countries. We believe that these grants or loans of food will be more effective in promoting friendly relations with other countries, and economic, social, and political progress, and consequently will serve the security interests of this country as well as expressing its humanitarian values.

The League does not think of this as a giveaway program, even though in some cases the repayments may not be usable to obtain goods or services that the United States wants. Neither do we think of it as a charity program offering relief for the indefinite future of the chronically needy. Rather we think of it as one necessary part of a broader effort to promote economic and social development. Only if geared in with careful plans for development and consequent increasing demand can these surpluses be moved abroad without adverse effects on other countries supplying the same products in world trade. Only if such development actually occurs will the receiving countries become economically strong, and the local currencies which are country is so rapidly acquiring have real value. Some economists foresee a day when the terms of trade will turn against the industrialized nations and in favor of primary producers. The United States is already a deficit nation with respect to certain raw materials, and it is to her advantage to participate in orderly development of those countries which produce the raw materials we need. The currencies of these countries should thus become increasingly valuable to us.

Of course no one can guarantee that along with our agricultural aid, all the other ingredients needed for economic development will be combined in just the right proportions to achieve the desired result. Dollar aid giving access to other products of the United States is also needed by many countries—sometimes more than food. For this reason the Women's International League gave full support, at its annual meeting held last month, to the Development Loan Fund. This meeting, representing women from various parts of our country, also went on record as looking forward to a time when the major portion of the U.S. economic aid will be channeled multilaterally through such agencies as the Inter-American Development Bank, the proposed Special United Nations Fund for Economic Development, or the proposed International Development Association (the **Monroney** plan).



## PROBLEMS INVOLVED WITH UNILATERAL AID

We believe that the proper use of agricultural surpluses for economic development is a problem where unilateralism is likely to be harmful for two reasons: (1) A single supplying country, no matter how well intentioned, cannot adequately predict or appraise the effects of its surplus disposals on other supplying countries; (2) a single powerful country, if it requires sound economic and fiscal conditions for the economic development programs which it aids, will be suspected of attaching political strings to its aid. In newly independent countries, where economic progress is always a sensitive issue, local opposition parties or factions desiring unsound projects may attack governments in power on this ground, thus adding to political instability. The experts of an international agency can set up objective criteria without being subject to this kind of attack.

Senator HUMPHREY. Mrs. Stewart, if you do not say anything else for the rest of your testimony, and if this point could sink in, you will have made a great contribution.

I have not talked to a single person in the international economic field in the last 5 years who has not agreed with these general evaluations or general observations that you have made.

One of the greatest problems we have, as you properly noted, is that—taking, for example, the Development Loan Fund—if we make a bad loan, then people say, “Well, it is a gift in disguise; you are really carrying out the grant program and calling it a loan.”

So, in order not to make a bad loan you have to have careful economic surveys made. You have to be able to lay down certain criteria that have to be fulfilled in terms of budgetary practices, tax policy, monetary policy, credit policy, utilization of resources; and right away, particularly in the new countries, somebody says, “You are interfering with our domestic jurisdiction. You are tying strings to the aid,” and, in a sense, you are tying strings to the aid.

## ADVANTAGE IN HAVING INTERNATIONAL AGENCY SET UP OBJECTIVE CRITERIA

This is one of the reasons that I encouraged, in consideration of the mutual security bill, that we utilize the services of the U.N. Special Fund for the preliminary surveys that are made as to economic justification, even for a Development Loan Fund loan. In that way we would have objective criteria and observations outside of the Government of the United States on which to base the question of whether or not a loan should be made.

I do not think you ought to make loans unless they are going to be loans. I think that ought to be made clear. If you cannot make a loan you ought to give a grant. I do not think you ought to destroy a loan program by doctoring it up with a lot of loans that are not loans at all, that are worse than calculated gambles, and end up being bad loans or end up being in substance grants or gifts.

So what you have said here is very, very important and, with deep regret, I say that we have not followed this practice except in the World Bank. Interestingly enough, the World Bank has the finest record of loan authorizations and repayment, of any bank you can possibly think of.

Mrs. STEWART. We appreciate your saying these things, Senator, because we have believed this, and our organization, being an international organization, has members in sections of over 42 countries, including Ghana, India, Israel, the Far East, Japan, the Scandinavian countries, and Europe, and so we have an opportunity to hear at firsthand from women when we meet together, as we will be doing in a couple of weeks, some of the experiences which bear out exactly what you have said, and a number of our members have had the experience of working through the United Nations in various organizations, specialized agencies in the countries, and we also have an international observer there at all times at the United Nations.

So that we certainly appreciate what you have done to further this idea.

Senator HUMPHREY. We have not been very successful, I must say. Keep at it.

Mrs. STEWART. We are glad you keep trying, and it give us courage to keep on encouraging you and others who have tried to work more in this direction.

#### S. 1711 LOOKS TOWARD MULTILATERAL AND LONG-TERM APPROACH

While this bill does not answer these objections to unilateral approaches, we are glad to see that it makes at least a step in the direction of multilateralism by authorizing the underwriting of local currency costs of some United Nations related activities.

Here I would like to add that our organization does support H.R. 6681 referred to this morning, introduced by Representative Leonard G. Wolf, of Iowa, which especially stresses the channeling of \$250 million worth of food per year through the United Nations as a part of economic development.

We hope that this will be an addition to your bill when it comes to the floor and passes the Senate in this session.

Evaluations of economic aid from nearly all sources have stressed the need for long-range planning, some even to the point of recommending that no aid at all is better than uncertain year-to-year assistance. Therefore, we strongly support the 5-year basis of the proposed legislation.

The league also heartily endorses the new uses proposed for local currencies occurring from surplus sales, such as the use to extend and assist social and economic development projects of the United Nations Special Fund, the Food and Agriculture Organization, and the World Health Organization.

#### ANTICOMMUNISM NOT PRIMARY REASON FOR PURPOSES OF S. 1711

We cannot support the occasional cold war overtones of the bill, as we believe that food should not be allowed to rot while people starve, even though those people live under a totalitarian government. We do not view the economic development of newly emerging or less-industrialized countries as a battleground in the war against communism, but rather as an arena for the conquest of man's ancient enemies—hunger, poverty, ignorance, and disease.



Senator HUMPHREY. I would only make one addition. I agree with the positive emphasis you are making there. You know that I do.

Mrs. STEWART. Yes, I know.

Senator HUMPHREY. I feel that all the things we are suggesting that we do we ought to do, regardless of whether Karl Marx or Joe Stalin had ever been born. I do not think we have to get our inspiration from Stalin or Lenin or Engels or anybody else like that.

Mrs. STEWART. It should be done because they are human beings.

Senator HUMPHREY. I think there are plenty of inspirational sources, spiritual and political, that are better known to us.

#### OPPRESSION IS ONE OF MAN'S ANCIENT ENEMIES

The only thing I would add is that one of man's ancient enemies outside of hunger, poverty, ignorance, and disease is tyranny and, you see, and I happen to feel, as you know, that this kind of doctrine which enslaves men's minds and bodies and souls, is a tyranny over the mind and body of man. I mention the totalitarian along with these ancient enemies, whether he calls himself a Communist or a Fascist or whatever he calls himself.

Mrs. STEWART. Well, we oppose tyranny on everybody in all its forms, both right and left.

Senator HUMPHREY. I know you do. But I thought it was good to emphasize again man's ancient enemies. We frequently think of man's ancient enemies in terms of hunger and disease, and in terms of illiteracy and so forth. But when I review history and see how few years mankind has lived in the sunshine of freedom, compared to how many years he has lived in the darkness of autocracy, tyranny, dictatorship, or another kind of oppression, I feel compelled to mention oppression as one of man's ancient enemies against which we also have to battle.

Mrs. STEWART. We would agree in battling against it, and that is one of the reasons why, Senator, and I should like to add here that we believe the way in which you get rid of those tyrannies and totalitarian forms of government is not to prepare to atom bomb the people who live under that system.

Therefore, we support wholeheartedly, as you already know, your efforts to end nuclear tests and work for world disarmament through the United Nations so we will lift the burden of arms from the whole world and use the energies of our youth, and we who are older, and the resources of the world, the resources in the world, in this battle against ancient foes.

We should prefer to have the Communist countries join with our Government and its allies in this international effort, proposed by President de Gaulle as a primary subject for the agenda of an East-West conference: "To vanquish misery, develop the resources, and help the work of less developed peoples."

#### RESOLUTIONS ON ECONOMIC DEVELOPMENT AND THE DEVELOPMENT LOAN FUND

This was also a resolution we had at our annual meeting 2 weeks ago that we work for this international effort which I know you are interested in also, and I would like to ask for the privilege of inserting

that resolution and the one on the Development Loan Fund as a part of the record.

Senator HUMPHREY. Yes.

(The documents referred to follow:)

WOMEN'S INTERNATIONAL LEAGUE FOR PEACE AND FREEDOM

LEGISLATIVE OFFICE, U.S. SECTION

Washington, D.C.

ECONOMIC CONSIDERATIONS FOR A SUMMIT CONFERENCE

To: The President of the United States.

The Secretary of State.

Senator J. William Fulbright, chairman, Senate Foreign Relations Committee.

Senator Hubert Humphrey, chairman, Senate Subcommittee on Disarmament.

The U.S. section of the Women's International League for Peace and Freedom in annual meeting at Auburndale, Mass., June 16-21, 1959, notes with satisfaction that our Government has proposed discussion of the question of economic development at the prospective summit conference. President de Gaulle has urged that a joint international effort "to vanquish misery, develop the resources, and help the work of less developed peoples" be a primary subject of the agenda.

The Women's International League for Peace and Freedom, convinced that progress in this task is in the essential interest of all nations, urges that the United States, as the world's foremost industrial nation, take leadership in this effort. A cooperative, rather than a competitive, approach to this endeavor might also prepare the way for agreement on more difficult political issues.

RESOLUTION ON DEVELOPMENT LOAN FUND

To: Secretary of State.

Senator J. William Fulbright, chairman, Senate Committee on Foreign Relations.

Representative Thomas E. Morgan, chairman, House Committee on Foreign Affairs.

Senator Carl Hayden, chairman, Senate Committee on Appropriations.

Representative Clarence Cannon, chairman, House Committee on Appropriations.

The Women's International League for Peace and Freedom in annual meeting at Auburndale, Mass., June 16-21, 1959, confirms its emphasis upon the need for economic aid and technical assistance to less developed countries and notes with satisfaction the initial record of the Development Loan Fund in helping to divert the flow of foreign aid from military grants to mutually acceptable arrangements for long-term loans for economic development.

We believe that the scope of the Development Loan Fund's uses and the flexibility of its operations assures its popularity and effectiveness and makes it a significant instrument for improving our country's relations with many countries.

Therefore the Women's International League for Peace and Freedom favors a substantial increase in the funds available to the Development Loan Fund to be derived from the reduction of military expenditures, and we strongly urge a 5-year basis for financing in order to enable recipient countries to launch their projects with more assurance than the present year-to-year basis affords.

While strongly supporting the unilateral program of the Development Loan Fund, we nevertheless look forward to a time when the major portion of U.S. economic aid will be channeled multilaterally through such agencies as the Inter-American Development Bank, the proposed Special United Nations Fund



for Economic Development or the proposed International Development Association (the Monroney plan).

Mrs. STEWART. With these exceptions and reservations, which I have mentioned above, we support the main purposes of the bill and its proposals for carrying them out, and hope very much that this will be acted upon in this session of Congress.

STRENGTH AND INFLUENCE OF PRESIDENT DE GAULLE IN SUMMIT  
CONFERENCE

Senator HUMPHREY. One of the reasons I have been for a summit conference is because I think President de Gaulle has the pride and the sense of nobility of stature about himself, his country, and the civilization which he represents, to really get the initiative. I sometimes wish that we had as much. They often say of President de Gaulle that he is a difficult man, that he has his own eccentricities. But we all do. The one thing I have noticed, however, is that when he deals with Mr. Khrushchev he does not take second place. He will be right out in front, and that would be a very exhilarating and enjoyable experience for a change. So I look forward to the day when he may be at that summit conference.

Mrs. STEWART. I think it would be very useful, and I hope that there will be, and they will take time to negotiate differences, as difficult as they may be, and I wish to express the appreciation of our organization for the opportunity to appear, and to wish you well in this.

Senator HUMPHREY. Thank you very much for your cooperation and your statement.

Mrs. STEWART. Thank you, sir.

Senator HUMPHREY. The next witness is Mr. Ersel Walley, is that correct?

Mr. WALLEY. That is correct, sir.

Senator HUMPHREY. Mr. Walley represents the American Soybean Association. Following Mr. Walley we will have the witnesses of the American Council of Voluntary Agencies for Foreign Service. I see Monsignor Swanstrom is here, and Dr. Norris Wilson. I believe they are the next two witnesses.

Mr. Walley, you do have a prepared statement. I want to thank you for taking the time to come to testify before our committee.

You may proceed with your statement as you wish, and I will undoubtedly have some questions to ask you.

STATEMENT OF ERSEL WALLEY, CHAIRMAN, MARKET DEVELOP-  
MENT COMMITTEE, AMERICAN SOYBEAN ASSOCIATION

Mr. WALLEY. Senator, this statement was prepared rather quickly. It does definitely represent the view of the policy of the American Soybean Association.

I spent most of June in Japan in market development work, got home and thought I had 2 days vacation, and then they called me back and I prepared the statement last night, and I came in overnight.

The statement as I shall read it represents the thinking of the American Soybean Association.

## AMERICAN SOYBEAN ASSOCIATION

Senator HUMPHREY. What is the American Soybean Association, Mr. Walley? Who do you represent?

Mr. WALLEY. Growers, sir. And we are also members, with the National Association of Soybean Processors, in the formation of the Soybean Council which Mr. Huge represented this morning.

Senator HUMPHREY. That was Mr. Huge's group?

Mr. WALLEY. Yes, we are members of that association.

Senator HUMPHREY. Is it Mr. Evans of my State who is active in your organization?

Mr. WALLEY. Yes, he is one of our directors, a past president.

Senator HUMPHREY. How many members would you say there are in the American Soybean Association?

Mr. WALLEY. Eight thousand or ten thousand. The leading growers.

Senator HUMPHREY. Thank you very much.

## ASA POSITION ON PUBLIC LAW 480 PROGRAM

Mr. WALLEY. The policy of the American Soybean Association as regards the continuation of programs under which American surplus farm products are exchanged for foreign currencies under Public Law 480 may be briefly stated as follows:

1. The American Soybean Association has actively engaged in foreign market development projects. It favors continued and more aggressive efforts designed to develop foreign markets for American farm products in general and soybeans and soybean products in particular.

When I say in general I would like to call your attention that in Japan we are cooperating with the wheatgrowers in joint demonstration kitchens traveling over Japan, and I can see in the hot countries of south Asia a remarkable opportunity for the use of American dried milk, American vegetable oils, and frozen desserts.

Senator HUMPHREY. What countries would you say might use those products?

Mr. WALLEY. South India, Burma.

Senator HUMPHREY. India?

Mr. WALLEY. Yes.

Senator HUMPHREY. Have you been in India?

Mr. WALLEY. I was there 5 weeks this past summer, and I was there in 1957.

2. The American Soybean Association favors the continuation of the Public Law 480 program. The association further believes that the program should be continued and assured for a period longer than 1 or 2 years, and preferably as long as 5 years. I wish it could go to 1975.

## SURPLUS FARM PRODUCTS CAN BE FORCE FOR FREEDOM AND PEACE

3. The experience of the American Soybean Association making surveys of potential markets for American farm products abroad and in conducting foreign market projects has convinced the association



that American farm products not needed for domestic consumption can be a potent force for the preservation of freedom and peace in the world.

In support of this policy, the attention of the committee is called to the thinking and considerations which prompt this policy of the American Soybean Association.

(a) It is roughly estimated that 1,200 million people living outside the Iron and Bamboo Curtains have an average per person per day caloric intake of not over 2,000 calories. For the most part, the diet of these peoples is high in starch and low in proteins and fats.

It is often said, you know, that, after all, the people of the world subsist on potatoes and rice.

As these countries industrialize, it will be necessary that the workers be well fed. With increased education and knowledge of the benefits of adequate and balanced diets, the demand for food will increase. Supplying the potential needs of only a small percentage of these peoples would require more food than any annual surplus production we have yet experienced from American farms.

After I conclude the statement I would like to discuss India for a moment, if I may.

Senator HUMPHREY. Yes, sir.

#### EXPANSION OF PUBLIC LAW 480 ADVOCATED

Mr. WALLEY. While all soybeans exported from the United States have been sold for American dollars, yet the association from its experience and observations in Europe and Japan believes that sales made under Public Law 480 are necessary, justified, and effective in the development of foreign markets, especially when accompanied with technical assistance designed to fit our agricultural products to the needs and tastes of our foreign buyers.

In fact, that is what I was doing in Japan last month, working out some of the problems they have encountered in using soybeans in their products. We have two of their chemists or research men in Havana, and they will take back reports which will be rather beneficial, I think, if not revolutionary.

The cost of carrying surplus farm products including storage and interest on investments has, for several years, exceeded \$2 million per day. At present this cost is approximately \$100,000 per hour. Thus, we feel that from the standpoint of the American taxpayer the continuation and expansion of the Public Law 480 program is important.

#### UTILIZING FOREIGN CURRENCIES FOR MARKET DEVELOPMENT PROJECTS

We are convinced that the use of foreign currencies acquired from sales made under Public Law 480 can be effectively used in foreign market development projects. We are further convinced that too small a percentage of these funds have been so employed.

When you consider the cost of preparing these products, and when you look at the figures during the life of Public Law 480, we have sent out something like \$3 or \$4 billion worth of farm products, say \$3,500 million.

During that time only \$52 million have been earmarked in foreign currencies for foreign market development, and in the report given by the President to the Congress as of December 31, 1958, only \$16 million had been utilized.

So it seems to me that we are using too small a percent for foreign market development, and here I would pause to give you my personal view that I want to think of a program here that is one in which we utilize fully the agricultural resources of the United States, develop foreign markets which we service continuously, like we service our domestic market, and sell those things eventually for earned dollars in the longtime future, not today.

Senator HUMPHREY. Yes, your pattern of market development leads to that.

Mr. WALLEY. Yes, and gives it a firmness so that when they want to use our price they can depend on it for a source of supply.

We have a deep-seated conviction that American farm products sold under Public Law 480 are an essential part of aiding foreign countries in strengthening their economy and that eventually many of these countries can buy our American farm products with earned American dollars. Our experience in Europe beginning in 1948 and our experience in Japan beginning in 1958 certainly supports this conviction.

(f) The background of experience and observations supporting the policy of the American Soybean Association is based upon several survey trips made around the world by persons representing the association, and here I would pause to explain after making those trips I feel quite humble.

#### CREATING MARKETS IN EUROPE AND JAPAN

Having suffered as a tenant farmer through the twenties, I was interested in 1948 to see what was going to happen in 1948 after World War II, and I spent 3 months in Europe, and I feel modestly that I inspired the American Soybean Association about exploiting that market. I was told confidently at that time that central Europe would never have dollars with which to buy our products. Time has proven that they did earn the dollars when they got on their feet.

In 1946 when I was sent to Japan to set up the program there, there were not many people who did think Japan could do that. In the last year they have earned American dollars to haul the American products they have bought from us.

I give that as a basis for our theory.

Senator HUMPHREY. Would you just maintain your position here at the table and let me go upstairs and cast a vote against an amendment. (A short recess was taken.)

Senator HUMPHREY. Mr. Walley, I have Congressman Chester Bowles here with us, and we are going to hear his testimony in a few minutes, but I think he would like to hear what you have to say, too.

#### OBSERVATION FROM SURVEYS IN VARIOUS COUNTRIES

You were just at the conclusion of your prepared statement. Then you were going to give us some of your observations relating to south Asia, particularly India, and some observations on Japan.



Mr. WALLEY. I am not the only one who has made these surveys in the American Soybean Association, but on my own I have spent some months in Japan, and in two trips around the world, and I surveyed, made observations in Taiwan, Thailand, Burma.

I was in India on this last trip for 5 or 6 weeks, traveled over India 3,000 or 4,000 miles; I spent a week in Israel; some time in Turkey; Greece; of course, in Italy and Spain where I observed the work of the soybean council, and the fine job that is being done there in using our American soybean oil in blends without olive to produce an oil which is within the purchasing power of more people.

In doing all this, Senator, I would like to make this observation, that after making all these surveys and seeing these things, rather than to feel we are experts and know it all in these projects, we feel very humble, because we feel that our efforts are so insignificant.

Then, reading on here, in these surveys, we have found the potential needs. We do not believe it is too visionary or unrealistic to reason that where there is a need for food there is an opportunity for American agriculture. So our travels have made us humble, and the more we see the more we feel there is to learn, and the more there is to be done.

In summary, we believe that extension of the Public Law 480, and the program provided for thereunder, effectively administered, is essential in the present situation in which American agriculture finds itself, and that such extension and effective administration would be in the public interest.

#### EXPERIENCES IN INDIA

Now, strictly from my own experience and observation, we have talked about 1,200 million people here.

One-third of those people live in India. I hesitated to write anything at the end of my trip. We did make reports, of course, but to in any way pose as an expert on India is foolish. I did write the title "India Is Important," and I feel from the standpoint of our foreign relations, from the standpoint of our agricultural situation, that India is very important.

I was privileged there to get a preview of surveys made by reliable trade sources on the potential needs of India for edible oils at the termination of what would be their fourth or fifth—it would be their fifth 5-year plan, which would be ending in 1975.

Making certain assumptions which seem to be conservative—one of them that their population would not be over a half a billion people—also they would increase their own fat consumption by 50 percent in that period which would be a major achievement, I think, in agriculture; that by that time they would need to import; keeping in mind their industrialization, keeping in mind their demand for a higher standard of living which is taking place in their cities, that they would need to import by that time as much edible oil in each year as we produce in the United States of soybeans and cottonseed. It is staggering.

We tried out some soy flour in their native bread. We found it acceptable. They liked the taste of it.

We know that it would show up in the, we will say, vigor of a baby at birth, the ability of the mother to feed the baby, and the growth

of the child—and the pride of every Indian woman is to have a very healthy child. Very few of them are able to achieve that, as you know.

#### DIETARY NEEDS OF INDUSTRIAL WORKERS

I talked to the heads of industry in India, and one of them told me in an industry employing 7,000 men that he felt if his board of directors could possibly let him import food and give a good lunch to his men he could increase production 25, 30 percent.

If he could give them breakfast and lunch he thought he could increase it 50 percent, thereby greatly decreasing his per unit costs.

The man on the street in Calcutta and Bombay, and the poorer sections, as you have seen them, with no investment in them, we could say economically, it would not make too much difference. But as we industrialize and put machines before these men, then it becomes important. It is necessary that these people be fed.

In Hong Kong we found they were making soy milk at Amoy Canning Co., so we visited them—Mr. Roach and I.

Senator HUMPHREY. I remember Mr. Roach. I met him.

Mr. WALLEY. Mr. Roach and I were there in Hong Kong, and they showed us the soy milk and we asked them what they sold it for. They said, "We do not sell it. We produce it for our own employees, who run around 2,000 during the busiest season." He said, "We must feed our employees so that they can work."

#### LONG-TERM DURATION FOR PUBLIC LAW 480 PROGRAM

Now, to me this is a plea for us to use Public Law 480, and we cannot ask Indian people to get themselves all excited about something that they are going to get only for 1 year.

That was the thing I ran into down in Bombay, talking to vamsatti people. That is a product they make from vegetable oil, and it is similar to our margarine. He said, "Yes, if we change our plan and use from the United States, what insurance will we have that we will have it for the second, third, or fourth year?" I said, "None." I could not answer truthfully any other way, and that is a plea we make for an extension, a longer time extension.

Senator HUMPHREY. Have you made this same plea to the Department of Agriculture?

Mr. WALLEY. I reported it to the Foreign Agricultural Service.

Senator HUMPHREY. That is what I mean. What you say makes so much sense, and it disturbs me no end that the policymaking people of the Department of Agriculture keep coming back for these 1-year extensions, despite almost universal evidence that they are inadequate. What do you do with such stubborn people? You are a good practical man. You have come up the hard way and had to battle your way up the line. How would you deal with this problem?

This is not a matter of just winning an argument. I am convinced that you are right. Not only are you right, but anybody who has ever made a single trip and studied this for 15 minutes, with the exception of those making Government policy, come back with the same observation—that is, if we are going to continue this program we must put it on a longer term basis. Observers come back from various countries and point out what we can do in terms of factory feed-



ing—like what you are talking about. I must say that I have never heard the discussion of factory feeding from a representative of our Government. I do not know what they are seeing on their trips.

This makes more sense to me. You know, we did feed an army—which later decided not to be on our side—for quite a while. But before we armed the Iraqis we had to give them medical care, and we had to give them some dietary supplement to increase their caloric intake. Then when we gave them \$50 million worth of our guns, they started shooting the wrong way. But we did find out that if you were going to have an army, it had to be fed.

Now, of course, that took a lot of genius because Napoleon—who was a pretty good soldier—reminded people about that about 145 years ago.

#### SITUATION IN INDIA

Now, you are saying that in the instance of India with a little extra food, output could be improved; isn't that correct?

Mr. WALLEY. Yes.

I was asked a question when I spoke before the Rotary Club if I considered India an underdeveloped country, and I said I refused to use that. I said I think of India as a growing country. I do.

Ten years old, remarkable progress which has been made, the greatest in the world in political reorganization; about 500-some principalities, several hundred states 11 years ago this August, and today it is 16 States and 6 colonies. Nothing like it has been done in the world in reorganization like that politically.

If I remember the figures correctly their trade balance is terrible. It is running behind something like a half billion dollars a year. But last year they spent about \$2 billion in industrial equipment. Anybody who starts in business and only borrows one-fourth of what they are spending, I do not write them off. I will not sit here and say that India will not be a dollar customer in 10 years, 7 or 8 years, 10 years, I am not sure. They might. It does not look good now, but let us not write them off.

But in every other way politically and every way they are important. The way I saw it they are just 400 million nice people who ought to be on our side.

Senator HUMPHREY. And we ought to be thinking of ways and means to improve our relationships.

Mr. WALLEY. That is right.

Senator HUMPHREY. Congressman Bowles, why don't you join in on this discussion? This is not a joint committee.

Mr. BOWLES. I have not heard anything I disagree with so far.

Mr. WALLEY. I do not claim to be an expert, Senator, but I certainly am enthusiastic.

#### NEED FOR FOOD IN WORLD SHOULD BE MET BY AMERICAN AGRICULTURE

I want to repeat that there is tremendous need, and I will not subscribe to the theory that we should shrink our agriculture or try to expand the American tummy to fit. It did not work in the 1920's, and it will not work this time. When the world is hungry and we have the ability to produce and we need to produce, it seems to me that those two factors ought to be brought together.

Senator HUMPHREY. Just a couple of final questions, Mr. Walley. You are a successful businessman; is that correct?

Mr. WALLEY. Well, considering the time I donate to soybean promotion, yes; I would say yes. If I had worked at it all the time, I would be successful.

Senator HUMPHREY. I think you are pretty successful, and you have traveled around a little bit.

Now, the State Department testimony here the other day was to the effect that these nations just could not absorb any more of this food. They proved, according to their own limited lights, that the \$1½ billion authorization that we had last year was just about the maximum, and if they got any more there were going to be problems, namely, too much of an accumulation of foreign currencies, a disruption of normal marketings, and that, in any event, the countries just could not absorb any more.

What is your unexpert view on that? I have heard the testimony from the experts, which has left me cold.

Mr. WALLEY. Well, with your provision that you are getting it from a dumb cluck, I will venture an opinion that probably—

Senator HUMPHREY. I did not say that. I refuse to characterize you according to those standards. You are doing very well.

Mr. WALLEY. Seriously, it is the difference to whom you talk. If you talk to the people who have a ring around the existing supply and can meter it out to the people at an exorbitant price, your answer will be that they cannot use any more.

Senator HUMPHREY. That is not just in India, is it?

Mr. WALLEY. I am not going to pinpoint that to any country. I refuse to. But it exists.

Senator HUMPHREY. What do you really think, though, in terms of your experience and your observations? Can we market more of our agricultural commodities under terms such as the sale for soft currency or even under charitable donations; can we do this without disrupting normal markets?

#### PROGRESS IN JAPAN AND PROSPECTS FOR INDIA

Mr. WALLEY. Senator, may I go back to Japan? I wrote a review of the project, and I have a copy maybe in my bag, but briefly it is this: In the 21½ years we have been active, and we are engaged with the soy food manufacturers of Japan in an educational program, we are working with the Japan Nutrition Society, which is their agency of the Ministry of Welfare, we are working with the Food Life Improvement, which is their agency of the Ministry of Agriculture in the education of the housewives of Japan for better nutrition through the use of soy and wheat foods.

During this period, I will give you one key figure. We have increased the per daily consumption per person, which would not be equally divided, as you say, but 1½ grams and 2½ years, and each gram per day per person for all the people utilizes the oil from about 7 million bushels of beans.

We have increased it 1½ grams which would be the equivalent from oil of 10½ million bushels of beans, and in those times we have increased the sale of beans to Japan by 9,800,000 bushels. Now,



there must be a relationship there, so it is a nutrition program at the housewives' level. This is at the level of the high school.

My first day in Yokohama I attended a meeting of 200 home economics teachers in high schools, plus a hundred leaders in home economics clubs, and they were holding demonstrations of soybeans, and I was invited to bring them the greetings of American growers. It was a most inspiring sight. There are 300 people who are carrying this message back. We have 10,000 directly employed nutritionists in Japan. The Department of Agriculture says they have the best program in the housewives' program.

The people from India, the leaders, are saying, "Look what Japan is doing." My answer was, "If you would be able to start in on nutrition you would be able to do what Japan is doing." I agree with that.

Senator HUMPHREY. It is a good thing for us to move in cooperation with India in this nutrition field.

Mr. WALLEY. Yes.

#### MUTUAL SECURITY PROVISION PROVIDES MONEY FOR NUTRITION STUDIES

Senator HUMPHREY. By the way, an amendment was added to the Mutual Security Act last night that will help do something like that to provide some money for nutrition studies.

Mr. WALLEY. In support of the figures which I gave, and in which I used India, Dr. Devidas, who heads nutrition for the Indian Government, and got a doctor's degree at Ohio State, I spent considerable time with her, and spent considerable time verifying all these figures, and these are sound.

There are not just picked up out of the air. They are supported by people from the viewpoint of nutrition.

Senator HUMPHREY. So your testimony is that more of these products can be absorbed?

Mr. WALLEY. More than we can ever produce, more than we need.

Senator HUMPHREY. And your testimony is this can be done without disrupting what you in the private trade would call normal marketing; is that correct?

Mr. WALLEY. Well, not disrupt any setup that should not be disrupted.

Senator HUMPHREY. Thank you.

Congressman Bowles, we are delighted to have you here, and we shall welcome your testimony and your observations.

You have a number of friends who are here who came over primarily to hear you. I had announced earlier in the day that you would be with us.

You may proceed.

#### STATEMENT OF HON. CHESTER W. BOWLES, A REPRESENTATIVE IN CONGRESS FROM THE SECOND CONGRESSIONAL DISTRICT, STATE OF CONNECTICUT

Mr. BOWLES. I would like, first, of all, to applaud what I have just heard, which, I think, is an extremely good statement of the need.

Let me begin by saying how much I welcome this opportunity to testify briefly on S. 1711, the International Food for Peace Act of

1959. There are very few pieces of legislation which have come or will come before the Congress this session which have a higher overall potential for constructive foreign policy impact on the world Mr. Chairman, than your food-for-peace bill.

I know it is no surprise to you to know that I am here to testify enthusiastically for your bill. It is, by all odds the most imaginative effort which has been put together for the purpose of tackling this problem.

#### U.S. AGRICULTURAL SURPLUS VIS-A-VIS WORLD EFFORT FOR PEACE

Historians of the future looking back on our generation will note many startling things, but none will be more paradoxical than the picture of the United States of America sitting on a pile of so-called surplus agricultural commodities valued at almost \$10 billion at a time of world hunger, political crisis for the West, and a desperate need for positive efforts for peace.

Ironically, at this point in the 20th century, we are prone to call our blessings "burdens." The richness of our land, the industry of our farmers, the mechanization of our farm machines, and the constant improvement in fertilizers, seeds, and pesticides have all contributed to the efficiency and size of our agricultural output. The result we regard as burden No. 1.

#### SHORTAGE IN REST OF WORLD

Yet almost every country in the world is short of food; nearly every country has to import at great cost or has to go without food.

The biggest single problem of the Soviet Union has been food.

Today the problem that may break the Communist Chinese regime is food—trying to feed their people on 1.7 acres of land for an individual family. Yet here we are, with our enormous capacity, wondering what in the world to do with our food.

It is remarkable. And it will be tragic if history some day says that the free world died of its own torpor, and this we cannot do unless we shake ourselves loose from the attitudes of the mind we have developed about our agricultural burden.

#### "BURDEN" OF U.S.-OWNED SOFT CURRENCIES

In recent months the newspapers are telling us that we now face another "burden," our holding of nearly \$2 billion worth of soft currencies, a "burden" we lack the wit, initiative, and will to put to work. The existence of these two so-called burdens constitutes a dramatic demonstration of the failure of our present economic techniques and machinery to keep pace with the requirements of world policy and human needs.

#### SITUATION IN 1933 AND GOVERNMENT REMEDY

Indeed, I suppose it is fair to say, Senator, that we are now facing much the same situation on a world scale that we did in 1933 when 16 million unemployed workers were suffering from malnutrition, and were walking day after day past stores loaded with spoiling food.



Hundreds of economists agreed that the spoiling food could not be disposed of because of "iron laws of economics."

These were said to prevent the food in the hands of hungry families.

We were so satisfied for 3 years with this explanation that it went by without question or challenge.

Finally, we elected a government that recognized the total immorality of the situation and the fantasy of it. Without really knowing quite how to handle it, we went to work to experiment, first, with this move, and then with that move, imaginatively seeking solutions. Gradually we matched abundance with hunger.

#### HUNGER ON WORLD WIDE SCALE

Now we have a similar problem on a world scale. We have an enormous quantity of food we are not using. The world is hungry. I have a feeling that by 1962, 1963, 1964, or 1965, we will be looking back on this period with the same astonishment that we looked back on 1933 from the vantage point of 1935 when we had begun to find solutions and when everything started to move.

It is high time that we convert our so-called burdens into assets. The tremendous virtue of S. 1711 is that it would go a long way to do just that.

I do not pretend to be an expert on Public Law 480 or the other instruments of national policy which, on the whole, have made helpful strides in the right direction. The members of this committee, and especially you, Senator Humphrey who have devoted years of effective study and action to these problems, know far more about them than I. Yet I do know enough about this basic problem to rejoice that S. 1711 proposes to move us ahead dramatically on a broad front.

#### LONG-TERM AUTHORIZATION AND USE OF LOCAL CURRENCIES

After last week, this committee may be sensitive on the subject of long-term authorizations. But it is as important for the food program as it is for foreign aid generally, that we enlarge the authorization period to allow for intelligent planning and programing. The 5-year authorization for Public Law 480, and the increased rate of \$2 billion a year for local currency sales provided in the bill, seem to me to be major steps forward.

I like the emphasis added by the new uses for local currencies under title 6 of the bill. The expanded uses for economic development, education, health and sanitation measures all are moves in the right direction. The 10-year program of long-term supply contracts for U.S. commodities under title 4 with its 40-year credit aspect is another imaginative proposal.

Moreover, I like the clear statement of purpose in S. 1711. It could help in a variety of ways to reassert a more favorable image for the United States abroad.

#### GRANTS AND NATIONAL "FOOD BANKS"

Mr. Chairman, I am particularly intrigued with the possibilities of title 5 of the bill. I know that congressional sentiment these days

is increasingly favorable to loans and increasingly unfavorable to grants. For the most part, I agree with this change in preference. However, I think that the new grant authority in title 5 is of immense potential value.

The concept of minimum national food banks abroad can become terribly significant. Indeed I feel this one of the most promising sections of the bill, one of the most constructive and creative. I think it should be developed.

Senator HUMPHREY. Would you pardon me? I think we are going to change the title on section 5 from National Food Reserves to Food Banks. I think it will get a more favorable reception in the administration that way.

Mr. BOWLES. "Bank" is a good word. I think we ought to use the soundest words that we can.

#### STATEMENT OF PURPOSE IN S. 1711 BEFIT AMERICAN CHARACTER

I would also like to congratulate you, however, on your contribution here to a better objective, a statement of purpose. It more fits the American people as I know them. I grow weary of our offering the wrong reasons for doing the right things. This is unworthy of our own positions as a nation. We should rise up to the best in our past traditions, and give the right reasons for doing the right things.

I do not think we should adopt S. 1711 to embarrass the Communists. I think we should do it because it is basically and fundamentally right.

If we want to remember parenthetically that if the Soviet Union ever had the food capacity we had they would be clobbering us with it all over the world—if you want to add that parenthetically—go ahead and add it. It is certainly true. But I would not make that my basic motivation.

Our motivation is that we are a decent, religious people. We believe, profoundly in and act upon the concept of the brotherhood of man. We have this enormous capacity to help other people, and we should want to use that capacity.

#### NEED FOR DRAMATIC ACTION TO UTILIZE AGRICULTURAL ABUNDANCE

This general idea of food reserves has been discussed for many years in our own Government, in the United Nations and elsewhere. But we have yet to do something on a large enough scale to have either the psychological or economic value inherent in this proposal.

For reasons well known to the chairman and this committee, bilateral grant aid still seems the most realistic method of approaching these possibilities for national food reserves.

As we look at our overall food situation, the prospects for title 5 become increasingly impressive. We are presented with a striking moral, political, and economic opportunity. We know that we are confronted with a deadline. Our stored commodities, unless used, are a wasting asset. The problem of preventing spoilage is a continuing and growing one.

As a result of the President's veto of the wheat bill and the prospects for another good crop year, we will be confronted soon with a new burden of storage.



The time has come for us to take some bold action. Dramatic situations require dramatic solutions.

#### STORAGE DEPOTS AROUND THE WORLD

I would really like us to take one half of our entire grain surpluses and store them abroad at designated depots as a vivid and reliable guarantee against famine and disease, and as an earnest demonstration of the desire of the American people to see that no one starves while we have food to spare. Thirty or forty such depots could be placed in India alone. Others could be placed in the Middle East, north Africa, Indonesia, and parts of Latin America.

I suggest that a look at the mechanics of this problem shows that such a constructive effort on our part might in fact save us money in the long run.

The President said in his farm message to Congress January 29 that "when the 1958 crops have come into Government ownership, the cost in terms of storage, interest, and other charges of managing our inventory of supported crops, for which commercial markets do not exist at the support levels, will be running at a staggering rate in excess of a billion dollars a year. Unless fundamental changes are made, this annual cost will rise."

The actual comparative statistics of storage costs in this country and transport costs to ship American commodities abroad depend, of course, upon the bulkiness of the commodity and the distance to be shipped. From all of the comparative statistics which I have seen, however, I am convinced that any given amount of our surplus commodities could be shipped abroad for considerably less than they can be stored in this country over a 3-year period, and that savings from such a procedure would accelerate geometrically after the second year.

The Department of Agriculture can certainly supply this committee with detailed estimates of shipping costs of surplus commodities to representative countries in comparison with American storage costs. One estimate I have seen indicates that it costs 18 cents each year to store a bushel of grain in the United States and only 42 cents to ship it to India.

Senator HUMPHREY. Twenty-two cents is the latest on storage costs.

Mr. BOWLES. Twenty-two cents a bushel?

Senator HUMPHREY. That is for wheat.

Mr. BOWLES. The total for storage costs, as President Eisenhower stated it, is \$1 billion a year.

Senator HUMPHREY. I do not know. I will say the estimated cost next year is \$1,220 million.

Mr. BOWLES. Well, for 42 cents, roughly, you can send a bushel of wheat to India, to Egypt, to areas where it is required, or less.

This means at the end of 2 years you will begin to save money on our storage. Again, if we have to offer ourselves these practical banking reasons for doing the right thing, you will begin to save money and massively save money on our storage costs after the second year.

An estimate contained in the Congressional Record for June 18, 1959, on page 10147, suggests that over a billion dollars would actually be saved over a 10-year period by shipping, instead of storing, \$250 million worth of wool per year to the farthest practicable over-sea point.

## STORAGE ABROAD TO BE PAID FROM LOCAL CURRENCY

In this connection, Mr. Chairman, I suggest that the cost of storage abroad could be paid for from the local currency funds which the United States now holds.

Some of these storage facilities would consist of additional warehouses erected in India, Indonesia, Egypt, and other countries with short or uncertain food supplies. The same local currencies could also be used in the manufacture of bins.

Store the grain there in those banks. Make sure the banks are well constructed, so that they will protect the grain against spoilage as well as we protect it in this country. Then make arrangements with these governments to draw on this grain according to a set of standards that could be mutually developed. Actual failure of a harvest would certainly come first.

There could be no question about that.

Second, perhaps should come soaring food prices, due to shortages causing a critically inflationary situation in the price of food.

Third, might come the existence of certain degrees of malnutrition.

I would like to see a whole chain of these food banks established all over the world, with the building of them paid for by counterpart funds.

If we require taking more of our ships out of storage to do it, I think we should also welcome that opportunity.

## PROVISION FOR STORAGE DEPOTS TO BE INCORPORATED INTO S. 1711

My proposal, Mr. Chairman, would probably require a very slight addition to S. 1711, title 5, section 501. Language could be added to the first sentence of that section, such as: "and for providing appropriate depots or storage facilities for handling such food reserves."

New language would also probably have to be inserted in the bill specifically authorizing the President to negotiate and carry out agreements with friendly nations to provide for the use of local currencies in connection with the storage and management of commodities in the national food reserves.

I would hope that these storage depots would in effect become pipelines between the vast supplies in the United States and the hungry people who would receive this food. In other words, food would be kept flowing in and out of these storage facilities in addition to the privately owned warehouses to insure that the needy would be near a constant food supply.

## AMERICAN PEOPLE FAVOR OBJECTIVES OF S. 1711

I think title V is particularly exciting in its possibilities, I also think, being only an amateur in politics, that the American people will be very largely with us on this.

I was in Maine last week for a few days. I ran into five different individuals who shook their fingers at me—I am sure they would not have voted for me—and said, "I want you to know that one of the greatest failures of this Government is the failure to use our food surpluses. What do you mean sitting on our food surpluses in a world



that is hungry?" This came spontaneously from simple people in the country stores and the crossroads of down east Maine.

When we get this program off the ground we are going to have not only the farmers with us but we are going to have all the people who are decent, religious, moral people in this country with us. What is more, we are going to have the world with us. We are going to be making progress towards the goals that we all have in common.

#### COOPERATION WITH OTHER EXPORTING NATIONS IN STEP TOWARD MULTILATERALISM

Of course we would undertake such a program in consultation with our friends in Canada, Australia, and other grain-exporting nations and invite their participation in such an effort. Eventually we hope machinery might be developed under the United Nations to make this a basic international policy with all the extra advantages which multilateral auspices entail.

But we can begin right now, Mr. Chairman, to do something major to put food to work for peace. By utilizing the concept of title V of this bill, and expanding it as I have suggested, we would be providing real assurance to the people of the world that they would be freed to a measurable extent from the terrible specter of starvation, famine, and disease which has plagued men from the beginning of history.

I am confident that there are few things we can do which would serve more usefully than this to put a new face on American foreign policy.

Senator HUMPHREY. I thoroughly concur in your general suggestion, Congressman Bowles.

Under title V the concept of national food reserves is related to the United Nations resolution of the 11th General Assembly.

Mr. BOWLES. Which you proposed and which you spoke on.

Senator HUMPHREY. Which we handled for the Government.

Mr. BOWLES. Which then died.

#### EXECUTIVE BRANCH ATTITUDES TOWARD S. 1711

Senator HUMPHREY. Which bothers me no end. I have brought this up repeatedly with several witnesses, because the State Department testified on his bill with a completely negative statement, without even constructive criticism, may I say.

I do not mind people being opposed to features of the bill. After all, we all have the right to choose up sides. But there was not an effort made to improve it. There were no suggestions of improvement, even on the existing program.

The Department of Agriculture, I thought, came in with a more constructive statement and attempted at least to point out the improvements that have been made under Public Law 480, and what thoughts it had in mind for the future.

We have asked them for their constructive suggestions, critical or affirmative. But neither Department of Government mentioned title V, despite the fact that this was our initiative in the United Nations.

I often wonder what other nations think of us. After all, we are the ones who insisted on this type of approach, the national food

reserve. We were able to work the concept into the U.N. resolution, as you may recall, after consultation with the Food and Agriculture Organization—so that we would not be going off willy-nilly on our own with unilateral activity.

But the Department has given no thoughtful consideration to this, and if there is a representative of the State Department here, I hope he will take this back to the Department, and ask for at least a supplementary statement. I want the staff to be alerted to the fact that I should like to direct a letter to the Department asking for its suggestions as to the merits or demerits of title V of S. 1711 and what, if any, suggestions they have for its improvement along the line of Congressman Bowles' ideas.

I would like to have a copy of Congressman Bowles' testimony sent to both the Department of Agriculture and the Department of State with the request for their evaluation of it.

(The information was subsequently received from the Departments of State and Agriculture and is in Committee files.)

This makes good sense, and I agree with you that every place I have been, Chet, and mentioned the constructive use of our food surplus—not just in emotional terms but as part of worldwide economic development, as part of our basic morality, as part of our responsibility in the free world—the public is all for it. They could not care less about some of the other things about which we talk.

#### OFFICIAL OPPOSITION TO, AND PUBLIC SUPPORT OF, S. 1711

Mr. BOWLES. I have never heard a layman oppose this program. I have never had a letter about Public Law 480 that was not enthusiastic.

Senator HUMPHREY. I will provide you with some.

Mr. BOWLES. Are they in the storage business?

Senator HUMPHREY. I do not know whether they are entirely opposed to it—I am speaking now of some officials.

Mr. BOWLES. Who is against it around the country, forgetting the officials?

Senator HUMPHREY. Not many people. In fact, I have not found anybody yet; and even the people who would benefit from storage here in the United States are willing to support a national food bank reserve program overseas.

Mr. BOWLES. There is no one in my district who has any agricultural stake in this program. All they have is a stake in it as individuals.

I have never had a letter or a comment that was critical of the position I have just stated or that you have stated.

I think that the political climate is ready for it. We are all going to feel a lot better if we do it.

#### ABSORPTIVE CAPACITY OF RECIPIENTS OF U.S. FOOD SURPLUSES

Senator HUMPHREY. Let me ask you this one final question, Congressman. In light of your experience, not only as an ambassador but also as a man who has traveled considerably and has a personal friendship with many leaders of foreign countries, particularly in the Asian



and African areas, do you feel that the economies of these nations are capable of absorbing greater amounts of foodstuffs than presently are being made available?

Mr. BOWLES. Well, certainly most of them are. Of course, there are some countries where people are fairly well fed and which have good land and good soil. Thailand, is an example although the Thai could stand a more balanced diet there. Thailand, Burma, and a few other nations are relatively fortunate. But there are vast areas that are not.

Also there are two standards we should consider. One question is, How much food is required for a man to go on living, just to go on existing, sitting under a tree, somehow getting by?

A second question is, How much is required if he is going to do a day's work, if he is going to try to build a road, a school, a health clinic, or an irrigation ditch? You will find that the daily caloric requirement jumps from about 1,600 calories immediately up to 2,400, 2,600, or 2,800 calories.

So as people in the underdeveloped areas go to work, which is what they are doing and must do, the caloric requirements for the same number of people, forgetting completely the increase in population, jump enormously.

Actually this has been one of India's miscalculations. Her calculations on what she required in the way of food were based on the old India, the old India that was sleepy and stagnant. But the new India that is alive and working requires more food per capita. This they misjudged somewhat.

Her needs now are such that India is trying to push her food production from 68 million tons to 110 million in the next 7 years. That is her own production goal. But S. 1711 would help remove the fear that this goal will not be reached. I do not believe we can underestimate the psychological importance of this action.

I remember the December rains in south Asia. Some years they come and some years they do not come. In any event they only last 2 or 3 days. They are called Christmas rains. They come around the middle of December.

I rode through the Punjab area of India one time when those rains happened to come with great abundance. For 200 miles I went about among people who were singing, dancing, laughing, smiling, and clapping each other on the back because for the following year they had been saved from fear of whether their children were going to starve.

These food banks could give that kind of lift. If they were placed all over the world it would mean that people were not going to starve. They would be assured that they were not going to go hungry. For the first time in history people would have that kind of assurance.

#### ATTITUDE OF OTHER EXPORTING NATIONS TOWARD EXPANDED PROGRAMS FOR UTILIZATION OF U.S. SURPLUSES

Senator HUMPHREY. From your experience as a businessman and as a Government official, do you feel that we could carry on these programs on an expanded basis without seriously disrupting normal marketings and private export trade?

Mr. BOWLES. Well, I feel that we have some persuading to do. The Canadians have been critical; the Australians have been critical. But they have a basic potential in this world not unlike our own.

They share the same ideals, the same objectives. I think our persuasive abilities ought to be great enough to convince them that this is the only line that both we and they should take.

After all, they too are rich nations. They too have a tremendous capacity for helping people. They too have been very generous.

I might say the Canadians have probably put up more money in economic development programs than we have for the underdeveloped areas, on a per capita basis.

I am confident that we can persuade them that they should not only not object to our doing this, but should cooperate with us.

It is going to take some persuading, however, by people who believe in the program. They will not be persuaded by people who are not persuaded themselves—who are dragging their feet, who do not like it, who do not understand, and who wish the future would go away.

Senator HUMPHREY. Thank you very, very much. That is excellent testimony. I only wish that more people could have heard it, and I am going to see that some people get a copy of it. Thank you very much.

We now have the representatives of the American Council of Voluntary Agencies for Foreign Service.

I should first like to call upon Msgr. Edward E. Swanstrom, chairman of the executive committee, and executive director of Catholic Relief Services.

**STATEMENT OF MSGR. EDWARD E. SWANSTROM, CHAIRMAN,  
EXECUTIVE COMMITTEE, AMERICAN COUNCIL OF VOLUNTARY  
AGENCIES FOR FOREIGN SERVICE, INC.**

Monsignor SWANSTROM. As you indicated, I am chairman of the executive committee of the American Council of Voluntary Agencies. I am also director of Catholic Relief Services, but I am speaking now for the agencies of the council.

I have another one of my colleagues with me, Mr. Edward M. Kinney, who handles a great deal of our planning and distribution of surplus foods. We also have prepared a special statement of our own, and with your indulgence, I would like him, before we finish, to make some little comment on it.

Senator HUMPHREY. Yes, indeed.

Monsignor SWANSTROM. With me are representatives of other agencies similar to my own, some of whom wish to present individual testimony in addition to the group statement, which I shall present, and all of whom, as I will myself, be happy to respond to any question you, as chairman of the committee, might have.

You mentioned, Dr. Wilson, but there are representatives of some of the other agencies here.

Senator HUMPHREY. Yes; I see there are.

Monsignor SWANSTROM. I will introduce them as we go along.

We have prepared a statement which was carefully thought out by the representatives of the Voluntary Agencies, and since we are filing it, I am sure my colleagues here will agree with me that because of the lateness of the hour I will not attempt to read the whole statement into the record but just make a few comments.

It is true that for the past 9 years, while surplus foods have been available for distribution——



Senator HUMPHREY. May I suggest that your colleagues and associates come up and sit around. They may want to join in on some areas of this discussion.

Go right ahead, sir.

#### SCOPE OF VOLUNTARY WORK

Monsignor SWANSTROM. The voluntary agencies associated in the council have worked in 67 countries and areas of the world to confront with programs of aid, rescue, and rehabilitation an immensity of human need.

We have seen this need decrease in some areas, but greatly increase in other, places like Africa and the Far East, where new waves of refugees are testimony to the continuing unresolved crises in many sections of the world, and while conducting programs of migration, resettlement of refugees, self-help, and health building, we have also tried to meet this immediate problem of human hunger through large-scale feeding programs.

Because the primary aim of our agencies, people-to-people agencies, to express fraternal human concern for the welfare of people deprived of homes, often of governmental protection and of opportunity to decide their own fate and help themselves—that is the primary aim of our agencies.

#### ENDORSEMENT OF PRESENT BILL

We have studied your bill very carefully and we would like to make a few points in regard to it.

First of all, we are wholeheartedly in accord with the spirit and motivation which is expressed in the present bill.

We commend especially the fact that in this bill there is a recognition of our abundance as a potential source for peace in the world, rather than a problem in mere disposal.

As was said here by some of the other speakers, we strongly urge the best possible use of the available foreign policy funds of our community development, resettlement, health and welfare, and educational projects.

We, too, would like to make reference to the situation in India, because as agencies we are aware of food crises in many areas of the world today, and India is a good example, where there are hundreds of thousands who are suffering from hunger, and in the next decade they say unless something is done about it millions may actually starve to death.

It is for reasons like that that in the depth of our conscience we strongly support legislation which provides, as this bill does, for long-term planning.

For people whose energies are depleted by prolonged hunger and insufficient protection from the elements, either in clothing or in shelter, a protective food is of the essence for survival. And oil or fat is such a food, particularly as the winter approaches in many countries.

Now, despite permissive legislation, fats and oils which meant so much in feeding programs for refugees and other groups, have not recently been available for voluntary agency distribution.

The reason for the absence of drastically needed oils from the voluntary agencies oversea distribution programs likewise illustrates the reasons for the absence of many other food products.

Under existing legislation the Department of Agriculture feels it is directed first to dispose of these Commodity Corporation, Credit Corporation acquired foods through sale or barter, even on market depressing terms before offering them for donation.

The agencies feel, and I think this is in answer to question you raised before, that if the Congress desires that other food commodities be placed and made available for food distribution programs overseas, it should say so very explicitly in the new legislation.

Since supplies of U.S. foods were first sporadically made available to American voluntary agencies 9 years ago, resulting programs have proved their worth in assisting some of the neediest groups in the world.

In recent years the U.S. Government and American people-to-people agencies in meeting needs overseas have reached a stage where there is concerted planning, not only in types of food commodities but in amounts to meet program needs.

We do think, as I said before, that this should be done more on a long-term basis.

But we are besieged by crying human want on all fronts, wherever we are, in our many outposts overseas, so that we feel that the food which is not used most efficiently and most compassionately to serve this need in a time of crisis for humanity can be said to have gone to waste.

Our warehouses are overflowing. We are being tested before the nations of the world.

Surely this is a time for the utilization of this abundance as food for peace.

Now, having presented the position of our agencies of the American council in regard to the bill under discussion, if I may be permitted, I would like to prefix one or two words to the testimony of Mr. Kinney which he is now prepared to offer on the specific position of our own agency.

I want to wholeheartedly congratulate those who were inspired to draft a courageous piece of legislation that should accomplish much in promoting America's basic foreign policy, and I am talking for myself, which seeks to attain a just and lasting world peace.

#### JUSTIFICATION FOR PROGRAM

In a world in which two-thirds of its people go to bed hungry every night ours, as a people and as a Nation, is a tremendous moral responsibility. We are a God-loving and a God-fearing people.

God is continually blessing our land with a rich abundance of food and fiber, and rather than take steps to stem the flow of this abundance, we must be seeking further ways and means to share this abundance with others in the cause of world peace and world stability.

Any program designed to take another step in that direction certainly merits our consideration and our support.



To those who take objection to this program, I would like to take them by hand to areas of the world like India and Pakistan, many of the countries of Africa, some of the countries of South America, and take them into these slums surrounding the big cities, places that most tourists never visit or out into the countryside, and they would have an answer to the question of whether or not there is need for the use of this American abundance in other lands.

I know everyone is interested in markets. By helping to keep these people alive until they become self-producing, we certainly produce a potential market for ourselves.

I have traveled in practically every country on the globe, with the exception of Australia—of course, I have not been in many of the countries behind the Iron Curtain in recent years—but every place I go I will say without fear of contradiction to anybody in the United States there is a tremendous need for these surpluses that we presently have, and any surplus that we can produce to share with others.

Now, there are others here who would, I know, want to add something to the statement that I made on behalf of the council, and in my own behalf and, perhaps, after they do, you may have some questions that you want to ask.

Senator HUMPHREY. Yes.

Monsignor SWANSTROM. Dr. Norris Wilson represents the Church World Service, and I know is anxious to say something in connection with your bill.

Senator HUMPHREY. Dr. Wilson?

Dr. WILSON. Mr. Chairman, I wonder, since there are to my knowledge two others who are going to submit statements, whether all the statements could not get into the record, because I would like the opportunity later, because I have no statement, to make some comments on some of the points.

Senator HUMPHREY. I have some questions I want to ask you and the representatives of the agencies. So why don't we proceed on this basis, if it is agreeable. Those who have prepared statements will make them now, and then we might proceed in a seminar fashion to discuss the points at issue in the bill.

Monsignor SWANSTROM. Mr. Kinney has a statement to make on behalf of the Catholic Relief Service. I am not going to ask him to read the whole thing.

(The prepared statement of Monsignor Swanstrom follows:)

STATEMENT OF EDWARD E. SWANSTROM, CHAIRMAN, AMERICAN COUNCIL OF VOLUNTARY AGENCIES FOR FOREIGN SERVICE, INC.

During the past 9 years, while surplus food has been available for distribution, the voluntary agencies associated in the American Council of Voluntary Agencies for Foreign Service have worked in 67 countries and areas of the world to confront with programs of aid, rescue, and rehabilitation an immensity of human needs.

UTILIZATION OF SURPLUS FOOD PRODUCTS

While this need has in some areas almost totally receded or has shown significant decrease, in other areas it is still critical and has shown increase. For example, as need diminished in Western Europe they greatly increased in areas such as north Africa and the Far East where new waves of refugees are testimony to the continuing unresolved crises in many sections of the world.

Besides conducting programs of migration, of resettlement of refugees, of self-help and health building, the voluntary agencies, both church related and secular, have met the immediate problem of human hunger through large-scale feeding projects. In addition to using their own purchased food supplies, the voluntary agencies have utilized in the past 9 years 3¼ million tons of American surplus food products, a significant proportion of the food made available for distribution at home and abroad.

The primary aim of the people-to-people agencies is to express fraternal human concern for the welfare of peoples deprived of homes, often of governmental protection and of the opportunity to decide their own fate and to help themselves.

Working side by side with the needy and dispossessed around the world, the agencies speak by deeds for the great majority of the American people. They serve the basic international concern of the American people—to build peace—by reaching out a helping hand to the less fortunate members of the family of man.

#### SUPPORT OF EXECUTIVE COMMITTEE FOR S. 1711

On this present occasion which is related to the passage of legislation dealing with American abundance, I would like to make the following points in the name of the executive committee of the American Council of Voluntary Agencies for Foreign Service.

(1) We are wholeheartedly in accord with the spirit and motivation which is expressed in the present bill. We commend especially the fact that in this bill there is recognition of our abundance as a potential force for peace in the world, rather than a problem in mere disposal.

(2) We strongly urge the best possible use of the available foreign currency funds for community development, resettlement, health and welfare, and educational projects. Further, the use of such funds has a special significance in the World Refugee Year. There are hundreds of self-help projects for refugees—weaving, sewing, metal work, tannery projects, farm training—the list is virtually endless—in such areas as Bengal, South Korea, Vietnam, and others, which could be initiated or sustained to help people make a start toward self-sufficiency.

(3) As agencies, we are aware of food crises in many areas of the world today. India is a good example where already hundreds of thousands are suffering from hunger and in the next decade millions may starve to death. For such reasons we, in the depth of our consciences, strongly support legislation which provides, as this bill does, for long-term planning.

(4) For people whose energies are depleted by prolonged hunger and insufficient protection from the elements (either in clothing or shelter), a protective food is of the essence for survival. An oil or fat is such a food—particularly as the winter approaches. Despite permissive legislation, the butter oils and other oils and shortenings which meant so much in feeding programs for refugees and other groups have not been recently available for voluntary agency distribution.

(5) The reason for the absence of drastically needed oils from the voluntary agency overseas distribution programs likewise illustrates the reasons for the absence of many other food products. Under existing legislation the Department of Agriculture feels it is directed first to dispose of CCC acquired foods through sale or barter, even on market depressive terms, before offering them for donation purposes. The agencies feel that if the Congress desires that other food commodities be made available to food distribution programs overseas, it should say so very explicitly in the new legislation.

Since supplies of U.S. foods were first sporadically made available to American voluntary agencies 9 years ago, resulting programs have proved their worth in assisting some of the neediest groups in the world. In recent years the U.S. Government and American people-to-people agencies in meeting needs overseas have reached a stage where there is concerted planning, not only in types of food commodities but in amounts to meet program needs. We are besieged by crying human want on all fronts, wherever we are, in our many outposts overseas, so that we feel that the food which is not used most efficiently and most compassionately to serve this need, in a time of crisis for humanity, can be said to have gone to waste.

Our warehouses are overflowing; we are being tested before the nations of the world.



## MEMBER AGENCIES

American Baptist Relief.  
 American Friends of Russian Freedom, Inc.  
 American Friends Service Committee, Inc.  
 American Fund for Czechoslovak Refugees, Inc.  
 American Jewish Joint Distribution Committee, Inc.  
 American Middle East Relief, Inc.  
 American National Committee to Aid Homeless Armenians (ANCHA).  
 American ORT Federation, Inc.  
 American Relief for Poland, Inc.  
 Brethren Service Commission.  
 Catholic Relief Services, National Catholic Welfare Conference, Inc.  
 Church World Service, Inc., National Council of the Churches of Christ in the USA.  
 Cooperative for American Relief Everywhere, Inc.  
 Coordinated Hungarian Relief, Inc.  
 General Council of the Assemblies of God, Foreign Service Committee.  
 Hadassah, The Women's Zionist Organization of America, Inc.  
 Hadassah Medical Relief Association, Inc.  
 Heifer Project, Inc.  
 International Rescue Committee, Inc.  
 Iran Foundation, Inc.  
 Lutheran Refugee Service, National Lutheran Council and the Church—Missouri Synod.  
 Lutheran World Relief, Inc.  
 Mennonite Central Committee, Inc.  
 Near East Foundation.  
 Polish American Immigration and Relief Committee, Inc.  
 Salvation Army.  
 Selfhelp of Emigres from Central Europe, Inc.  
 Seventh-Day Adventist Welfare Service, Inc.  
 Tolstoy Foundation, Inc.  
 Unitarian Service Committee, Inc.  
 United Friends of the Needy and Displaced People of Yugoslavia, Inc.  
 United HIAS Service, Inc.  
 United Lithuanian Relief Fund of America, Inc.  
 United Seamen's Service, Inc.  
 United Ukrainian American Relief Committee, Inc.  
 World Relief Commission of the National Association of Evangelicals.  
 World University Service.  
 Young Women's Christian Association of the U.S.A. (Foreign Division).

Senator HUMPHREY. All right, Mr. Kinney.

## STATEMENT OF EDWARD M. KINNEY, CATHOLIC RELIEF SERVICES

Mr. KINNEY. This agency proposes, Mr. Chairman, that no thinking American will oppose legislation that has as its objectives those stated in S. 1711 of the Senate.

It believes that the phases accomplished by this piece of legislation will represent a great stride forward toward the intelligent utilization of American surpluses.

It would appear to the agency and, I am sure, that the intent of the bill covers this phase, that the stepping up of sales of surplus commodities would best be handled in concert with the other food exporting countries of the free world, and we are confident that it is not the intention of the sponsors of the bill that America, whatever the value of its food resources in terms of overabundance, would proceed to dispel them throughout the world in any fashion or form that would be harmful to its allies and friends of the free world.

It is the opinion of this agency that in reaching the masses of the needy presently unable to acquire foods through purchase, and yet in need of them, to fill their hungry stomachs, that the food for peace program offers its greatest hope of building effectively a basis for a lasting peace.

#### WORK OF VOLUNTARY AGENCIES

To date, the nonprofit, voluntary agencies registered and approved by the Advisory Committee on Voluntary Foreign Aid have largely been entrusted with this responsibility. In the course of its discharge under title III of Public Law 480, they have in the past 5 years alone distributed to our needy neighbors overseas, as a gift of the American people, as a whole and without discrimination of race, creed, color, or political persuasion more than \$1 billion worth of surplus agricultural commodities.

This important humanitarian work has been done quietly and with vast direct person-to-person impact. It has been accomplished with less wastage, less spoilage, and less leakage into the black markets than any comparable governmental or intergovernmental relief effort thus far handled. It has been accomplished at a fraction of the administrative costs of any governmental or intergovernmental program of such nature. Many of our ambassadors have termed these "vol-agency" feeding programs as "bulwarks of peace" and as "builders of immense good will toward America and its people."

#### GOVERNMENTAL RESTRICTIONS

These programs, during the past few years, have been effected by a trend in certain governmental quarters to restrict their scope and type in such a way as to not only make the establishment of new programs exceedingly difficult but so as to eventually decimate existing programs, whatever their merit.

Senator HUMPHREY. What do you mean by that?

Mr. KINNEY. I am referring now to the so-called Francis Committee policy which, at the same time, is not a policy, that is to say, it has never reached a final draft so far as the voluntary agencies know, yet it is apparent in the Office of Surplus Food, and the basic tenets of that policy are being followed.

Senator HUMPHREY. What does that policy indicate?

Mr. KINNEY. That policy purports, Mr. Chairman, that mass feeding programs can best be handled on a government-to-government basis, and if followed out to its conclusion it would leave the voluntary agencies with minor very unimportant programs involving small distributions within institutions of congregate care.

Senator HUMPHREY. I can tell you, my friend, without trying to be an expert on what Congress will do, that the Congress of the United States, from all the declarations I have heard from its Members, feels that the voluntary agencies are best able to handle many of these projects, particularly the mass feeding projects. We feel a debt of gratitude to these voluntary agencies.

Just think, the amount that it would cost the taxpayers of this country to do what you are doing voluntarily, literally free of charge



to the Public Treasury. It is a tremendous contribution on your part and a tremendous relief of the taxpayers' burden. So I am going to look into this Francis Committee item.

#### CONSULTATION WITH ALLIES ON FOOD DISTRIBUTION PROGRAM

I want to again note this for our staff work. I also want to note, if you will pardon me, Mr. Kinney, the possibility of including in S. 1711 a provision which requires consultation with our allies on these food distribution programs, where there may be any conflict of interests or ill feelings about such programs on our part.

I believe that we can write language in the bill which will indicate the wish of Congress to see that there are preventive measures taken to eliminate or at least to reduce any tension between friendly powers.

Mr. KINNEY. It is because, Mr. Chairman, the agencies believe the dire of our country's legislators are reflected in what you have just said that we are depending upon the representatives of the people to see that the pattern that has begun and which, if continued will be so harmful to the continuance of these programs, is brought to a halt.

Senator HUMPHREY. We will look into this. I give you my assurance that we will do so, and we will have a report for you. In fact, I am going to find out who is promulgating this particular idea, and administering it. And we are going to get them over here and talk to them.

Mr. KINNEY. The pinch has not yet been severe, but the design and intent of the administrative policy thus applied has been evident. There is a body of opinion in governmental bureaucratic circles, whatever the reason, which believes that America's volagencies should not not be entrusted with mass feeding of the needy despite the record of achievement which evidences their ability to discharge this responsibility; despite the warm welcome accorded to, and the wholehearted appreciation of these programs abroad, and despite the fact that should such programs be assumed on a government-to-government basis their substantially greater administrative costs will have to be added to the tax burden.

To date this trend has not been brought to the attention of the people of America. It is hoped, therefore, that responsible congressional quarters in monitoring the Food for Peace Act of 1959, when legislated, will halt this trend and will insure that the extension envisioned by the new act of title II will not be accomplished at the expense of existing and/or proposed volagency programs.

This agency doubts that such is the desire of our country's legislators. It, therefore, together with the other voluntary agencies engaged in similar relief efforts, counts upon the assistance of the representatives of the people to insure that this pattern, so harmful to the continuance of proven volagency programs, is not continued.

#### U.S. GOVERNMENT AND VOLUNTARY AGENCIES RELATIONSHIP

There is another and perhaps even more compelling reason to maintain, to preserve, and to expand volagency programs. It is becoming more and more clear each day to those engaged in this type of humani-

tarian work among the needy of the world that it is not along the quantity of aid which America and its people can give which is so important to the proper reception of these programs but how we, as a nation and as a people, give this aid.

The unique partnership, as our President once termed the relationship, existing between our Government and the voluntary agencies engaged in this work bespeaks the democratic process itself wherever its fruits are evident and is unparalleled in the history of such programs of human aid.

This hand-in-hand partnership of Government and the voluntarily supported agencies of its people cannot be duplicated by the totalitarian states. It has brought new meaning to millions overseas of the American way of life in a concrete and understandable way. Particularly has this been so because of the fact that many title III programs have been administered by voluntary agencies under religious sponsorship. Few, if any, will disagree that the significant difference between the civilization of the free and slave world is that we of the free world recognize the dignity and worth of every human being. Few, if any, will disagree that this fact is certainly best signalized through the religions of the free world which lead men's homage to God and which are so ardently cherished and preserved.

This is the time to recognize the merits and accomplishments of voluntary agency programs and to aid them toward new and greater achievements.

Whether we call America's program for feeding the hungry the sharing of our abundance, or food for peace, or simply the disposal of our surplus matters not at present. What is needed is the recognition that there is hardly a country in the world whose leaders, governmental and lay—while crediting us with the humanitarian use of our overabundance—do not know, at one and the same time, that we are basically anxious to sell, barter, make available on long loan or give away those commodities for which we have no domestic market and which have become an expensive and embarrassing burden upon us.

Can we not think boldly and imaginatively in terms of a food for peace program which limits neither the great heart of America nor its desire toward a just and lasting peace to those relatively few foods we currently have in surplus? Can we not think in terms of a food for peace program, particularly as administered under title III, promulgated and designed to meet the actual nutritive needs of the hungry so far as is practicable?

#### OILS AND FATS: A VITAL NEED

Fats and oils, for instance (and, it might be noted here, that similar legislation as that included in the food for peace bill relating to these commodities has thus far failed to make these available), are a desperate need in many areas of the world. Acreage normally used for corn can, for instance, likewise be used for the raising of soybeans. By announcing our intention as a Government to purchase soybeans in stated quantities for fixed periods of time for the purpose of converting them into oil for the feeding of the needy overseas could not with such an assured market and at no financial loss, the farmers now growing corn be persuaded to grow soybeans? Would not we thus be meeting the crying need for a more balanced food for peace pro-



gram and, at the same time, be reducing the amount of corn going into surplus?

Senator HUMPHREY. Pardon me, Mr. Kinney, I do not mean to be impolite to you. I just want to say here that I have been on the Committee on Agriculture for quite a while, and this year we are going to have about 90 million acres of corn. This is about 18 million acres more than we had last year.

Do you know where a good share of it is going? Right in those bins at a considerable amount of storage costs. Just as you are saying now we could have had vegetable oil from soybeans, with a little planning, to meet an oil deficit in the diets of people all over the world.

It is hard to market the corn. I do not say that it is impossible. We are making some headway, and corn oil is likewise an edible oil. But here was a chance to shift production at no extra cost to the taxpayers.

In fact, I would say we would have saved considerable sums of money and, at the same time, met an economic need.

Some of us have tried to explain this, and I am glad to hear you say this again. I am going to send this testimony over to some people who should see it, too.

#### PRODUCTIVITY DIRECTED TOWARD WORLD FOOD NEEDS

Mr. KINNEY. Could not this direction of our productivity, and that is what we are talking about, directing the know-how we have to produce food as no other nation in the world can produce it, could not we direct this production into channels that will help to meet the crying need that exists today, and can we not direct this productivity into other commodities than corn or into soybeans?

In other words, cannot this challenging concept of using our productivity and our abundance as food for peace be geared to world food needs instead of solely as an outlet for existing surpluses?

We are not, of course, minimizing the value of our vast stores of wheat and corn or the products which can be derived from them. This agency does, however, believe that a carefully planned and positive food for peace program, particularly now at a time when we are probably the only Nation in the world which could engage in such a crusade, would present to the world a shining example of our willingness to share the fruits of our resources and our labor. By encouraging our farmers to plant substitute crops for the grains now in such enormous surplus, we can not only serve the interests of world peace more effectively but continue to maintain the strength and vigor of the agricultural sector of our economy. This agency is confident that the farmers of America would respond to such a plan in the same manner as they answered the needs of the world during World War II. Would not such action in freeing our food for peace program from the limitations of only those foodstuffs in surplus be another and even greater evidence of American moral leadership and sense of responsibility for the hungry of the world?

#### REDUCTION IN SURPLUS MILK SUPPLY

In this connection may we cite the example of the situation arising as a result of recent information communicated by USDA to all

voluntary agencies indicating it now appears that the quantity of surplus dried, skimmed milk which will be available for title III donations is estimated to be equal to only 80 percent of presently approved voluntary program needs. In communicating this information to the field it is, of course, necessary to relay it to counterpart agencies and the governmental ministries concerned of the particular countries involved. In so doing, we, in effect, spell out the fact that our generosity and our concern for the plight of needy children overseas is presently confined to the amounts of commodities which we ourselves do not need.

The gradual reduction of this milk surplus will ultimately leave the voluntary agencies with but our two mountainous surpluses of wheat and corn to draw upon. Moreover, the limited availability of milk particularly in view of its wide usage together with cornmeal in many countries, will inevitably decrease the amount of cornmeal which can be utilized in these feeding programs.

We make a mush, hot milk and cornmeal, with the limited amount of milk available, and that will inevitably decrease the amount of cornmeal which these programs can utilize.

#### NEED FOR PURPOSEFUL FOOD FOR PEACE PROGRAM

In embarking upon a purposeful food for peace program designed to meet human nutritional needs, could not the processing of grains into types of foods more easily preparable by the consumer be both aided and encouraged to facilitate distribution and end use? Likewise, could there not be a redefinition of end use so that, for instance, if a work project was considered more valuable than a giveaway in a particular area, it could be given careful consideration? Or, in another area, could not the addition of sugar derived from sources other than our own and used in the reconstitution of surplus milk to increase its palatability to children be countenanced? In fact, could we not more wisely substitute considerations of specific area or group needs for the present arbitrary global regulations so utterly incomprehensible to those subjected to them? There is great need to introduce reason and consistency into present title III supervisory policies.

Senator HUMPHREY. Would you mind just spelling out exactly what you mean? I want the record quite clear.

#### MEANING OF TITLE III LEGISLATION UNDER PRESENT LAW

Mr. KINNEY. In the Far East, Mr. Chairman, on the island of Taiwan for several years the voluntary agencies, and indeed, the governmental representatives there, have been anxious to utilize surplus foods for the building of community projects.

This is not permitted under existing title III legislation, in lieu of wages. This is not recognized because it is recognized that some cash will be needed.

It is not permissible to use surplus foods under title III for any other purpose than to absolutely give them away. There must be no kind of return of any kind.

There can be no return in services, no return in labor, with no kind of partial monetary return. There can, in fact, be no introduction of other substances into the surplus foods under the title III program.

Senator HUMPHREY. You mean to enrich them?



## LUNCH PROGRAMS IN FOREIGN SCHOOLS

Mr. KINNEY. Mr. Chairman, in Greece at the present time this agency administers a program through the Greek Red Cross and the Ministry of Education under which 320,000 Greek schoolchildren receive one small meal a day in the school.

The parents of the children in the school, under the leadership of the Ministry of Education, have been for the past 4 years voluntarily contributing a very, very small amount to purchase sugar in Greece with their own money to put into the milk so that it is more palatable for the children receiving it.

Our present instructions, Mr. Chairman, are that unless this practice is stopped at once no further commodities will be forthcoming.

Senator HUMPHREY. Why?

Mr. KINNEY. Mr. Chairman, if I could answer with some semblance of reason many of the arbitrary decisions which we receive, program cuts of 10 percent—why? We would like to know.

We are always given the opportunity to defend a program.

Monsignor SWANSTROM. They won't allow the parents to pay for sugar because it might likely be they were buying the milk which has the sugar in it. They are willing to pay for the sugar themselves so that it can be added to the milk. They say it is contrary to the spirit of Public Law 480.

Senator HUMPHREY. You know, at home here in the United States the school lunch programs are only part of the total program.

Mr. KINNEY. Mr. Chairman, in the case of Okinawa, where the food being distributed to needy college students was being done and, I think, Mr. Chairman, if your experience overseas will be recalled to you, you will recognize as one of the most critical and volatile groups the students in the colleges and universities.

Senator HUMPHREY. Yes, indeed.

Mr. KINNEY. The decision in the case of Okinawa was that distribution to the university students could not be permitted because here in the United States we do not distribute food. We do not distribute surplus commodities or utilize them in school feeding programs over and beyond the high school level.

The situation is now reversed in Greece. Here in the United States we do use surplus foods in the school lunches, and we introduce other factors into them because they, many times, cannot be used to form a balanced meal.

But now the reverse logic is applied to the situation in Greece. We do it here and cannot do it there.

In the other instance we cannot do it there because we cannot do it here.

Senator HUMPHREY. It sounds to me like they do not trust the agencies. Really, what it sounds like to me, and I think candor is required here, is that somebody in the Government is of the opinion that these limited funds which would be provided, let us say, in this instance in Greece for sugar in the milk, would stick to the fingers of some of the agencies or individuals in it.

I think this is unconscionable. The record of these agencies is exemplary. I am not saying this to please you. You know what my views are on this.

## ADVISORY BOARD WORKING WITH DEPARTMENT OF AGRICULTURE

Do you have an advisory board which works with the Department of Agriculture on these matters?

Mr. KINNEY. We have the advisory committee on voluntary agencies, Mr. Chairman, which has a board.

Senator HUMPHREY. Do you have any kind of an official status as an advisory committee to the Department of Agriculture?

Monsignor SWANSTROM. We have one to the Department of State.

Mr. KINNEY. That is part of the ICA, the Advisory Committee on Voluntary Foreign Aid?

Senator HUMPHREY. Yes. But do you get your supplies from the Department of Agriculture?

Mr. KINNEY. Yes, Mr. Chairman.

One of the important features of your proposed legislation is that it will bring into this present administrative tangle a semblance of order——

Senator HUMPHREY. Yes, sir.

Mr. KINNEY. And an opportunity to do things quickly, efficiently, and in line with the intent of the Congress.

Senator HUMPHREY. We provide, as you know, two advisory groups, an official group and a citizen-type group.

But what I am trying to get at here is who makes this rule and regulation regarding the situation in Greece? Does the State Department?

Mr. KINNEY. The Department of Agriculture.

Senator HUMPHREY. The Department of Agriculture.

What kind of machinery do you have in the voluntary agencies officially to speak to the Department of Agriculture concerning what appears on its surface to be restrictive and, I think, indefensible regulation?

Mr. KINNEY. We have the opportunity of defending our own program, which we requested some time ago, and which is now permitted to us.

But, Mr. Chairman, we are spending so much time defending programs we have little time left to administer them.

Senator HUMPHREY. Defending your programs?

## PLAN OF OPERATION FOR AGENCIES

Mr. KINNEY. The procedure a voluntary agency goes through to acquire surplus foods begins after a period of study overseas where the agency finally comes up with what is called a plan of operation.

In that plan of operation when it is spelled out how the agency intends to reach the needs of the people; the number of people involved; the arrangements it has worked out for distribution; its storage and warehousing facilities; the ration per person; the frequency of distribution; the steps that it has taken to prevent the commodities from getting into the black markets; the arrangements it has made with the governmental ministries in the country concerned to assure duty-free entry and, if possible, internal—help in internal transport and storage—those are some of the things.



At that point a number of copies of the plan are prepared and an estimate which translates the requirements of the program into requirements in terms of available commodities.

Those copies of a plan of operation are then signed by the agency representative.

They are then taken to, and this program has been developed in concert with, the representatives of the Government overseas, of our Government, whether they be U.S. consular or of the ambassadorial level.

The program is taken to our representatives overseas, and there the signatures of responsible title III officers in the governmental offices, be it embassy, consular, or U.S. mission are affixed.

The programs are then routed back to the United States where the agency itself is given the opportunity to affix its signature to it in a sense of, I suppose, verifying the fact that it recognizes the signature of its own representatives in the field.

In any event at that point they then come down to Washington where they are submitted in duplicate to the Office of S. Food, Surplus Food, ICA. Let me see if I can keep this straight myself, Mr. Chairman.

Senator HUMPHREY. Now you come back to ICA?

Mr. KINNEY. We have gotten by three approvals now.

Now we are asking for two more. We have got to have the approval of ICA, and we have got to have the approval of Agriculture.

Now some phases of the program are handled by ICA and other phases of the approval are handled by Agriculture.

I would like to make this point very clear at this time, Mr. Chairman, that I believe I reflect the feeling of all the people in the voluntary agencies when I say that the men in the line with whom we work are a devoted group of public citizens; that the men in the Office of S. Food on the line who are responsible for the supervision of the voluntary agency programs, are interested in them, are interested in their success, and we find the same feeling along the line in the Department of USDA.

It is apparent that people in the line who are handling these programs are working under a policy which they themselves cannot work up too much enthusiasm for following, but nevertheless have to do so.

Senator HUMPHREY. That is evident from some of the testimony I have received here.

I want to assure you that this matter of contributions to supplement feeding will be looked into. I am going to follow through on this Greek situation and see how universal the pattern is, because it just does not make sense.

As a matter of fact, I would think we would want to encourage participation.

Mr. KINNEY. Mr. Chairman, can we put ourselves in the position of, say, the Greek official in the Greek Mission of Education or the leader in one of the counterpart agencies? When we try to explain to him "You cannot do that, we want to provide food and we want you to feed your children who are in the schools, but you cannot put sugar in it," it is quite a task to try to explain that in any sensible way. In fact, we have been unable to do it.

Senator HUMPHREY. Would you bear with me a moment? I think maybe I am reasonably well informed on this program, because I have put a lot of time into it. Each time I have heard testimony I hear something new, something more informative.

#### IMPORTANCE OF CONGRESSIONAL UNDERSTANDING OF AGENCIES PROBLEM

It is imperative, may I assure you, that other Members of the Congress understand this. I know of no way that you can get this message to them in these busy days except to see them.

You people command the respect of the Congress of the United States. There is not a Senator up here who would not take time to listen to you if you go to him as a representative of one of these agencies.

This story has to get across to them. They just do not know it. We get the same kind of generalized treatment day after day when we have hearings indicating all is well. For example, we had a discussion here the other day about the vegetable oils situation you just brought up. I happen to agree with your point of view. If I did not I would not have sponsored an amendment which gave the Secretary the authority to provide relief feeding. We cannot seem to get this message across to the public, however.

The only thing the public hears about agriculture is the fantastic cost of the farm program; to wit, surpluses, and so on. And the only thing you hear about the oversea feeding is that we do not want to have too much giveaway.

This is a matter of not only convincing the personnel of the Department of Agriculture or of the Department of State, but we have to get this across to the Members of the Congress. This is the only way we are going to change the context of this legislation.

Excuse me. I will be back down here in about 5 minutes as soon as I vote.

(A short recess was taken.)

Senator HUMPHREY. Yes, Mr. Kinney.

Mr. KINNEY. Mr. Chairman, I merely wish to make the point that destructive criticism is never worthwhile and to the remarks that we, as an agency, are making they are offered in a constructive sense that by pointing out the difficulties and the tangles that exist we then have some hope of their being straightened out, and it was that intent that prompted the remarks that were made.

Senator HUMPHREY. I understand.

Mr. KINNEY. We still have hopes that the situation being brought to the attention of responsible legislators will be straightened out.

Senator HUMPHREY. By the way, I was explaining some of this testimony to the majority leader.

He asked he how we were coming along with the food-for-peace bill. As you know, it has been announced as being on the schedule for action, and he wanted to know when we were going to complete the hearings. I told him we were busily engaged in making some progress toward that objective. He asked to have his good wishes conveyed to the witnesses here, and to tell you that he is very much in support of what we are attempting to do.



## SUMMARIZING AGENCIES OBJECTIVES

Mr. KINNEY. Mr. Chairman, in summation, it is the belief of this agency that with a food for peace plan creating our Nation's farms as factories and, in effect encouraging the production of vitally needed foodstuffs as munitions of peace—at the same time helping to decrease our existing surpluses—would be heralded throughout the free world as a significant, positive, and moral contribution strikingly in contrast to the propaganda of those who mouth promises of peace and yet constantly propose the threat of war.

It is our hope that such a program as herewith proposed will become part of food for peace.

Senator HUMPHREY. Mr. Kinney. I had a question relating to the various agencies and departments of Government which are responsible for the administration of the current food, surplus food program. But you have answered this question by the description you have given on how these applications are processed.

I assume from your testimony that you believe some unified operation might be of benefit to the program activities of the voluntary agencies.

Mr. KINNEY. That is true, Mr. Chairman.

I also believe that the more confidence in the demonstrated abilities of the voluntary agencies would go a long way in removing difficulties.

Senator HUMPHREY. I see.

Monsignor SWANSTROM. We have Mr. Empie, of the Lutheran World Relief.

## STATEMENT OF DR. PAUL C. EMPIE, LUTHERAN WORLD RELIEF

Mr. EMPIE. Mr. Chairman, my name is Paul Empie. I am director of the National Lutheran Council, and appear as a member of the Board of Lutheran World Relief.

May I say that the Lutheran World Relief is a member of the Council of Voluntary Agencies and, of course, supports this statement which has been presented by Monsignor Swannstrom, and commending very much the principles and purposes of your bill, and in wishing its course well.

We also are doing a great deal through our constituencies to promote understanding and support on the part of our people for the support of this type of program.

My paper has to do chiefly with the dilemma in which voluntary agencies find themselves, to see how they can best participate in a program of this kind, and it raises some of the issues.

## USE OF FOREIGN CURRENCIES

The jumping-off point is taken at a suggestion made first in the hearing at the White House conference on refugees and later, I understand, has been made in connection with possible amendments to this proposed bill, that the role of the voluntary agencies might be increased, and they might be more helpful if there could be the use of counterpart funds placed at their disposal abroad, to help them to increase the distribution of U.S. surplus foods.

Therefore, this is related only to that aspect of it and attempts, in a thoughtful way, to evaluate ways in which agencies like our own, which is a religious agency, can cooperate.

I hope it will make some contribution to the thinking.

Senator HUMPHREY. I was trying to recall just what provisions we had.

Mr. EMPIE. I believe it is not in the bill, sir.

Senator HUMPHREY. I thought we had some provisions in the bill for the nonprofit organizations to receive counterpart funds, or soft currencies. Whether or not it is spelled out in sufficient detail to meet your needs, I am not sure.

Mr. EMPIE. I am not off base then, in starting at this particular point.

May I read a statement, sir?

Senator HUMPHREY. Yes indeed.

Mr. EMPIE. With respect to any proposal that U.S. Government funds in the form of foreign currencies disposable under Public Law 480 title I be made available to voluntary agencies to assist in their programs of distributing U.S. Government surplus foods abroad, Lutheran World Relief is of the opinion that the implications of such a procedure are so far-reaching that the wisdom of accepting such Government funds for this purpose is to be seriously questioned. It also believes that other voluntary agencies as well as the Government would do well to reexamine the issues thoroughly before approving steps taken in the direction of such a procedure.

Lutheran World Relief has been operating since 1945 to send food, clothing, and medicines to needy persons in various parts of the world, distribution being made on the basis of need without regard to race, color or religion. The dollar value of goods shipped to 28 countries during that period of time has exceeded \$100 million, a little more than half of which has consisted of U.S. Government surplus foods. LWR functions unequivocally as a religious agency, and apart from donations of Government surplus foods receives its support of funds and of gifts in kind chiefly from members of the Lutheran churches in the United States.

#### RELATIONSHIP OF LUTHERAN WORLD RELIEF AND U.S. GOVERNMENT

When the opportunity was afforded in 1950 to expand its distribution of foods through the use of sizable amounts of Government surplus commodities (involving in most cases reimbursement by Government of overseas freight costs incurred in such shipments), Lutheran World Relief participated in this development with appreciation, but not without a certain amount of hesitation. Aware of the urgent need of millions of people throughout the world for a more adequate diet, especially on the part of those who were victims of war's devastation or of natural calamity, it welcomed the decision of Government to make available a certain portion of its stores or surplus foods to bring relief to such persons. It also recognized that for the sake of quick and effective action in many parts of the world, the cooperation of voluntary agencies was essential, and it willingly acted in partnership with Government in this matter where its objectives and those of Government coincided. Beyond that, the National Lutheran



Council upon more than one occasion has taken action to commend our Government for this policy and has urged that even larger quantities of surplus foods be made available for the meeting of human misery in various parts of the world.

At the same time Lutheran World Relief has been aware that this pattern of partnership with government in a relief activity inevitably embodies some working relationships which may alter to some degree its character as a voluntary religious agency, and for that reason has hesitated to exploit the Government surplus food distribution operation to the extent possible under current legislation. In distinction from a secular relief organization, a voluntary religious agency exists for reasons which go beyond those of human compassion or "enlightened self-interest." These elements with lesser emphasis may indeed also be present in its motivation, but the primary thrust of the program of a voluntary religious agency is that of giving specific witness to the implications and fruits of the faith of its constituents.

#### DANGER OF GOVERNMENT PARTNERSHIP

The obvious danger inherent in a relief activity which involves partnership with government is that in the eyes of recipients abroad the religious agency shall be regarded as an instrument of government, having thereby compromised its character and undermined the ideological foundations of its existence. This is a serious threat to its usefulness—indeed, to its life. At the same time there is another possible consequence involved, equally hazardous though perhaps less obvious, namely, that the voluntary religious agency may gradually and perhaps without being aware of it, tend to shift the burden of the support of its program from the gifts of its constituency to the contributions received from government, failing to recognize that its own witness is being gradually diluted thereby. Should it simultaneously fail to acknowledge and publicize at all times the source of the supplies which it distributes, it undermines its integrity from within and its reputation from without.

Since it is, above all, the purpose of a voluntary religious organization to give explicit testimony to the faith its members hold, it is virtually impossible for such an organization to prevent the impression abroad that its charitable activities result solely from its own inner life and resources. When it depends largely upon contributions from government for the operation of its program, no matter how conscientiously and meticulously it may make every effort to publicize this fact, this inevitably means the building up of the strength and reputation of religious organizations by the use of government contributions. We of Lutheran World Relief do not want this for ourselves and we cannot believe that any voluntary religious agency would wish such an outcome for itself.

It is at this critical point that each religious voluntary agency must wrestle with itself in an attempt to establish the very fine lineup to which it can continue in partnership with government without compromising its character and beyond which it dare not go without having jeopardized its reason for existence.

It may very well be that in the light of our desire to preserve our character as a voluntary religious agency, we of Lutheran World

Relief have already gone too far in our participation in the distribution of Government surplus foods. As the dollar value of these Government contributions began to approach 50 percent of the total value of all LWR shipments abroad, we began to ask ourselves whether the question is one of the percentage of Government contributions within the total volume of supplies distributed abroad by a voluntary religious agency, or whether there is some other basic factor by which this issue must be decided. We have not yet arrived at the answer. However, it does seem to us that the acceptance of surplus commodities from Government and their distribution as such to the recipients cannot be construed as the subsidization of our agency by Government. On the other hand, it also seems quite clear that the contribution of funds from Government, whether they be in the form of counterpart foreign currencies or dollars, for the purpose of employing staff, renting office space, and meeting other administrative requirements abroad, no matter how well safeguarded by the wording of legislation or of procedural decisions of Government administrators, cannot fail to be construed as the direct subsidy of our agency. (The acceptance of funds for reimbursement of ocean freight costs has been considered by us as a part of the process of receiving surplus foods from Government at the various ports of entry.) Likewise the use of counterpart funds for technical assistance, educational or similar projects would seem to make the voluntary agency to a great degree an agent of government.

#### VOLUNTARY AGENCIES VERSUS GOVERNMENT SUBSIDIES

The reasoning given above may seem valid only with respect to those voluntary religious agencies with a character and function similar to those of Lutheran World Relief. There are, no doubt, secular voluntary agencies the principles of which would not be affected by the implications of Government subsidy given in this fashion. Indeed I understand that there are at least some which operate almost entirely upon the basis of contributions given by or anticipated from Government without which they would be forced within a very short time to go out of existence. Whether or not a pattern which permits this sort of procedure in distributing Government surplus foods is desirable is for Government itself to determine. There is at least something to be said on the side of the argument that in our free society it is in the national interest that voluntary agencies, organized and incorporated as such, should actually function primarily on the basis of voluntary support. This means that their general constituencies should both provide them with the necessary resources and give direction to their executive officers in policy and procedural matters. We hold that the best interests of our country are served when voluntary agencies are not subsidized directly or indirectly from government sources.

Let me be quite clear that we would not wish our position to result in depriving needy people of food which would otherwise be made available to them. We do not believe that such would be the case. We repeat that we applaud the decision of Government to make its surplus foods stores available for the feeding of the hungry around the world. The volume channeled through voluntary agencies is but



a small percentage of the total distributed. Since apparently both the need and surplus foods will continue to be with us for many years to come, it would seem more appropriate for the U.S. Government to intensify its efforts with respect to direct negotiations with the governments in question regarding patterns and procedures for the distribution of such foods in their respective countries and for the use of such counterpart funds as are available to help provide lasting solutions to the problems from which the needs of their peoples stem.

I might interpolate that is suggested in your bill.

#### RESPONSIBILITY OF RECEIVING COUNTRY

For it is with the government of the receiving country that primary responsibility rests for the planning and execution of programs of relief in behalf of its citizens, and the interjection of efforts of a voluntary agency in distributing U.S. Government gifts can be justified only as a last resort in an emergency or transitional situation.

It would seem that voluntary agency programs can continue the distribution of Government surplus commodities currently provided under Public Law 480 in its present form. Both agency and Government are protected by the requirement that at all times the recipient shall be told that the surplus food is a gift of the American people, not of the voluntary agency distributing it. Beyond that point, however, it seems quite clear to us that the use of Government counterpart funds to cover administration costs of the distribution of Government surplus foods would inevitably link the voluntary agencies to U.S. foreign policy, establishing them as subsidized agents of Government rather than as partners, and thereby lessening their usefulness to our Nation and their effective service to their constituents.

In addition to the increase of government-to-government programs for the distribution of surplus foods, we believe that our Government should consider distribution of increased quantities through the appropriate agencies of the United Nations, as also suggested in your bill, I believe.

Surely the experience which representatives of member nations acquire in working together for the common good is the best possible foundation for developing cooperative procedures and increasing the confidence and trust so necessary for world understanding. The investment of more of our surplus foods in this process involves relatively small risks and potentially great dividends.

Let me underscore again our position that our Government is to be commended for devising ways and means of using its stores of surplus commodities for the alleviation of human misery in the world. Lutheran World Relief pledges its continued partnership in this process to the fullest possible extent consistent with the principles upon which such voluntary religious agencies are organized.

If I may interject, sir, a problem which we wrestle with, which is not in the center of your discussion up to this time, and which we wanted at least to have on the record is what I have just discussed.

## ADMINISTRATIVE COSTS PROVISION

Senator HUMPHREY. I have just been examining the bill. There is no provision in the bill for administrative costs.

Mr. EMPIE. That is what I thought.

Senator HUMPHREY. I was referring to a section in the bill where, for example, currencies may be made available by grants to nonprofit organizations and institutions for carrying out such exchange of persons projects.

There is the use of nonprofit organizations in some of the educational or the exchange features. But there is no authorization in the bill nor have I had any request, and I do not believe any of the co-sponsors have had requests, for an authorization to pay for the administrative costs of private groups.

We have had requests, for example, relating to multilateral technical assistance where you include the office facilities and the rental of space and equipment as a part of the overall costs on a sharing calculation basis. But insofar as any of the religious groups, or any of the private voluntary groups, are concerned there has been no request.

I think you pose a problem which would cause very serious discussion in a committee such as this.

But I do feel, and I would like to make this clear to you, we must make it quite positive that the work of the voluntary agencies is the work of voluntary agencies. This is not the Government, and that is why I have felt these arrangements between Government and voluntary agencies ought to be as nonbureaucratic and as nongovernmental as they can be.

I think you have to have faith and trust. I realize that there are examples of abuse of privileges and responsibility by individuals and institutions. But, in the main, we ought to have faith and trust in the voluntary agencies and not have too much Government supervision because then it looks as if the Government is running things.

When I was overseas, I had people tell me point blank that some of the church agencies, CARE and others, were nothing more than extensions of the arm of the U.S. Government.

## AGENCIES PROGRAM : A HUMANITARIAN SERVICE

This was the kind of talk you would get from people who were antagonistic to some of our foreign policy objectives or the manner in which the policy was being conducted.

I said honestly and sincerely, without any defensiveness at all, that these agencies were doing their own work. Insofar as food supplies were concerned, they had initiated this program as a humanitarian service.

The supplies were available, and it was merely a matter of which was the best conduit for those supplies. The agencies themselves were responsible for the food. Once it came into their hands it was not Government food. It was the agency food; and I think we have to make this clear; and your testimony has emphasized that.



## PROBLEM OF STORAGE AND INTERNAL DISTRIBUTION OF FOOD

Monsignor SWANSTROM. There is one point I would like to make on it, though, which is right to this point. Many times in countries of greatest need, say, some of the countries in South America, Bolivia, and the like, and some of the countries in Africa, one of the biggest problems is the warehousing and inland distribution of this food.

Senator HUMPHREY. Yes.

Monsignor SWANSTROM. The indigenous government itself, even though it expresses a will to put money into it, finds out many times that it does not have the money to do it, you see. I can see the possibility of voluntary agencies being helped through counterpart funds in warehousing and internal distribution. It is one of our biggest problems in areas of greatest need, because the counterpart agency is just as poor as the government, and despite their will and desire to do so, they have not got it.

I know places where our counterpart agencies are using large sums of money that they could well use for other purposes for this warehousing and inland distribution job.

I think in meeting the need in areas of greatest need sometimes that is one of our greatest weaknesses, you see, and I do not know of any voluntary agency that would have any objection to that.

Mr. G. E. BLACKFORD (Church World Service). It comes from this language, sir, that these costs, the ocean freight provisions, are that the United States can pay ocean freights, but the inland freights in the overseas areas are something quite different.

Now, if the inland freights of the area, the distance is excessive, then the freights amount to so much, and mount so high that the recipient country cannot afford to pay those rates. That is true if it is a very poor country and, therefore, it is prohibited by its own poverty from getting the foods which the Congress wants first to go to the most poverty-stricken people.

Senator HUMPHREY. I see.

STATEMENT OF DR. R. NORRIS WILSON, EXECUTIVE DIRECTOR,  
CHURCH WORLD SERVICE, NATIONAL COUNCIL OF CHURCHES

Mr. WILSON. Mr. Chairman, there may have been misunderstandings or misreading of the language of the bill because some of us supposed that in addition to the administrative costs of these programs to the voluntary agencies, and the matter to which Mr. Blackford has just alluded, that there would under certain circumstances be available foreign currencies that have accrued from the sale of title II commodities to voluntary agencies for financing relief and rehabilitation projects undertaken following disasters and a whole list of things.

Senator HUMPHREY. That is in the present law?

## USE OF FOREIGN CURRENCIES

Mr. WILSON. Yes; that is in the present law.

And the amendment which you are making provides that these moneys can be used without direct appropriation from Congress?

Senator HUMPHREY. Yes.

Mr. WILSON. That is the thing that I think is the nub of the matter, because these moneys become accessible to the voluntary agencies and are claimed for use, say, in India, Korea, and so on for rehabilitation projects, self-help projects of various kinds, because the agencies are involved, as you know, in a very wide range of different kinds of activities. That is the kind of use of these moneys to which, in principle, I, as representing the Church World Service and the National Council, would have to object to along with Mr. Empie because we would say that this is the very heart of the church's program, and if it is known that this program is financed with U.S. Government money, it really distorts the whole notion of voluntary service.

Senator HUMPHREY. Where is that in the bill?

Mr. WILSON. I have got it before me.

Senator HUMPHREY. You have the full bill as amended?

Mr. WILSON. As amended by inserting after paragraph et cetera, et cetera.

Senator HUMPHREY. I have it.

Mr. WILSON. The original provision providing for congressional approval for each grant did give opportunity for hearings and full-blown discussion before it was done, and I personally feel they ought to be allowed under any circumstances. But at least there was some assurance that we have a chance to look at it.

Senator HUMPHREY. Please just step over here and see if you can help me on this. I see nothing about this relief about which you are talking. Do you think that applies to voluntary agencies?

Mr. WILSON. In the language of the bill I thought it did. As I said, maybe this is a misreading of it.

Mr. BLACKFORD. It applies to nonprofit organizations.

Monsignor SWANSTROM. Mr. Humphrey, Mr. Leavitt would like to talk to the point.

#### STATEMENT OF MOSES A. LEAVITT, AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE

Mr. LEAVITT. May I come in, Mr. Chairman, at this point, because there is, it seems to me, a situation where we are cutting some very fine lines here.

There has been a tremendous amount of help on the part of governmental and intergovernmental agencies to the voluntary agencies, religious and secular.

We go back to UNRRA, we go back to IRO; we have at the present time the ICEM, and the USEP, all governmental U.S.-financed agencies, that have been helping the relief agencies tackle the problem primarily of refugees.

#### HELPING PEOPLES TO BECOME SELF-SUPPORTING

To me the importance of S. 1711 is the fact that for the first time there is your thinking beyond what would be, let us say, a primary objective to save lives.

It is enough to keep a man, and it is enough, and it is an end in itself to keep a man alive like feeding him if he is hungry. But if you can make that means to an end of making him self-supporting, I think



you are going beyond your original concept, and it is this use of the surplus for trying to build self-support in the population, and the feeling that we are making a first step in getting these people on their own feet that I think is the most interesting and the most challenging part of the new bill.

Now, I think we are worrying too much about language and not enough about the practical application of what would ensue in the field.

At the present time counterpart funds are utilized by the Government of the United States in agreement.

#### ROLE OF RECIPIENT COUNTRY

Now, counterpart funds, if given in a sense, not given, but placed at the disposal of the agency to work out with the recipient government, programs of rehabilitation, programs of self-help, cooperative work, setting up of artisan shops, of pilot plants and all of the things that agencies are doing with their own money, I see no reason why the gift coming from the recipient government would be received with the gift from the giving government, and would become an unholy gift from the viewpoint—and I respect the conscience of every agency in this respect.

We are also a relief or religious agency. But at the same time we feel that if we can cooperate with the governments in the countries in which we work and get help from them, we welcome and solicit that kind of support.

Senator HUMPHREY. Do you get that presently?

Mr. LEAVITT. Well, you get—counterpart funds; no.

Senator HUMPHREY. Let me just see if I understand this. You are working in a particular country and the host government decides they want to work with you in a program of physical rehabilitation. Let us say that you put up a hospital and you come in and manage this hospital.

Mr. LEAVITT. That we do. That kind of cooperation and partnership goes on all the time.

Senator HUMPHREY. Well, who pays the bills?

Mr. LEAVITT. Sometimes we pay the bills; we do not pay all the bills. We pay a part of the bills, pay a small part of the bills or we just manage and pay none of the bills. It just depends on the country.

Senator HUMPHREY. And the host country sometimes foots part of the bill?

Mr. LEAVITT. That is right.

Senator HUMPHREY. What you are saying is that what goes on now is what you are describing, and what makes it wrong by putting it on the other end of the line.

Mr. LEAVITT. That is what I am trying to say.

Mrs. TOUROVER. As a matter of fact, it would increase the possibilities of the kind of service of which Mr. Leavitt spoke if additional funds were made available from the soft currency reserves.

Senator HUMPHREY. I think what you are running into here in opening all this up clearly is the feeling on the part of different religious groups as to the separation of government or state from church activities.

I think this is the difference to which Mr. Empie is directing his attention; is that right?

#### RELATIONSHIP OF GOVERNMENT AND VOLUNTARY AGENCIES

Mr. EMPIE. What I am trying to point out, Mr. Chairman, is that we see a real difference between a voluntary agency being a partner of government and retaining its own program and character and everything else, and being an instrument of government by, in effect, being subsidized for a large part of its program.

We are not presuming to say where this line is drawn. I have said here we do not have the answer.

Senator HUMPHREY. Yes, I understand.

Mr. EMPIE. But there certainly is a point past which we could not go, and we are not convinced it is desirable for the door to be thrown wide open without very great thought given to this point.

Furthermore, I am not convinced that this is the only answer to the problem.

As I say, if I thought that this would deprive people of the help, and that was the only way they could get it, then it would be the kind of an emergency which I said would justify it.

But it seems to me that there are other ways in which it can be done by government-to-government negotiations or through united agencies, the voluntary agencies, continuing to do what they have done, but not necessarily getting into the expanded field.

All I am pleading for, sir, is that the issue be very carefully examined.

To us it is a serious one. If it is not serious to anyone else, then the examination probably will disclose that. To us it is a very real one.

Senator HUMPHREY. I see.

Mr. KINNEY. Mr. Chairman, may I simply say that there is not a question of confidence in the other religious agencies who are confronted with the precise same problem. I am confident that no one of the sponsored religious groups which wants to be wholly subsidized by Government exists, and that none of the agencies would want to be known as an arm of the Government. It is not their derivation, it is not their motivation or their purpose, and I believe each agency has a conscience in that respect, and I believe each agency has principles in that respect, and I also believe that each agency can be expected to follow its principles and is entitled to the confidence that one agency should place in another.

To that end I see no particular problem in whatever opportunities for self-help this particular legislation involves, and I must say that we have not studied it in that respect.

Senator HUMPHREY. It is paragraph 16 on page 11 of the bill, line 10 that you are talking about.

#### EXTENSION OF LINE OF DELIVERY

You see this is limited to the end by the controlling phrase "For the relief of chronic hunger and malnutrition."

We will look into this. It seems that there may be instances where the job to be done requires almost what you would call an extension of



the line of delivery. This is what I am getting at. It is something like the highway program. It involves how far you extend Federal aid. Does it get into the county and township road to meet the point of contact with the problem?

As I said earlier, I have not had any requests from any agency in the preparation of this legislation or in any of the hearings where somebody would come in and pay for office help or where somebody would come in and pay for the rent or the telephones or the stationery or the field service or the supervisory staff.

For example, the request we have had relating to this, is indicated in the problem of Haiti, where it was almost impossible to get to the northwestern corner province of Haiti with food supplies.

You could deliver the food supplies to a port, but to get beyond it was more than could have been undertaken at that time by a voluntary agency.

So you had two choices: either to assist the voluntary agency to complete its mission or to say to the voluntary agency, "This is beyond your scope, we will have to do this vis-a-vis government." In that instance it might have cost a great deal more because of the lack of administrative machinery, and having to set up a whole new administrative establishment.

You may want to extend the line of the delivery system rather than have just the ocean freight to the port. But I do think there is a point of cutoff.

I am perfectly willing to accept this, because my feeling is that the value of the voluntary agency is that it is voluntary basically, and the value of it is also the spirit which motivates it, the philosophy, the enthusiasm, the personality of it, and this is where we get ahead of the Government agency in the main.

We ought to preserve this voluntarism which is characteristic of these agencies. I believe this is what we are talking about here; isn't that right?

Mr. EMPIE. That is correct.

#### RESPONSIBILITY OF THE GOVERNMENT

Monsignor SWANSTROM. Mr. Chairman, I have heard it said in the State Department, in discussion with various people over there, that the U.S. Government has no responsibility to feed hungry people; that it is the responsibility of the local government.

But the thing that I keep insisting on is that in many of these what you might call pagan governments that have not got the same Christian philosophy that we have, they do not feel that responsibility toward many of their people.

You can go down into the slaughterhouse district in Karachi and the Government officials could walk through there every day of the week, and those boys could die on the street, and they feel no responsibility to them.

The only one who is going to come in there and teach them that they have a responsibility is somebody like a voluntary agency with help from our own Government.

I think if we ever lose sight of that fact, if we can say, "Yes, we have no moral responsibility to people in other lands," I think that

as children of the same Father, God the Father, that we have such responsibility.

Mr. WILSON. Mr. Chairman, this is a wonderful point to come up—at least I think it is wonderful—because it illustrates, Monsignor Swanstrom's comment illustrates, in a way, in no better way, the problem that Paul Empie and I are talking about.

#### WORK OF CHURCH IN INDIA

I agree—let us take India—and it has been an exhibit here, that the Indian Government has not, and for all its bureaucracy does not feel as we do about the hunger and needs of their people.

But there is a church in India, a small, weak beleaguered minority. They believe, and the Protestant agencies, the Lutherans and C.W.S., work only through that church. We do not do anything except what that church is able to do.

Now we are trying to strengthen it, we are trying to help it. It has done over the past years work that it never dreamed of doing, thanks to this program.

But, as I say, it is a very small, weak, and tender plant, a minority church, as are the Christian communities in all the countries, most all the countries we have been talking about, at least, in the Asian area.

Now, supposing there became available in India a fraction of what I think are massive accumulations of moneys, proceeds from the sales of title II products to the National Christian Council here, which is the only operative agency there in this program so far as we are concerned. The National Christian Council would be immediately suspect of having received U.S. subsidies, particularly since up until now the disbursement of those moneys has been made after consultation between the Indian and United States Governments, and the Indian Government felt that they, you know, had a share in this.

Now, it is handed over to a Christian group, a minority group, in deep trouble psychologically and other ways. This would put the church in such a predicament in India as to raise a real question as to its wisdom.

Let us look at it from the Protestant way, if I may put it that way, of operating. I do not think the Roman Catholic communion works that way. I do not think your decisions are all made in India. I think you can exert a kind of initiative which we cannot.

This is our problem. But we say, on the one hand, we must strengthen the local church. We must help it to serve the community in which it is settled. If we do not do that or go our own way on our own initiative, thinking we know better or thinking we have more resources, then we are in a sense weakening them and putting them in a position which will complicate things for them.

Senator HUMPHREY. We have a final rollcall upstairs. Are there any other comments that you would want to make, because on this one we can stay for quite a while?

Mr. WILSON. I want to say just one thing, if I may. I heartily endorse your section 7, to get back to this administrative thing. I think one of the problems that we face is hopefully solved with this provision. It is very careful administration.



But the possibility of having a place where we can all come together and where there can be a real confrontation of people who sit here and juggle the balls, and people who really have to go out to the field, and so on, this, to me, is a very good possibility, and it has never been acted upon.

Our feeling is like yours, sir, that we are dealing with a great many agencies in the Government, and most of them are persons who work on the line, utterly devoted to this program, but they have all got so many balls in the air if they take one step to the right or left or back or front they all fall down on the floor, and that is our point.

Monsignor SWANSTROM. We have a representative of CARE, and a representative of Hadassah.

#### STATEMENT OF MRS. DENISE TOUROVER, HADASSAH

Mrs. TOUROVER. I would like to say on behalf of Hadassah, I being Denise Tourover, that we are heartily in sympathy with the purposes of this bill, and I support, in general, the terms of it, as Mr. Leavitt has explained.

We look forward with much pleasure to its enactment, and certainly, too, the 315,00 members of Hadassah, who are concerned with relief programs in and refugee needs in Israel would welcome any opportunity for the furtherance of the program consistent with the work which we have done and with which you, Mr. Chairman, are so well familiar.

Senator HUMPHREY. I surely am. I almost feel like a charter member. I am very pleased to have you here, Mrs. Tourover, to represent your fine organization, one which I admire very much.

Monsignor SWANSTROM. Mr. Guffio.

#### STATEMENT OF FRANK GUFFIO, CARE

Mr. GUFFIO. Mr. Chairman, I would simply like to say that CARE supports the statement made for the council by Monsignor Swanstrom, and I would like to express my gratitude for your having promised to look into the Francis paper, because, as Mr. Kinney pointed out, it is a source of great problem to the agencies, and that, speaking for my own agency, which is operating a lot of school feeding programs, and doing it well, and you have seen some of it yourself, if that paper were to become policy and it is in effect almost policy, we would be out of the school feeding programs, and I suggest I do not think that the Government would do them as well because they would be interfering with the sovereignty of a government which CARE does not do.

Senator HUMPHREY. Well, again in all of these matters it is rather hard to draw a hard and fast rule. You have to judge the situation not by the generality but by the particularity.

#### NEED FOR ADVISORY COUNCIL

For example, in some countries it is perfectly obvious that one religious institution has a better working operation than another. These are the facts of life.

In some places CARE is a much better operation than are some of the rest of the agencies. I mean, in the sense of some of the contacts which have been made, and I think that you have to have the kind of administration to run this program which takes all of these matters into consideration.

But I would like to have them taken into consideration in concert, you see, rather than one at a time.

It seems to me that you need an advisory council in which you preserve this kind of unity without having a monolithic uniformity.

You have been able to develop your voluntary agency programs with due respect for each others' basic needs and faith and doctrine and, at the same time, preserve a forward-looking program, which meets human need. And I am quite a believer in getting the needs met.

(Whereupon, at 6:05 p.m., the subcommittee took a recess until 10 a.m., Friday, July 10, 1959.)





# INTERNATIONAL FOOD FOR PEACE

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FRIDAY, JULY 10, 1959

U.S. SENATE,  
COMMITTEE ON FOREIGN RELATIONS,  
*Washington, D.C.*

The committee met, pursuant to recess, at 10:40 a.m., in the committee room, room F-53, U.S. Capitol Building, Senator George D. Aiken presiding.

Present: Senators Aiken, Sparkman, and Hickenlooper.

Senator AIKEN. The hearing will proceed on S. 1711, a bill to promote the foreign policy of the United States and help to build essential world conditions of peace, by the more effective use of U.S. agricultural commodities for the relief of human hunger and for promoting economic and social development in less-developed countries.

The first witness this morning is Senator Symington.

We are glad to have you with us, Senator, and you may proceed with your statement.

## STATEMENT OF HON. STUART SYMINGTON, U.S. SENATOR FROM THE STATE OF MISSOURI

Senator SYMINGTON. Thank you, Mr. Chairman. I appreciate your very gracious courtesy, and it is a privilege and honor to appear before you.

Mr. Chairman, as a member of the Agriculture Committee on which I have the privilege to serve with you, I appreciate this opportunity to appear before the Foreign Relations Committee in support of a bill directed at a combined solution of individual problems which are normally faced by each of these committees.

### FOOD FOR PEACE BILL: A TOOL IN OBTAINING WORLD PEACE

The food for peace bill is a positive, farsighted, imaginative measure whereby our agricultural abundance, instead of being an economic curse, can be used at least in part as a potential tool in our efforts to build world peace.

The most important goal to which our efforts are directed in a world of free men is the efforts toward peace.

In working toward that goal we find ourselves in a life-and-death struggle, to those dedicated to an entirely different philosophy of life. If we were to win this struggle and accomplish our goal, we need to make full use of every available tool.

I don't believe we have been doing this; I believe we have missed the opportunity to make the maximum use of one of our greatest blessings, our abundance of food and fiber.



It just, to me, seems incredible that here we are, a Nation that has about a \$9 billion surplus of food, and we have got it stacked all over the United States in bins, according to the President, next year, if not this year, the cost of the storage will be a billion dollars a year, that is around \$19 million a week, and at the same time we hear a lot of discussion and talk about the fact that 80 percent of the people in the world go to bed hungry every night, and at the same time we are asked each year to loan or give billions of dollars to countries around the world in order to help them raise their standard of living.

Therefore, it to me is a sorry business that there isn't some way that we can channel those undesired surpluses which we hold all over our country into some form of constructive program that will improve our position with other countries, and as you know, I have introduced another bill along these lines to that end.

I believe that we have missed the opportunity to make the maximum use of one of our greatest blessings, our abundance of food and fiber.

The history of the world is one of constant struggle for the bare necessities of life. We in this country are in the unusual position of having more than enough food to satisfy the need of our fellow citizens. This is because we have the most efficient productive agricultural industry on the face of the earth or in the history of man.

#### AGRICULTURAL ABUNDANCE NOT TEMPORARY

Our farmers have the ability, the desire and resources to produce from 5 to 10 percent more food and fiber than we as a nation need and can use economically. Nor is this condition of agricultural abundance a temporary one. The technological revolution which is in progress in agriculture is going to enable the farmer to produce more and better crops for each unit of land, labor and investment.

While our population increases at the rate of 1.7 percent a year, our agricultural output increases at the rate of 2.7 percent a year. Therefore, based on all the reliable estimates, we may expect the U.S. agricultural production to continue to exceed normal domestic and export demand for a number of years in the future unless something is done about it, something basic is done about it.

#### INTERNATIONAL EFFECTS

While basic changes in our farm policy, changes which face up to the economic facts of life as they relate to agriculture are sorely needed, this is only part of the picture. The other side of this question has to do with the broader position of our international relationships, as I mentioned previously.

We are the wealthiest country in the world, and economically, at least, we are the strongest.

With these great advantages go even greater responsibilities not only to ourselves but to others who cherish freedom and respect human dignity.

We have done much to meet these responsibilities, but in the face of the continuing, and I would say growing, threat to those values we cherish most, I think we would all agree that not enough is being accomplished.

A review of the world picture clearly shows that our failures often stand above our successes. The Near East and the Middle East are but two examples.

We know and recognize that hunger and poverty go hand in hand with revolution and revolt, and I would say also with communism, the development of communism. Through experience we know that these conditions are an ideal breeding ground from those who seek to expand Communist ideology and domination, and I might say in passing that a lot of people do not realize in this country, when you talk communism you are talking about something which would result in all of us losing a lot, according to friends of mine who traveled a great deal, especially in the undeveloped countries, when communism is talked over there the premise is that there would be great gains made as a result of it.

If we are to benefit from our vast experience we must make more aggressive and imaginative steps. The food for peace bill now before this committee is a strong force, in my opinion, in that direction. It will declare to the people of the world now plagued with hunger and starvation and disease and poverty that the people of the United States are willing to share our abundance, our blessing, of food and fiber.

Mr. Chairman, I am proud to be associated with other sponsors of this bill, and I would urge this committee to take prompt and favorable action on S. 1711 and thereby launch this great country on a new course through the use of our blessings of agricultural abundance in promoting peace throughout the world.

I would like to thank the Chair and my distinguished colleague for giving me this opportunity to present my position.

Senator SPARKMAN (presiding). Thank you very much for a fine statement, Senator Symington. Senator Aiken?

Senator AIKEN. No questions. We have several witnesses to hear.

Senator SPARKMAN. I would like to ask one or two questions that would be rather general in nature.

You made a point about the cost of carrying these surpluses. You said—do you recall now the figure you gave?

#### STORAGE COSTS

Senator SYMINGTON. Yes, Mr. Chairman. At one point the President said that next year the cost would be a billion dollars a year in storage costs alone, and divided by 52, that comes out around \$19 million a week.

Senator SPARKMAN. A week?

Senator SYMINGTON. Yes, sir.

Senator SPARKMAN. How much would it cost to go into this program?

Senator SYMINGTON. I am not sure of those figures, but I will be very glad to supply them for the committee.

Senator SPARKMAN. I imagine they have already been supplied.

Senator SYMINGTON. I would say it would not be comparable to the cost of storage as the program continues to grow.

Senator SPARKMAN. That is just the point. I was trying to get some comparison there.



In other words, would this program be one that could be described as being excessive and extravagant?

Senator SYMINGTON. Not at all, and every businessman knows that the one thing he fears more than anything else in business is an inventory that is out of proportion. When I was in business, as soon as you go to a bank to borrow money, what the banker wants to know is, does the value of your inventory as expressed on the asset side of your balance sheet truly represent what the figure is that you give when you ask for a loan. If it is wrong, then it, of course, changes materially your net current assets, which is what a banker is primarily interested in when he makes a business loan for you.

And the apprehensions that I have, and I know the Senator from Vermont has because we have both talked about it informally in committee, the size of this inventory in itself is getting to be something which is menacing the whole farm program.

Another thing that intrigues me, and I mentioned it briefly in my statement this morning, is how relatively little the percentage is above the demand, the percentage of supply. Nevertheless, that relatively little additional percentage of supply is the thing that has been gutting the markets, especially in certain fields, like today, hogs and broilers, and milk, eggs, and so forth.

Senator SPARKMAN. I have often made the point that I felt there was developing in this country a philosophy that was entirely wrong and harmful; that is, to think of our abundance of production of agricultural products as a curse rather than as a great blessing.

Wouldn't you agree with me?

Senator SYMINGTON. I certainly would, Mr. Chairman.

#### PROTECTION AND SUPPORT FOR FARMER

One thing that I think the American people must be told more about is that the farmers are good private enterprisers. I haven't had any farm property since, well, since I came to the Senate, certainly, and I believe since I came into the Government, if I remember correctly. But the farmer can't go into the open market with absolutely no protection, no knowledge of what he can get for his product, no control of it, no knowledge of what he is forced to pay for those things he needs to produce his products. You are giving tremendous subsidies often in cash to other segments of the economy, and therefore, I think you have got to support the farmer.

If he is overproducing the way to support him is to limit with rigidity his production through real, true enforcement of controls. Then if he still produces more, I would think under such things as Public Law 480 and this plan, that you can help your country at the same time you help your farmer.

Senator SPARKMAN. If there is any subsidy here it really goes to the underprivileged of the world, doesn't it?

Senator SYMINGTON. It certainly does, and I would express our support—

Senator SPARKMAN. To be perfectly frank with you, there are a few words that are sticking with me right now. There are such words as "excessive" and "extravagant" and "subsidies."

You will recall the President used those words in his veto message in the housing bill when as a matter of fact, the subsidies he mentioned

were to the underprivileged of this country, the elderly persons who can't help themselves, and the lower income people who can't afford decent housing.

Yet may I just add this: I have just come from a hearing of another committee where the administration—and I say this with a great feeling for my good friend from the other party, who is a great, fine, liberal and independent who speaks his own mind—is deliberately offering to exchange 2.75 percent bonds that are not callable or convertible before 1975 for 4.25 percent home mortgages that are perfectly liquid and good. They also intend to make it possible for these bondholders to convert their bonds into 5-year bonds, carrying as much as 3.75 percent, and if this new ceiling goes on, they might go as far as 4.7 percent, as I understand it. They admit that the loss would be \$40 million in change of interest, based upon a 3.75 percent, not the higher level, plus approximately \$17,000 loss in taxes. It would also subsidize, in effect, half a dozen banks and insurance companies.

That is the reason I have been using these words. They are running through my mind these days a great deal, and I think they are apropos to a program such as this.

Senator SYMINGTON. Well, I thank the Chair and I would like to make one observation:

I went to the Agriculture Committee because agriculture means a great deal to my State. It is our only billion dollar industry, and by far it is our biggest industry. I have also had quite a lot to do in the executive branch and legislative branch with the stockpile of minerals and metals.

Now, by coincidence the figures, there may be some difference, of course, but they are quite comparable, and anybody who wants to look at this matter with honesty knows that this stockpile that we have now is a theoretical situation from the standpoint of dire need. It is a good way for great corporations to get rid of excess inventories, and it is a good way for localities which have been hard hit to maintain mining, and so forth.

But with the possibility of future war now, either it will be a nuclear strike where anything in the way of raw materials will be superfluous, as far as putting them into production is concerned, or it will be a limited war where you have time to get in relatively normal fashion the raw materials that you would need for the goods you produce.

So what I think is very wrong is the bitter criticism often emanating from this administration with respect to the billions of dollars we have tied up in the farm program. I think the justification for the stockpile of raw materials and metals is in no sense any more justifiable than it is for the farm programs, and yet I have never heard any criticism in years of that program which is just as obsolete, in my opinion, as many of the weapons systems we are now building for our defenses.

#### STOCKPILE FINANCING

Senator AIKEN. The stockpiling of the metals and minerals, strategic and otherwise, is financed as a public debt transaction and therefore does not come into public view as much as do the costs of the farm programs.



Senator SPARKMAN. Then it is back-door financing, isn't it?  
[Laughter.]

Senator SYMINGTON. Side door, anyway.

Senator AIKEN. I don't want to put any ideas into your head.

Senator SPARKMAN. You don't have to. That is something else of which I am thinking.

Senator AIKEN. I am thinking again that while the cost of carrying the farm commodities may have been going up \$500 million a year, the cost of interest in the U.S. Government is up \$2.5 billion.

Senator SPARKMAN. And it is going up more, and the farmer is suffering from the cost from inflation and other causes.

#### STORAGE EXPENSES TO TAXPAYERS

Senator SYMINGTON. You never hear any criticisms of the business aspects of this inventory and the farmers are belted about every day.

In this respect I would say to my two senior colleagues, who know much more about the agricultural problem than I, that there is a letter by Carl Albert published in the New York Times in the letters to the editor section, which was extremely constructive, because this last bill vetoed last week would have saved the taxpayers over a billion dollars.

Digressing a bit here, I would like to help Mr. Benson because he has gotten himself into a difficult situation and it is costing me personally as a taxpayer. I would like to see us help reduce this inventory by legislation of this bill, especially by this bill, because it is a growing menace to family-sized farms in the United States and therefore to the country.

Senator AIKEN. Let's keep the record clear, Mr. Chairman. I will say that of the billion dollars carrying charges for farm commodities owned or controlled by the Government each year, only a small percentage of that accrues to the farmers. The storing of farm commodities has become big business in this country. Once you start reducing those storage costs you are going to get some letters to the Senate from the press and warehouse people, the elevator people, and the cold storage people, who are going to see their income slipping away from them.

It should be done gradually; it should be reduced. We are paying excessive rates for storage in many cases.

Senator SYMINGTON. I am glad to hear the Senator say that.

Senator AIKEN. I think in grains it is all excessive.

Senator SYMINGTON. I didn't know that.

Senator AIKEN. But you have built up a tremendous business of storing commodities for the Government on which many, many people depend for their income—pretty good incomes, for the people who are storing commodities for the Government.

But that would have to be reduced gradually, I think, in order to avoid an uproar and pressure put upon most of the Members of Congress. Even in the cities they have cold storage plants which are doing very well storing commodities for the Government.

Senator SYMINGTON. I would say this—and of course that is an administrative problem—you can't blame a man for getting more than

he rates from his Government if he gets it in a contract. But I do think if what the distinguished Senator says is true, and he knows a lot more about this than I do, that is just another criticism of the Department of Agriculture for throwing away money of the taxpayers by granting an unsound and excessive rate for storage.

Senator SPARKMAN. Thank you very much.

Mr. Solberg.

Mr. Harvey R. Solberg, chairman of the executive committee, National Farmers Union, and president of the Rocky Mountain Farmers Union.

We are glad to have you with us, Mr. Solberg.

Mr. SOLBERG. Thank you, Senator.

**STATEMENT OF HARVEY R. SOLBERG, CHAIRMAN OF THE EXECUTIVE COMMITTEE, NATIONAL FARMERS UNION, AND PRESIDENT OF THE ROCKY MOUNTAIN FARMERS UNION**

Mr. SOLBERG. I have a short prepared statement that I would like to read.

It is a privilege to be invited to appear before the Senate Foreign Relations Committee on this occasion when you are receiving testimony on a matter of such great concern to the citizens of this Nation.

Aside from this written statement, I would like to thank Senator Aiken for his years of work on the food allotment plan, and Senators Humphrey, Young, and many others who have joined in this, because such legislation also deals with the use of our resource, food.

A witness representing our organization appeared here recently in support of the efforts of our Government to assist underdeveloped nations through the various programs of economic, technical and military aid. National Farmers Union supports the Fulbright amendment to the Mutual Security Act strengthening the Development Loan Fund. We feel now more than ever that our attitude toward the underdeveloped areas of the world must be farsighted and just. Living in a democracy we all share in the responsibilities which have fallen on the United States, the recognized leader of free and freedom-seeking men and women of all nations.

Farm families believe in a pattern of living based on fair play, neighborliness and concern for the welfare of others. Out of this conviction has grown a deep-seated desire for a world free from conflict that ultimately may be the cause of war. Farm families know that the greatest contribution that we, as a Nation, leading the free world, can make is to help solve the problems of chronic economic underdevelopment, poverty and hunger. To help solve these problems, we sincerely believe that the maximum use of our stockpile of food and fiber in areas of need should be our objective. Therefore, we strongly support S. 1711.

**FOOD AND FIBER STOCKS**

We recognize that under Public Law 480 a contribution has been made to the general welfare of the underdeveloped nations. Food used since passage of this legislation in 1954 has been of particular importance in solving food shortages and alleviating hunger. But



food and fiber represent wealth or capital. The increasing interest in expanding the use of food and fiber in the underdeveloped nations is attributable to the recognition of this fact, for the most part.

Because food and fiber represent wealth or capital, friendly competing nations have an interest also in the ways in which we use our valuable food supplies. As a committee of the Senate with the responsibility for international policy, and with the Senate the senior body respecting such policy, we know you are aware of the interests of other nations with food and fiber stocks. We fully subscribe to all of the efforts that are being made to assure that uses under Public Law 480 not be substituted for our own commercial sales or that part of the commercial market that has historically and traditionally been supplied by other exporting nations.

There are many nations in the underdeveloped area, however, where no commercial market exists and where our food and fiber can be used in ways that will increase earning capacity of the people and, in the process, living standards. We believe, therefore, that the use of food and fiber to promote education and economic development will help to build commercial markets for the future. As important as we consider this aspect, we are of the opinion that using food and fiber to build now a firm social, economic, and political foundation in underdeveloped nations of the free world is of the greatest urgency and importance.

We are convinced that our attitude toward the underdeveloped areas of the world, backed up by our willingness to help such areas develop economic stability, can be the key to a genuine and lasting peace.

With the uses being made of local currencies received from the sale of food and fiber under title I and of grants under title II, it is accurate to say that food is being used at the present time to promote technical assistance and economic development. It is clear, however, that sponsors of such bills as S. 1711, and the Langer bill, S. 1517, and S. 842, and Symington's S. 224, and the Resolution No. 8, believe that greater emphasis should be placed on such use. We share their concern and, without any detailed discussion, I shall list some of the fundamental considerations I believe should be included in the legislation amending and extending the food-for-peace program under Public Law 480.

#### POSSIBLE AMENDMENTS EXTENDING PUBLIC LAW 480

1. It is significant that most of the bills before the committee embody the principle of long-range planning. Administrative problems created by the year-by-year extension of basic legislation would be eliminated with the 5-year extension of Public Law 480 which several bills propose. We believe that the same sound reasoning supporting a 5-year extension justifies removing the termination date in titles I and II. We strongly support the bills before the committee which provide for long-term loans and call your attention to the fact that in the House Congressmen Poage, Johnson of Wisconsin, McGovern, Carter, Roosevelt, Burdick, Fulton, and Kastenmeier have introduced bills which provide such authority.

2. We hold to the view that food and fiber can be used to a much greater extent than at present. It obviously is being used at the present time as a short-term method of moving surplus agricultural commodities with practically no attention given to this wealth as an instrument of long-term, effective foreign policy of the United States. Therefore, we believe that Public Law 480 should be expanded and extended to give recognition to the part food and fiber can play as a vital arm of our foreign policy.

3. Interest on loans authorized under section 104 of Public Law 480 should be set at  $2\frac{1}{2}$  percent interest annually, the same as is proposed for the long-term loans of food and fiber in title IV.

4. It is almost inconceivable that economic growth and expansion can take place where 90 percent of the people cannot read nor write, where sickness is prevalent and where children are needed at home for work required for sustenance. We therefore believe that in your deliberations, attention should be given to all possible means of using food and fiber to build schools and to further universal free systems of general and vocational education.

5. To overcome some of the problems which arise between agencies of the Government over the details of administering Public Law 480, it is proposed in S. 1711 that there be an administrator established who would report directly to the President. We believe there is merit to this proposal and urge your careful consideration. You will recall the valuable overall direction given to food utilization by a similar procedure during World War II.

That, of course, was dealing with a scarcity of food.

To assist in the administration of an expanded program of food for peace, we believe, also, that it would be helpful to provide for a committee of distinguished citizens to serve in an advisory capacity.

6. The Department of Agriculture continues to reject a substantial number of barter contracts submitted for their approval. We urge that the committee look into this matter to determine the proper role of barter in the Public Law 480 program.

7. To help bridge the gap between present unilateral and bilateral action programing food and fiber into needy areas of the world under concessional terms and the means to a workable multilateral approach along the lines of an international food and raw materials reserve bank, we urge you to give consideration to making food available for use through United Nations by its special agencies.

In closing, Mr. Chairman, I request permission to place in the record at this point an analysis of S. 1711, which has been introduced by Senator Humphrey and 15 cosponsors.

Senator SPARKMAN. Without objection, that will be done.

(The analysis referred to is as follows:)

#### ANALYSIS OF S. 1711

Introduced by Senator Humphrey with cosponsors Carroll, Hart, Kennedy, McCarthy, McGee, Monroney, Morse, Murray, Williams of New Jersey, Church, Neuberger, Clark, Mansfield, Hennings, and Symington

Title I: A 5-year program of local currency sales of U.S. surplus agricultural commodities at a rate of \$2 billion a year—as compared with \$1½ billion a year under the present Public Law 480;



Title II: Continuation of title II of Public Law 480 to provide emergency assistance, through grants of surplus agricultural commodities, over a period of 5 years at a rate not exceeding \$250 million a year, to friendly peoples in meeting famine or other emergency relief requirements; and grants of such commodities to assist friendly nations in establishing, expanding, or carrying out programs for the relief of chronic hunger and malnutrition;

Title III: Continuation of title III of Public Law 480, with minor changes, which provides for, first, use by Federal agencies in making payment for commodities not produced in the United States; second, barter of surplus agricultural commodities for strategic or other materials; third, grants to public and private agencies for use in the United States in nonprofit school lunch programs, nonprofit summer camps for children, charitable institutions (including hospitals), and assistance to needy persons; and, fourth, grants to nonprofit voluntary agencies for use in the assistance of needy persons outside the United States;

Title IV: A 1-year program of long-term supply contracts for U.S. surplus agricultural commodities with interest not to exceed  $2\frac{1}{2}$  percent per year, payment—in dollars; services, strategic or other materials—to be made over a period of 40 years from the date of the last delivery of commodities under the contracts and interest computed from the date of such last delivery;

Title V: Grants of surplus agricultural commodities over a period of 5 years to help food-deficit countries, under agreements, build up and maintain minimum national food reserves—in accordance with the U.S.-sponsored resolution adopted by the United Nations on February 20, 1957;

Title VI: Negotiation of agreements with friendly countries to establish in such countries binational, nonprofit foundations to foster and promote research, education, health and public welfare, and to grant to such foundations unexpended local currencies which accrue to the United States as repayments of principal or payment of interest on local currency loans heretofore made by the United States under Public Law 480 or made hereafter under the Food for Peace Act.

In addition to the foregoing, the Food for Peace Act would authorize a number of additions to the authorized uses, in addition to those in Public Law 480, for local currencies accruing from sales of surplus agricultural commodities under title I. Of these, five would permit the use of such currencies to buttress and extend social and economic development projects and activities of the United Nations Special Fund, the United Nations Food and Agriculture Organization, the World Health Organization, the International Finance Corporation, and an International Development Loan Association if and when such may be established. Others would permit more effective use of such currencies in promoting international educational exchanges; research, educational development, and health and education; and technical assistance. On loans of local currencies for economic development, the act would specify a maximum interest rate of  $2\frac{1}{2}$  percent.

Mr. SOLBERG. Also, Mr. Chairman, I request permission to insert in the record the policy statement adopted by the agriculture committee of the National Planning Association. It is a timely analysis of the food for peace program carried out under Public Law 480. It is worthy of your consideration. Both the existing Public Law 480 program and changes proposed in it are examined in the light of fundamental facts and considerations that should be given attention in making the fullest possible use of America's agricultural abundance in the building of a stronger, free, and democratic world.

I want to add here that this is a statement very simply written. It is well worth your time to read. It stresses the moving of food to the point of use, and using that food in part, or in large part, as wages, to contribute to capital development. Food and fiber are consumer goods until so used.

Senator SPARKMAN. Let that statement be inserted also.

(The statement referred to is as follows:)

FARM SURPLUSES AND FOREIGN AID<sup>1</sup>

Agricultural production in the United States continues to far outrun domestic demand. At the current level of farm prices, about 6 to 8 percent of total production cannot be sold through commercial channels and is being diverted to Government storage or disposal. Production of food is far in excess of the nutritional requirements of the American people.

In an effort to ease the burden of surpluses on American markets, and to contribute to the food needs of undernourished people in other countries, the U.S. Government has actively promoted the export of farm products by a variety of methods. Since the end of World War II, agricultural exports moving under some kind of governmental program have bulked large in the total export picture. In the early postwar years, Government export programs accounted for 60 to 70 percent of total farm exports. The percentage fell to 19 in 1952-53. But under a battery of new programs including sales for foreign currencies, grants, loans and barter, the percentage climbed to 42 in 1956-57 and stood at 37 in 1957-58.

These Government export programs have made a contribution to the welfare of poor countries. Real wealth in the form of food and fiber products has been transferred to impoverished peoples badly in need of such wealth. But the programs also have created some ill will among friendly competing nations. Complaints of these countries may be exaggerated. We have made progress in assuring that our surplus sales are not substituted for commercial exports. But American promotional tactics have not been always careful of the interests of such allies as Canada, New Zealand, Denmark, and Australia.

Although everyone likes a bargain, many of the countries receiving our surpluses have not as yet received from them any lasting benefits to economic development. Current consumption levels have been raised. But there is frequently a long time lag between receiving the shipment of surplus food and the inauguration of development programs. The theory behind using surplus foods for economic development in needy countries calls for using the foods at the time a project is underway—to help soak up the extra purchasing power of the workers on the project and thus restrain inflation in the country. In essence, the surplus food substitutes for wages.

In addition, our surplus disposal programs continue to be expedient, temporary, and unpredictable. This does not permit adequate planning for best use of the surplus food either by this country or the recipient country. Nor does it take account of the probability that farm surpluses seem likely to be with us for some time ahead. (See "A Balanced Agriculture in 1965" by John D. Black and James F. Bonnen, NPA circular.)

## LONG-RANGE PLANNING NEEDED

The agriculture committee of the National Planning Association believes, therefore, that the United States should initiate a long-range planning effort in this field in cooperation with other countries, so that the use of U.S. surplus farm products in the international economy would be clearer and less controversial.

Many of the techniques and institutional arrangements of the present programs will be useful in the future. The sales of foreign currency under Public Law 480 have proved to be a valuable invention for helping underdeveloped countries, but this method is less effective as an emergency device than it would be as an integral part of long-range economic development programs.

<sup>1</sup> The utilization of our agricultural products in economic development in friendly nations is sound and constructive both from the standpoint of the internal economy of the underdeveloped area, and from the standpoint of international trade and unity in the free world. My observations in economic development of backward areas in this country are that private investment in productive enterprise, utilizing the natural and human resources available, begets purchasing power which commands goods and services, and public facilities for education, health, communication, and transportation in rapid sequence, and supports parallel agricultural production and marketing.

Converting agricultural products into local currencies to be loaned back to both private business and public works in the developing area frees exchange and gold accumulated in commercial trade for purchases of foreign made capital goods to increase employment and production in broadening circles. The local currency now accumulating should be funneled back into economic use through national and international exchange and loan channels as fast as it can be constructively used, after the present provisions for its use have been taken care of. Grants are indicated in times of famine, epidemic, and other emergencies.—John J. Riggle.



John H. Davis, a member of this committee, after a recent study of the administration of farm surplus disposal, recommended that agreements for sales for foreign currency be permitted for as long as 5 years. The International Wheat Surplus Utilization Conference at Brookings, S. Dak., made a similar recommendation. This committee endorses the principle of these recommendations.

We believe the United States should be prepared to make policy commitments of a longrun nature with respect to the form of programs, eligible recipients, price concessions, and so on. Only by doing so can we make our surplus food a real source of capital which developing countries can count on to carry a project through to completion.

As of now, foreign currency funds acquired from sales of our surpluses may often be looked upon as a byproduct of a program designed mainly to relieve the United States of an embarrassing surplus. This tends to make these funds a liability rather than an asset, so far as the psychology of international relations is concerned.

A different attitude might be created if the United States were to make clear that the currently available surpluses of this country were to be handled so as to contribute to economic progress in the poorest areas of the world.

#### FOOD FOR DEVELOPMENT

Our Government might well declare that, except in famine situations, surplus food and fiber products from the United States would be used only to support development programs in needy countries. Economic development should be given a broad interpretation to include human resource development such as education and training as well as capital formation.

Surplus "disposal" would be conceived as a humanitarian program in which the bounty of the United States was made available to aspiring peoples in less fortunate circumstances. The surplus commodities involved would be made available on the basis of need, rather than on the basis of the country's ability to bargain for a "concession" price. At times this might mean direct commodity grants to a very poor country.

A key factor in creating a new international climate in which to carry out such operations would be to separate the lending from the planning functions. Development plans arrived at independently by the recipient country, with the help of one or more of the international agencies, would not carry the stigma of being devised in part for the purpose of helping the United States solve its problems. Surplus food and fiber products might be used to underwrite in part a broad plan of industrial development, or to feed and clothe workers engaged in building roads, draining and clearing land, and constructing irrigation projects, or to feed the youth and adults in vocational training.

Our commitments in terms of bushels of wheat, for example, would be tied to specific plans and projects in other countries. Once a plan or project were initiated that involved the use of commodities from the United States, the United States would be committed to supply those commodities for the duration of the plan.

One example might be a roadbuilding project in an extremely poor country such as Bolivia or Libya. The recipient country would plan the project. It would hire the workers and move them, with their families, to construction camps in the project area. It would pay them a small cash wage in the currency of the country. The United States would agree to provide food and clothing for the workers and their families for the duration of the project. The United States might also grant the country a loan for the tools and equipment needed on the project. Assuming that most of the work on such a project would be handwork, without expensive earthmoving equipment, food and clothing costs would probably run 60 to 70 percent of the total cost.

Another example of a food-for-development agreement might be a tie-in with a vocational training program. The United States would agree to supply a definite quantity of food over and above normal production and imports for a stated period. The recipient country would agree to set aside a fund in its own currency equal to the value of this food. This fund would be used to meet costs of building vocational training schools; to feed students attending such schools;

to pay salaries of instructors. The fund might also be used to pay scholarships for some students to be sent abroad for vocational education.

The present law provides for some of the local currency obtained in Public Law 480 sales to be used for research, but the research must be of direct benefit to the United States. This seems to be an unwise restriction. Some research of value to the economic development program in the recipient country might not be of any immediate, direct value to the United States—for example, research in crop varieties for Iran. Even neighboring Iowa and Wisconsin use different varieties of some crops and need their own local experimentation in crops.

The food supplied by the United States could be distributed through the normal distribution system or through some governmental system, depending on the circumstances of the country, as is done now under Public Law 480.

This free (or low-cost) food from the United States would be a net addition to consumption in the country and would help offset inflationary pressure resulting from the capital formation effort.

In both these cases, the United States would give a longrun commitment which the developing country could count on as part of the resources needed for its program.

We view the surpluses of American farm products as an opportunity for a new and fruitful type of enterprise in foreign economic development, involving teamwork with other countries and with international agencies. We believe farm surpluses could be made a more positive factor in the upbuilding of underdeveloped countries and an asset in international relations rather than a problem child.

#### NOT A "DISPOSAL" OPERATION

Once surplus farm commodities from the United States become committed to the development plan of a foreign country, for 1 year or 10, they cease to be surplus commodities. The whole operation ceases to be a disposal operation. The committed supplies become development supplies and are built into the aggregate demand for farm products of the United States. They become a recognized claimant on production in the same sense as the school lunch program and the International Wheat Agreement.

Some provision should be made for shipping overseas food which is plentiful for use in development projects, even if it is not stored in Government warehouses. To make the most effective use of high carbohydrate foods such as wheat, proteins are needed to go with them. The Government should have the authority to purchase foods which are needed to balance out the foods which are in surplus. For example, if hog supplies are in great abundance, and prices low, it should be possible for the Government to make use of pork in food-for-development programs, even though, technically pork is not in surplus.

In the long-range program which we have in mind, food and fiber supplies committed to development plans for very poor countries, such as Libya, Bolivia, and Indonesia, might be made in grants without charge. Countries with somewhat higher levels of real income, for example, Egypt and Mexico, might be sold supplies for their currencies but still at a very low price. The pricing principle to be followed would be one that speeds development and is recognizably below commercial transactions. The goal should not be to bargain for maximum returns to the United States.

Recipient countries should have to provide evidence in every case that the development supplies from the United States would not reduce their normal imports of food and fiber from other countries, as they do under Public Law 480.

#### FARM SURPLUSES AND FOREIGN AID

The program we are suggesting here would not be a sharp departure from, but rather an extension of, the operations now being conducted by the U.S. Government under Public Law 480. The proposed changes are in the nature of a shift in emphasis. They would require more careful planning. U.S. farm export programs would be aimed more directly toward the purposes of the other U.S. foreign assistance and technical cooperation programs.

A large part of the foreign currency now received for sale of surplus farm products is being allocated to economic development in the recipient countries. From July 1, 1954 to December 31, 1958, the United States received the dollar equivalent of \$3.3 billion of foreign currencies from sales under Public Law 480.



Agreements for the use of these currencies provide for the following distribution of the funds :

	<i>Percent</i>
Loans to foreign governments-----	49.5
Loans to private enterprise-----	5.4
Grants to foreign governments-----	6.5
 Total for economic development-----	 61.4
Purchase of goods for other countries-----	1.1
Education and information-----	1.8
Agricultural market development-----	1.6
Defense and other U.S. expenses-----	34.1
 Total-----	 100.0

The changes suggested here would involve elimination of, or substantial reduction in, the amounts being allocated to U.S. military and other governmental expenses. These expenses would be met by U.S. dollar expenditures. Such a shift in itself would be beneficial to the recipient countries. They would then have more dollars available for commercial purchases from America—industrial goods, mainly, but also including some farm products not being provided under “food for development agreements.”

All the food being sold at special low prices by the United States would thus become a net addition to the capital for economic development of the receiving country.

It is clear that in spite of the emphasis on “disposal” of surpluses and the criticism from other food exporting countries that Public Law 480 is a “dumping” program, the present program actually is a substantial contribution to foreign economic development. We believe it could serve this purpose still more effectively with the changes we have suggested.

#### INTERNATIONAL COOPERATION

Competing nations burdened with farm surplus problems, especially Canada, Australia, and Argentina in wheat, should be invited to participate in this “food for development” program. All trading countries have a direct financial interest in building up the economic systems of the poor countries so as to make them better suppliers and customers. But much more important, all free countries share the same vital concern that the underdeveloped areas of the world make rapid, steady economic progress as a foundation for stable, free governments.

Some steps have been taken by our government toward cooperation among the food-exporting countries in using their surpluses for constructive purposes in the world. We applaud these beginnings and urge more vigorous effort to establish multilateral “food for development” arrangements.

United Nations agencies such as the Food and Agriculture Organization and the World Health Organization ought to be drawn into the planning and execution of the program here proposed. FAO could well help some of the poorer countries develop plans and projects for economic development which could be financed in part by food and fiber products from the United States and other surplus producing countries. WHO could provide nutritional information and guidance for in-plant or on-the-job feeding programs to make the most effective use of American food bounty.

Public Law 480 has been used on occasion as a weapon of foreign policy inducement. When President Nasser of Egypt incurred American wrath for his maneuverings with the Soviet Union, we cut off Public Law 480 shipments to Egypt. Within the last 6 months, however, this decision was reversed, and Egypt is again on the Public Law 480 list. If “food for development” is to be most effective, it cannot be used as a short-run tool of handing out favors or withdrawing them for diplomatic purposes.

In many of the newly independent countries, public feeling against “colonialism” and “economic exploitation” by the richer nations of the West is so strong that planning and direction of development programs by the United States or Canada, for example, are unacceptable. The local politicians dare not tie themselves closely to the United States in any agreement which can be made to look like “dollar imperialism.” Thus some extremely poor countries will accept aid only if it is wholly free from strings.

Yet it is plain that such countries do need planning help, administrative guidance, and technical advice if they are to achieve their ambitious economic goals.

Here is where the United Nations can fulfill a function for the world community which cannot be fulfilled by even the most generous individual nation acting alone. This committee strongly urges that the United States call upon the United Nations to develop plans for use of farm surpluses in economic development programs in needy countries.

#### ADVANTAGES OUTWEIGH DISADVANTAGES

The kind of program outlined here would have some disadvantages. It probably would reduce the volume of export "disposal" for a few years. It takes time to initiate useful projects. The uncertainty of our past programs has not led to long-run plans for the use of our food surpluses. But if a long-run policy were enunciated, such plans could be developed. Another disadvantage is that the substitution of "development supplies" for regular imports would not be stopped in every case. Probably the demonstration that such supplies were not replacing ordinary imports would never be completely satisfactory to all parties.

A long-range plan to use our farm surpluses in foreign economic development probably would cost more than present disposal operations for comparable quantities. However, we believe this program should be looked upon as a part of the Nation's foreign aid program, rather than as a disposal operation. So the public accounting for the funds used should be adjusted accordingly.

Despite these disadvantages, this committee believes the opportunities for making constructive use of America's farm abundance in this way far outweigh the disadvantages.

#### MEMBERS OF THE NPA AGRICULTURE COMMITTEE SIGNING THE STATEMENT

Lauren K. Soth (chairman), the Des Moines Register and Tribune.  
 Donald R. Murphy (vice chairman), director, editorial research, Wallace's Farmer.  
 A. C. Hoffman (vice chairman), vice president, Kraft Foods Co.  
 Frank App, Seabrook Farming Corp.  
 John A. Baker, director, legislative services, National Farmers Union.  
 John D. Black, professor of agricultural economics, Harvard University.  
 Robert K. Buck, Waukee, Iowa.  
 Harry B. Caldwell, master, North Carolina State Grange.  
 Harry W. Culbreth, vice president, Nationwide Insurance.  
 August Dahme, Aberdeen, S. Dak.  
 Arval L. Erikson, economic adviser, Oscar Mayer & Co.  
 Joseph W. Fichter, farm consultant, Oxford, Ohio.  
 Oscar Heline, Marcus, Iowa.  
 Frank W. Hussey, vice president, Maine Potato Council.  
 E. W. Kieckhefer, farm editor, the Courier-Journal.  
 Arthur Moore, the Washington Bureau, McGraw-Hill Publications.  
 Herschel D. Newsom, master, National Grange.  
 William H. Nicholls, chairman, Department of Economics and Business Administration, Vanderbilt University.  
 R. J. Odegard, O. J. Odegard Potato Co.  
 James G. Patton, president, National Farmers Union.  
 John J. Riggle,<sup>1</sup> secretary, National Council of Farmer Cooperatives.  
 Dr. Frank J. Welch, dean, College of Agriculture, University of Kentucky.  
 Obed A. Wyum, Rutland, N. Dak.  
 Ralph S. Yohe, editor, Wisconsin Agriculturist.  
 Gordon K. Zimmerman, executive secretary, National Association of Soil Conservation Districts.

#### WORK OF GROUPS AND ORGANIZATIONS

Mr. SOLBERG. 8. We fully support the work being done at the present time by CARE, CROP, and the other groups and religious organ-

<sup>1</sup> See footnote to the statement by Mr. Riggle.



izations represented in the American Council of Voluntary Agencies for Foreign Service, Inc. We urge that all possible means be used to expand the use of food and fiber in the activities sponsored and operated by them.

We strongly support, also, the use of food and fiber in financing projects to serve community needs which may be overlooked in other operations carried on under the Public Law 480 program. To accomplish more of the kind of local initiative and opportunity for community effort, we believe that administrators of the food for peace program should urge the voluntary agencies to encourage local communities to plan and develop such projects.

This completes my prepared statement, Mr. Chairman, and I want to thank you for your courtesy.

But may I add a few words on a point that is very important to me.

Any country in the world with sense and imagination would grab our opportunity for strengthening themselves through food and fiber.

I want to make one comparison and leave it at this, because this isn't stressed enough.

#### FOOD MORE EFFECTIVE THAN DOLLARS

The movement of food to a project where it is used, this would supplement and complement exchange of food for soft currencies. But let's make this comparison: Our dollars, comparatively they are in short supply. There is a demand for them domestically, but food, which is in excess of domestic demand, can be more effective than dollars in building these economies.

Food becomes a dollar when it becomes a wage in building a road or a small dam or a school, or in sending students, whether they are young people or adults, to that school.

If America could get this concept of a sound farm program with 50 cents in and produce shiny food dollars for development in the world we would really start moving somewhere, and we must do that.

Senator SPARKMAN. Senator Hickenlooper?

Senator HICKENLOOPER. You referred to differentiation between food and dollars. Food costs dollars; it takes dollars to buy the food.

Mr. SOLBERG. Yes; it is the cheapest dollars we have in this country; that is what I mean.

Senator HICKENLOOPER. How is that so? It takes dollars to buy the food, so you have to use it one way or the other.

Mr. SOLBERG. But the farmers are being paid less than 50 cents today for their real dollar value of food. This is something we can produce in abundance and it can be used, and surely it will be.

Senator HICKENLOOPER. I don't follow that reasoning at all, because it takes dollars to buy the food which is produced. Food just doesn't produce itself, and the farmer doesn't produce it for nothing; he has to be paid.

Senator AIKEN. I think the witness means that food is cheaper than \$2.

Mr. SOLBERG. That is correct. I think it is a matter of using all our resources, all of our farmers and all of our food production. We are not doing it today and we are silly for not doing this.

I appreciate this, Mr. Chairman.

Senator SPARKMAN. Senator Aiken.

Senator AIKEN. Mr. Chairman, I don't want the fact that I am not asking questions to indicate lack of interest in the subject. I just want to hear as many witnesses as possible before I have to leave.

Senator SPARKMAN. There are many questions I, too, would like to ask, but I shall not ask them, because we have many witnesses and I, too, will have to leave.

Mr. Hyman H. Bookbinder, legislative representative, AFL-CIO. Do you have a prepared statement?

Mr. BOOKBINDER. I do have a statement; it is a brief statement. May I rush through it quickly?

Senator SPARKMAN. You may read it or discuss it, either one. The full statement will be printed in the record.

Mr. BOOKBINDER. I will just give the highlights.

Senator SPARKMAN. As you wish, sir.

Mr. BOOKBINDER. It is a brief statement, to start with.

#### STATEMENT OF HYMAN H. BOOKBINDER, LEGISLATIVE REPRESENTATIVE, AFL-CIO

Mr. BOOKBINDER. Mr. Chairman, and members of the committee, recently, the AFL-CIO testified before another committee of this Congress, the Agriculture Committee, and we urged their support for a program to utilize more fully our abundance of food to eliminate hunger and malnutrition amongst all the people of the United States.

In this testimony we urged enactment of specific measures now before Congress which we believe will achieve this objective.

The elimination of hunger in this country is a national responsibility which must be considered of the highest priority. In addition to achieving this objective, however, the AFL-CIO also believes that our agricultural abundance is sufficiently great to make it possible to use it more effectively overseas in order to advance the foreign policy of the United States and the humane objective of reducing hunger throughout the world.

There is no conflict between these two, and we are very pleased to note that the principal author of the Food for Peace Act, Senator Humphrey, along with several other Senators, have both proposed improvements in our local food distribution program and are the authors of this food for peace legislation.

#### HUNGER AND MALNUTRITION AMONG AMERICANS

Each of these programs, Mr. Chairman, both the domestic and the overseas, rests on its own merits, and organized labor supports each of them, but I do feel compelled to point out to the Congress through this hearing that we fear that public support for this food for peace program will be difficult to obtain if the Congress fails to do its duty in regard to our own hungry Americans.

Refusal of the Congress and of the administration to spend reasonable amounts of funds to meet the hunger and malnutrition of Americans will only aggravate the present public antipathy to such programs as mutual security, which, unfortunately, is altogether too great



to begin with, and this is an antipathy which would extend to such proposals as food for peace.

We believe that the Congress should proceed quickly—I hope you will pardon me for doing this public lobbying before a committee that can't make this decision—but we do feel strongly that while we come to advocate this improvement in our international food operations, that we point out to the Congress the need to act as quickly as possible on our domestic food program.

I won't repeat the observations that I have heard at least two witnesses make today about our abundance being a blessing and not a curse. I don't think this thing can be said too often. I will just assert that now, and the statement will be in the record.

Instead of continuing to pile more and more surplus commodities in storage, an observation which has also been made this morning, at this cost of a billion dollars a year for storage alone, we do support the Humphrey proposal to expand the use of our food and fiber to relieve human hunger and to promote economic and social development in less-developed countries abroad.

If the free world fails to provide adequately, there is real danger that these countries will surrender to the blandishments of the Communist world. In most of these nations the issue may well be decided one way or another within the next decade or two.

I see that most of my next observations have been adequately covered, and your assurance that it will be in the record permits me to skip rather broadly here.

#### THOROUGH STUDY MADE OF PUBLIC LAW 480 OPERATION

I do want to observe that the provisions of S. 1711 seek to carry out proposals that have emanated from exhaustive investigations of the operation of Public Law 480. These are not schemes that have just been dreamed up by some pie in the sky artists; they result from studies by the National Planning Association, by Dr. John H. Davis for the Department of State, and by a team of three American businessmen appointed by the Director of the ICA.

Mr. Chairman, the AFL-CIO makes this statement for support of S. 1711 not as experts in either agriculture or in the intricacies of international trade. We have confidence in the ability of agricultural experts and trade experts to advise you on the technical aspects of the problem.

We come, instead, primarily as a representative of millions of working men and women, who recognize the need to fight against communism and hunger, and for peace, not with words alone but with concrete deed and example.

We know of no better way to implement our words than the bold concept of food for peace.

It is not too late yet, but it may soon be, to heed the warning of Dostoevsky when he said:

A day is coming when men will say there is no crime, there is no sin, there is no guilt, there is only hunger \* \* \*. And they will come crying and fawning to our feet saying, "Give us bread \* \* \*."

Thank you very much.

Senator SPARKMAN. Thank you. Senator Aiken?

Senator AIKEN. No questions.

Senator SPARKMAN. Senator Hickenlooper?

Senator HICKENLOOPER. No questions.

Senator SPARKMAN. Thank you very much. I appreciate your testimony, Mr. Bookbinder.

(The prepared statement of Mr. Bookbinder is as follows:)

STATEMENT OF HYMAN H. BOOKBINDER, LEGISLATIVE REPRESENTATIVE, AMERICAN  
FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS

Recently, the AFL-CIO testified before the Senate Agricultural Committee and urged support for a program to utilize more fully our abundance of food to eliminate hunger and malnutrition amongst all of the people of the United States. In this testimony, we urged enactment of specific measures now before Congress which we believe will achieve this objective.

#### HUNGER: NATIONAL AND INTERNATIONAL PROBLEM

The elimination of hunger in this country is a national responsibility which must be considered of the highest priority. In addition to achieving this objective, however, the AFL-CIO also believes that our agricultural abundance is sufficiently great to make it possible to use it more effectively overseas in order to advance the foreign policy of the United States and the humane objective of reducing hunger throughout the world.

Senator Humphrey, I know that you have recognized both this dual obligation and this dual potential. Your advocacy of legislation both for improvements in the food distribution program at home and for expansion of our overseas food operations is clear evidence that you do not believe America has to choose between feeding our own people and helping to feed human beings wherever they may be hungry.

Although each of these programs, domestic and overseas, rests on its own merits, and the AFL-CIO supports each of them, I feel compelled to point out to the Congress that public support for your highly commendable and imaginative food for peace program will be difficult if the Congress fails to do its duty in regard to our own hungry Americans. Refusal of the Congress and of the administration to spend reasonable funds to meet hunger and malnutrition of Americans will only aggravate the present public antipathy to mutual security expenditures, an antipathy which could extend to the food for peace proposal too.

America's unequaled ability to produce food and fiber in abundance is in no sense a calamity—as some now appear to view it—but a great blessing—if we have the intelligence effectively to use this great potential asset. In a world in which 1 billion human beings live perpetually in hunger, our surplus of food and fiber makes the United States uniquely capable of helping them in a manner which the Soviet Union cannot and would not match.

Already the distribution of our food and fiber overseas under Public Law 480—whether sold for foreign currencies, bartered for strategic materials, or donated as emergency relief—represents an act of statesmanship and humanitarianism of monumental proportions.

#### REVISION OF PUBLIC LAW 480 PROGRAM

The time has come to revise, expand, and extend Public Law 480 on the basis of nearly 5 years of experience and a fresh look at what is needed and what can be done. It is our view that S. 1711, introduced by you, Senator Humphrey, and 10 cosponsors, points in the proper direction.

Instead of continuing to pile more and more surplus commodities in storage—at a cost to the American taxpayer of approximately \$1 billion per year for storage alone—we support the Humphrey proposal to expand the use of our food and fiber to relieve human hunger and promote economic and social development in less developed countries abroad.

Most of these less developed countries have newly won their independence. But their new-found freedom will mean little unless their hundreds of millions of people can find ways to lift themselves above the misery and despair that have always been their lot.



If the free world fails to provide adequate help, there is real danger they will surrender to the blandishments of the Communist world. In most of these new nations, the issue may well be decided—one way or another—within the next decade or two.

The aid that they need is of many kinds, and America's abundant supply of food and fiber can do much to help.

According to responsible estimates, \$10 billion to \$13 billion of U.S. farm commodities may be conservatively expected to pile up in the next 5 years in excess of requirements for domestic use and foreign dollar sales. Furthermore, it is the conviction of many experts in this field that this quantity of farm commodities could be distributed to needy nations without disturbance to regular commercial trade. This consideration is, of course, a very basic one in any legislation the Congress will approve.

In the face of these expectations, we support the proposal in S. 1711 that local currency sales of U.S. surplus agricultural commodities at a rate of \$2 billion annually be authorized for the next 5 years, as compared to the \$1½ billion a year authorized at present under Public Law 480.

In addition, the continued bartering of surplus agricultural commodities for strategic and other materials now carried forward under Public Law 480 is of mutually great value to the United States and the other nations involved. We urge that this arrangement be continued. Under it, we are informed, a billion dollars worth of material already has been brought to the United States under this scheme.

We also favor continued emergency relief shipments to friendly countries in the form of grants at a rate of up to \$250 million per year.

#### BROADEN USES OF LOCAL CURRENCIES

Of particular significance is the proposal under S. 1711 to broaden the uses to which local currencies accruing to us from the sale of U.S. commodities would be put to work. These include projects to promote education, health, and scientific research, develop educational materials, finance the services of technical advisers, and advance economic development.

Through the wise uses that these foreign currencies can be put in the countries in which they originate, our aid abroad can be vastly compounded in the same way that "counterpart funds" multiplied the value of our investment in European rehabilitation under the Marshall plan.

#### STUDIES MADE UNDER PUBLIC LAW 480 PROGRAM

It is of particular note that all the provisions of S. 1711 seek to carry out proposals that have emanated from exhaustive investigations of the operation of Public Law 480. Among these have been studies by the National Planning Association, by Dr. John H. Davis for the Department of State, and by a team of three American businessmen appointed by the Director of the International Cooperation Administration.

Their findings support and recommend to the Congress an intensified effort to utilize our abundant agricultural production to help build essential conditions for world peace in the manner generally prescribed by S. 1711.

Mr. Chairman, the AFL-CIO makes this statement of support for S. 1711 not as experts in agriculture or international trade. We have confidence in the ability of the agricultural experts and trade experts to advise you on the technical aspects of the problem.

We come, instead, primarily as representative of millions of working men and women who recognize the need to fight against communism and hunger, and for peace, not with words alone but with concrete deed and example. We know of no better way to implement our words than the bold concept of food for peace.

It is not too late yet, but may soon be, to heed Dostoevski's warning when he wrote:

"A day is coming when men will say there is no crime, there is no sin, there is no guilt, there is only hunger \* \* \*. And they will come crying and fawning to our feet saying, 'Give us bread. \* \* \*'"

Senator SPARKMAN. The next witness is Mr. Wallace J. Campbell, legislative representative of the Cooperative League of the U.S.A.

Mr. Campbell, we are glad to have you with us. We have copies of your prepared statement. You may proceed as you wish.

Mr. CAMPBELL. Thank you, Mr. Chairman, and members of the committee.

Senator SPARKMAN. May I say the full statement will be printed in the record.

Mr. CAMPBELL. My statement is rather long. There are certain sections of it which I can draw upon or summarize, and I will be happy to do that.

**STATEMENT OF WALLACE J. CAMPBELL, LEGISLATIVE REPRESENTATIVE OF THE COOPERATIVE LEAGUE OF THE U.S.A.**

Mr. CAMPBELL. In 1963 the 76-member nation Food and Agriculture Organization of the United Nations plans to conduct a "freedom from hunger" campaign. This worldwide drive to mobilize public opinion regarding the possibilities of defeating hunger as a world menace is to be climaxed with the holding of a World Food Congress. The United States is just 1 member of the 76 nations in the FAO, but unless we take positive action, such as is specified in the proposed international Food for Peace Act, this year, the "freedom from hunger" campaign in 1963 may not be an effective drive against the festering spots of hunger which so plague the world.

It takes time for programs to develop and achieve their effectiveness. The time to start is now.

Let me illustrate. The Cooperative League of the U.S.A. presented testimony before the House Agriculture Committee on April 30, 1954, urging the enactment of what has come to be known as the Agricultural Trade Development and Assistance Act, and even more popularly known as Public Law 480. We hope that by 1963 we can look back to this session of Congress and the enactment of the Humphrey food-for-peace bill as an accomplishment even greater than the enactment of Public Law 480.

In April 1954 we said on behalf of the Cooperative League and its millions of family members that:

As taxpayers who have footed the bill for a substantial part of this available surplus—

an estimated \$8 billion surplus was then on hand

—we are concerned that that investment of ours be used wisely and in the national interest. As citizens we have an interest in finding a way to transform what might look like a national liability into a national asset in creating friendship around the world and a strengthening of the peoples and the nations of the free world.

We are pleased that the Congress adopted Public Law 480 at that time.

The United States under Public Law 480 has sold for foreign currency over 800 million bushels of wheat and wheat flour; 3.3 billion pounds of fats and oils; 240 million pounds of dairy products; 3.6 million bales of cotton, and many other farm commodities. The value of these sales is estimated by the Department of Agriculture at \$3.5 billion at world market prices.



DOMESTIC AND FOREIGN USE OF AGRICULTURAL SURPLUS  
UNDER PUBLIC LAW 480

This sales-abroad program is only one part of the overall program. Most Americans are not aware of the fact that 20 million Americans received surplus agricultural commodities through Public Law 480 through schools, charity institutions and individual donations. Of these, more than 14 million children in American schools received agricultural commodities in the school lunch programs. Over 5 million members of needy families were aided with surplus agricultural commodities which went through established channels of welfare and relief, and close to 1.5 million children in charitable institutions received foods donated by the Federal Government. As has always been true, we are taking care of the needy in America first.

In a recent report, Secretary Benson pointed out that more than 60 million people in about 85 countries are receiving U.S. food donated to American voluntary relief agencies carrying on foreign assistance programs. More than \$7.5 billion worth of commodities had been used under the law by December 31, 1958.

I am sure that I reflect the sentiment of the overwhelming majority of the 13 million members of the Cooperative League that this program should be extended and expanded as one of the great humanitarian programs of the United States. It is particularly pleasing to know that Senator Humphrey has been joined by Senators John A. Carroll, Philip A. Hart, John Kennedy, Eugene McCarthy, Gale W. McGee, A. S. Mike Monroney, Wayne Morse, James E. Murray, William Proxmire, Harrison Williams, Jr., Frank Church, Richard L. Neuberger, Joseph S. Clark, Mike Mansfield, Thomas C. Jennings, Jr., and Stuart Symington as cosponsors of S. 1711 now before you for action.

AMERICAN AGRICULTURE: A FOOD-PRODUCING INSTITUTION

I would like to read to you a letter I received in private, I can't give you the name in public, but the letter summarizes pretty well the situation as we see it in American agriculture. He said:

In a thousand ways it has been demonstrated that American agriculture is the most irreversible nonstopable food producing institution that the world has ever seen. As sure as the sun rises this surplus-producing capacity will not be stopped or even slowed down, thank God. Our surplus food problem can be solved only by use of surplus food; the only sane use of it is an investment in self-help abroad, not a continuous use of it to feed people without giving them the self-respecting position of workers earning their keep. Our Congress so far has continued an ineffectual dribbling use of our inevitable growing surplus food—one of the greatest blessings a providence ever gave a free people to promote its freedom.

This judgment of a foremost agricultural specialist and authority who has devoted a generation to his work points up a problem which our Congress and our administration have not been willing to face. With the American family-size farm and the present freedom of American agriculture, with nearly 5 million individual farmowners, it isn't possible to stop production by cutting farm prices. When prices are cut every farmer must find ways to produce more in order to hold his farm and keep afloat. Our agricultural production could be an unmitigating blessing. The day will come when we will treat it

as such. I hope we don't have to wait until we are faced with agricultural shortages here in the United States to learn that lesson.

The next page and a half, or two pages of our testimony are devoted to outlining the principal provisions of the bill. You have had these outlined to you very often, so I would like to skip now to page 7, and point out that there seems to be no fundamental disagreement on the use for the agricultural surpluses abroad.

I point out here that President Eisenhower called for a food for peace plan in his message to the Congress; that the National Planning Association and other institutions have made extensive studies supporting this position; that John Davis, former Assistant Secretary of Agriculture, has made recommendations for a long-range program; that John Sherman Cooper of Kentucky pointed out the need for a program of this kind in debate on the floor when the bill was introduced.

#### FACTS SUPPORTING S. 1711

There are several points which we would like to bring to the attention of the committee, and I will highlight these again.

1. The taxpayers of the United States have already paid for the agricultural surplus which is now on hand. The expansion and extension of our food program would be built primarily on the act of taking out of our bins food that has already been paid for and using it in the interest of friendly peoples in need throughout the world.

2. The continuing cost of storing our agricultural surplus is so great that it has been conservatively estimated that it costs more to store some of these commodities for a year than it does to ship the commodities and distribute them overseas.

3. Foodstuffs which are looked on as a liability here immediately become an asset in the recipient country. The food, wherever possible, should be used to stimulate activity on the part of the recipient country or the peoples in that country. The food can be used to pay salaries of people; costs of local materials for roadbuilding and other construction projects; for technical assistance, educational, medical, and other costs. The United States will be paid in currencies of the recipient country, and these currencies can eventually be of great value to us.

4. Food distribution on a loan basis, as provided for in the Humphrey bill, makes the surplus disposal program much more effective. Many countries in the world need food but will not or cannot accept grants. They are willing and able to receive the foodstuffs as loans and to repay those loans if given an adequate amount of time. This tendency to develop self-sufficiency and independence should be encouraged wherever possible.

5. From the point of view of the American farmer, the existence in the United States of \$10 billion worth of surplus commodities constitutes a continuing depressant on the market. The removal of those stocks of foodstuffs provides a more stable and more reasonable market for the commodities our farmers are producing.

This is not the sole reason for their support of the program, because the millions of farmers we represent do not want the food to be destroyed but used to help the elimination of hunger wherever that is possible.



6. The use of nonprofit voluntary agencies for the distribution of foodstuffs overseas is more efficient and more effective than Government distribution and should be encouraged wherever possible.

#### VOLUNTARY AGENCIES

The voluntary agencies make possible a people-to-people approach in the distribution of foodstuffs. The voluntary agency is able to make use of assistance by the governments and the peoples overseas who want to help themselves. U.S. personnel working for American voluntary agencies overseas can help supervise the distribution of commodities all the way to the point of consumption, as does CARE, for example. This gives a control over the use of the commodities which might be distasteful to the recipient government if the supervision came from a Government agency or Government personnel.

The use of a voluntary agency also stretches the dollar of the American taxpayer. The drive, the efficiency, the self-sacrifice and the devotion of the people in a private agency can often multiply the effectiveness of the program overseas.

#### WORK OF CARE OUTLINED

When we testified in April 1954 urging the adoption of the proposed Agricultural Development and Assistance Act, we made these same fundamental points:

CARE has found that the governments of countries which need these foodstuffs are willing and anxious to help foot the bill, often for ocean freight as well as internal delivery costs, because this eliminates any possible stigma of charity, gives the recipients a feeling they are partners in a humanitarian undertaking rather than objects of charity, and contributes to that independence of spirit which we are seeking to strengthen throughout the free world.

We went on to point out 5 years ago that these foodstuffs can create an eventual new market for American agricultural products, and that by the use of U.S. voluntary agencies American foodstuffs are used in such a way that they do not interfere either with American markets or markets of agriculture in the local country or in neighboring countries who have traditionally supplied their need.

These facts are truer today than they were 5 years ago. A recent report of the Advisory Committee on Voluntary Foreign Aid of the ICA pointed out that the voluntary agencies have used more than 2 million short tons of foodstuffs with a total value of \$670 million. The Cooperative for American Relief Everywhere, better known as CARE, handled 895 million pounds of these foodstuffs.

This is where we get to the problem involved.

This included milk powder, butter, butter oil, cheese, egg powder, cottonseed oil, rice, beans, cornmeal, and flour. This current year only five of these commodities are in surplus. Five have disappeared from the surplus lists. Next year only three commodities—milk powder, cornmeal, and flour—will be available in quantity.

CARE has served 36 countries with agricultural commodities and has an enviable reputation for efficiency and effectiveness in deliveries and for complete supervision which makes it practically impossible for any foodstuffs to get into the black market or be misused in any other way. We would like to submit a table of the commodities used and the countries served for the record, served by CARE.

Senator SPARKMAN. We will be very glad to include that in the record.

(The table referred to is as follows:)

COOPERATIVE FOR AMERICAN RELIEF EVERYWHERE (CARE)

*Agricultural surplus commodities*

	Quantities shipped <sup>1</sup> 1951-Mar. 31, 1959	Estimated shipments, Apr. 1-June 30, 1959	Estimated shipments, July 1, 1959- June 30, 1960
Milk powder.....	350,000,019	33,356,000	129,498,400
Butter.....	51,306,395		
Butter oil.....	25,890,387		
Cheese.....	122,326,841	224,000	
Egg powder.....	13,814,032		
Cottonseed oil and shortening.....	14,896,774		
Rice.....	22,485,503	779,600	
Beans.....	9,980,855		
Cornmeal.....	11,257,778	2,519,000	13,392,100
Flour.....	273,613,924	46,925,000	282,324,600
Total pounds.....	895,582,508	83,803,600	425,215,100

<sup>1</sup> Actual bill of lading figures.

From 1951 through June 30, 1959, CARE has served 36 countries as follows: Austria, Bahama Islands, Bolivia, Ceylon, Colombia, Costa Rica, Cuba, Egypt, El Salvador, England, Finland, France, Gaza (Egypt), Germany, Greece, Haiti, Honduras, Hong Kong, India, Iran, Israel, Italy, Japan, Korea, Libya, Macan, Malta, Norway, Pakistan, Panama, Peru, Philippines, Poland, Scotland, Vietnam, and Yugoslavia.

From July 1, 1959 through June 30, 1960, CARE will distribute commodities in the following countries: Bolivia, Ceylon, Colombia, Egypt, Gaza (Egypt), Germany, Greece, Haiti, Hong Kong, Honduras, India, Israel, Italy, Iran, Korea, Libya, Malta, Pakistan, Panama, Philippines, Poland, and Yugoslavia. However, as of the moment, it is possible that CARE may also have U.S. agricultural surplus programs in Ecuador, Guatemala, Jordan, and Turkey during the current fiscal year.

COOPERATIVE LEAGUE SUPPORTS WORK OF CARE

Mr. CAMPBELL. While we support wholeheartedly the work of all of the voluntary agencies in this field, we are particularly pleased to support the work of CARE. Not only is it a cooperative, but also we have seen its operation over the years at first hand, and know intimately the effectiveness of the program. The Cooperative League of the U.S.A. is a member-owner of CARE, as is the Farmer Union, AFL-CIO, and some of the other organizations that have testified here.

Murray Lincoln, president of the league, served as president of CARE for 12 years and is now chairman of the board. I was chairman of the committee that organized CARE in 1945 and now serve as a vice president.

We would like to point out that under the program now underway there are several problems that face us. To increase the effectiveness of the voluntary agencies, the Food Peace Administrator should be authorized to make commitments to voluntary agencies for supplies of foodstuffs over the course of several years so that the program of the organizations can be planned and carried out with a maximum effectiveness. This isn't possible now.



When I was in Greece, Italy, and Israel last year, we had to pull cheese out of the agricultural surplus commodities available, taking one of the basic commodities that we needed to give a well-balanced program. CARE has had to go into the open market and buy commodities to take the place of the cheese which up to that time was available.

We also feel that certain commodities should be earmarked for use overseas even when there is a chance that some of the commodities may go off the surplus list. For example, rice can be used with great effectiveness overseas, but at the present time must be held off the list of commodities available for use overseas because of a possible use of rice for feeding in U.S. welfare programs. Other surplus commodities might be better used in the United States with the rice reserved for overseas distribution by CARE and the other agencies.

#### "PHASING OUT" PROCESS

If we are faced with a continuing surplus situation, and we believe that we are, then the Federal Government should reverse its present policy on cutting back and "phasing out" the food distribution overseas.

I am not sure whether the members of this committee realize there is a Francis paper, named after the Food Adviser to the President, which states that each of the voluntary organizations must phase out of each country regardless of whether or not there is a continuing or a growing need in a country.

CARE, for example, applied in January for a program in Iran. We were told in June, after much negotiation, that we could use 80 percent of what we used in Iran last year. Actually last year we went in with a very conservative program to try it out to see that there were no bugs in the operation. This year we came in with what we felt on the basis of the record we could use. There is a policy of administration that you can use only 80 percent of what you used last year regardless—

Senator AIKEN. Does that apply to all countries?

Mr. CAMPBELL. It applies to all countries.

Senator AIKEN. Regardless of circumstances.

Mr. CAMPBELL. Regardless of circumstances.

Senator AIKEN. Applied to all commodities?

Mr. CAMPBELL. All commodities in surplus.

Senator AIKEN. Or in the overall amount?

Mr. CAMPBELL. That is right.

Now, in defense of the administration—

Senator AIKEN. Was there a reason given for that?

Mr. CAMPBELL. There was a reason given for that, that the United States cannot forever contribute foodstuffs overseas, and that there must be a way of phasing out so that we won't be in a country from now into eternity. That is reasonable and that is important.

But this has become now fixed in a vise so that the voluntary agencies must reduce in each country, even though the need may be increasing, the food distribution program must go down now. CARE must have a written agreement with the Government of Iran that it will be out of there in a given number of years, and that we will cut

from 80 percent down to 70 percent, down to 60 percent, so that the program will be phased out.

Senator AIKEN. You will be out of there, so far as surplus commodities by this Government are concerned. You could continue to serve that country as a private agent, could you not?

Mr. CAMPBELL. We would have to buy the commodities.

Senator AIKEN. That is right.

Mr. CAMPBELL. Here we can stretch our dollars by using our dollars for administration and distributing the commodities which are given to the agencies by the U.S. Government.

What we are appealing for is flexibility in the treatment. I know that most of the people in administrative capacities would like to have flexibility, and would like to see that these programs meet the needs.

I think if the committee would indicate its interest in this problem it would help the voluntary agencies to break a bottleneck which embarrasses most of the people who are involved in the policy.

Senator AIKEN. Could you get me a copy of that directive?

Mr. CAMPBELL. Well, everybody says that everybody else has it, but it does not have official status. It has the effectiveness of an official status, however.

Senator SPARKMAN. I wonder if the staff of this committee might make inquiries into that?

Senator AIKEN. Did you get a copy of it?

Mr. CAMPBELL. No; nobody can get a copy of it. It is one of these things—

Senator SPARKMAN. It is a policy?

Mr. CAMPBELL. It is a policy. It is classified, we cannot see it, but it is a policy which is in effect.

Senator AIKEN. That directive just doesn't fit in with the President's calling the representatives of the five or six surplus producing countries together to devise ways and means of putting more food into other countries.

Mr. CAMPBELL. That is right.

Senator AIKEN. There seems to be a conflict there.

Mr. CAMPBELL. It is illogical and inappropriate but it fits one part of the policy and has not been made flexible enough to meet the Nation's need and the needs of the voluntary organizations.

(Senator Fulbright on July 27 wrote to Mr. Francis about this matter. Mr. Francis replied on August 4. The two letters are inserted at this point:)

JULY 27, 1959.

Mr. CLARENCE FRANCIS,  
*Chairman, Interagency Committee on Agricultural Surplus Disposal, Executive  
Office Building, Washington, D.C.*

DEAR MR. FRANCIS: During the recent hearings of the Senate Committee on Foreign Relations on S. 1711, the food for peace bill, several witnesses stated that within the last year there has been a change, or at least a reformulation, of policy by the administration toward provisions of titles II and III of Public Law 480. Specifically, it was said that the Interagency Committee on Agricultural Surplus Disposal has adopted a policy of gradually cutting out donations to voluntary agencies for distribution overseas, and secondly, of placing more emphasis in the surplus foods donation program on government-to-government agreements and less emphasis on the voluntary agencies program.

The staff of the Foreign Relations Committee has consulted with the Public Law 480 Office of ICA on this matter, and this Office has agreed to provide the committee with a statement on the present operations of titles II and III. The



Public Law 480 Office does not feel it proper to discuss the policy of the Inter-agency Committee.

There is considerable interest among the members of the Committee on Foreign Relations in this matter. It would be of great benefit to the committee if you would furnish us with a statement on the policy of the administration toward the operation carried on under titles II and III of Public Law 480 as delimited in the first paragraph of this letter. Since this legislation is presently under consideration by the Congress, a timely reply would be appreciated.

Very truly yours,

J. W. FULBRIGHT, *Chairman.*

AUGUST 4, 1959.

Hon. J. W. FULBRIGHT,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR FULBRIGHT: Replying to your letter of July 27, in which you make inquiry on policy governing the administration of titles II and III of Public Law 480, there has for some time been very serious consideration given to the transfer of large-scale family feeding and school lunch programs from title III to title II. The general trend a year ago seemed to be in that direction, but there now seems to be some indication that the decision might well be reversed. Policies are being reconsidered and it is my expectation that in the very near future we will have brought all of the executive members of this committee into agreement on policy in this regard.

We are quite conscious of the legislative features, and I assure you that I will make every endeavor to get to you, in time for your consideration, the latest thinking on this subject. It is not a simple, easy decision.

Sincerely,

CLARENCE FRANCIS,  
*Special Consultant to the President.*

#### 20 PERCENT REDUCTION MANDATORY FOR VOLUNTARY AGENCIES THIS YEAR

Senator AIKEN. But have you been officially told that you have to reduce your program 20 percent?

Mr. CAMPBELL. Yes; I have seen a letter——

Senator AIKEN. By whom?

Mr. CAMPBELL. To the staff of CARE, from the responsible administrative officer in ICA. This is in relation to the situation in Iran directing CARE to cut down to 80 percent this current year, and 70 percent the following year. I am sure that that letter could be made a part of the record.

Senator AIKEN. Does that apply to other agencies, too?

Mr. CAMPBELL. Yes; it does. The problem is affecting everybody in the voluntary agency field.

Senator AIKEN. Of course, we have helped some countries increase production.

Mr. CAMPBELL. That is right.

Senator AIKEN. I think Iran may be one of them.

Mr. CAMPBELL. And in the long run, there is good reason for this policy. I mean, the United States doesn't intend to produce food for all the world for all time. We do not wish to be in any given country for an unlimited time. What we are appealing for is flexibility in the administration of the program.

There is one other point, if I may.

Senator SPARKMAN. Very quickly, if you will. We have two more witnesses.

Mr. CAMPBELL. This is something that can be done in 30 seconds.

## COOPERATIVES UNABLE TO BORROW FUNDS UNDER COOLEY AMENDMENT

The cooperatives have a program going now in Italy loaning funds to the non-Communist cooperatives in Italy. It is a self-supporting program.

We have asked the Federal Government to allow us to borrow funds available under the Cooley amendment; that is, funds that are available for borrowing by private enterprise.

Somebody has decided that a cooperative, because it does not make a profit, is not a free enterprise institution by its definition. We feel we are a free voluntary enterprise, part of the free enterprise system.

Senator AIKEN. Was that decision made in Italy or the United States?

Mr. CAMPBELL. That decision was made here by the Export-Import Bank.

Senator AIKEN. I thought our courts decided long ago that cooperatives were private enterprise.

Mr. CAMPBELL. They have. This is just another administrative bobble that I think could be straightened out. The administrative people say they don't know what the intent of Congress is. I thought this committee could indicate that this use of funds, a lending program, nonsubsidized, self-supporting, of these funds which are available and relayed by a genuinely cooperative organization should have the right to borrow the money just like everybody else does.

The reason I raise it now is these are funds accumulated under Public Law 480, and it would help us very much if you could make an inquiry or indicate the intent of the Congress on the role of cooperatives in this situation.

Thank you very much. I appreciate it.

(A letter from the Export-Import Bank is inserted at this point:)

JULY 22, 1959.

Mr. LYNN U. STAMBAUGH,  
First Vice President,  
Export-Import Bank of Washington, Washington, D.C.

DEAR MR. STAMBAUGH: During recent hearings of the Committee on Foreign Relations on the food for peace bill, it was called to my attention by Mr. Wallace Campbell, legislative representative of the Cooperative League of the U.S.A., that the Export-Import Bank has ruled against making loans under the Cooley amendment to Public Law 480 to U.S. cooperatives.

This seems to me a very arbitrary action which certainly was not contemplated by those of us who helped to put the Cooley amendment in Public Law 480. I would appreciate very much an explanation of your ruling on this matter at your earliest possible convenience.

Sincerely,

HUBERT H. HUMPHREY.

EXPORT-IMPORT BANK OF WASHINGTON,  
OFFICE OF THE FIRST VICE PRESIDENT,  
Washington, D.C., July 28, 1959.

Hon. HUBERT H. HUMPHREY,  
U.S. Senate.

DEAR SENATOR HUMPHREY: This is in response to your letter of July 22, with reference to a representation made to you concerning loans to U.S. cooperatives under section 104(e) of Public Law 480.

The Bank has never ruled that either United States or foreign cooperatives are ineligible for such loans. I have had a complete rundown made to see if there could be any possible basis for the opposite conclusion. The facts as disclosed by this research are as follows.



The Bank has never received an application for a loan from a U.S. cooperative. Two applications have been received for loans to foreign cooperatives as follows.

Checchi & Co., consulting economists of Washington, D.C., made application on behalf of Istituto Finanziario delle Cooperative Americane e Italiane (IFCAI) for a loan of 1.36 billion Italian lire (the equivalent of \$2.2 million). All of the stock of IFCAI is owned by the Fund for International Cooperative Development (formerly Freedom Fund, Inc.), a nonprofit corporation organized under the laws of Illinois. The loan proceeds would have been relent by IFCAI to Italian cooperative organizations.

According to statements made by IFCAI and Checchi, a large sector of the Italian cooperative movement is under some degree of Communist control. Since a major purpose of IFCAI is to assist those cooperatives which are not under Communist domination, the Bank was very much interested in the application and the Bank's Board and staff gave it long and careful study, including a discussion with Congressman Harold D. Cooley.

It developed that none of the Italian cooperatives to whom loans would be made by IFCAI were affiliated with U.S. firms nor were any of them engaged in enterprises that would expand markets abroad for U.S. agricultural products. The Board of Directors of the Export-Import Bank concluded that it could not, by loaning through an intermediary, do what it is barred from doing directly—that is, permit the use of section 104(e) loan funds by nonaffiliated foreign entities for purposes other than expanding markets for U.S. agricultural products.

The second application received by the Bank involving cooperatives was by the Israel Bank of Agriculture, Tel Aviv, for a loan of 3.7 million Israeli pounds (the equivalent of \$2.1 million). The proceeds of this loan were to be relent to cooperatives and communities in Israel to assist in building grain storage elevators. The ultimate borrowers were not affiliated with U.S. firms but would use section 104(e) loan funds for purposes contributing to an expansion of markets abroad for U.S. agricultural products. The Board, therefore, found the application eligible under the act and the credit was authorized.

This is the entire history of applications to the Bank for loans to cooperatives, and it clearly does not contain the slightest hint of a ruling that U.S. cooperatives are considered ineligible under section 104(e) of Public Law 480.

Sincerely yours,

LYNN U. STAMBAUGH,  
*First Vice President.*

Senator SPARKMAN. Any questions, Senator Hickenlooper?

Thank you very much.

(The prepared statement of Mr. Campbell is as follows:)

STATEMENT OF WALLACE J. CAMPBELL, DIRECTOR, WASHINGTON OFFICE,  
COOPERATIVE LEAGUE OF THE UNITED STATES OF AMERICA

In 1963, the 76-nation-member Food and Agriculture Organization of the United Nations plans to conduct a "Freedom From Hunger" campaign. This worldwide drive to mobilize public opinion regarding the possibilities of defeating hunger as a world menace is to be climaxed with the holding of a World Food Congress. The United States is just one member of the 76 nations in the FAO, but unless we take positive action, such as is specified in the proposed International Food for Peace Act, this year, the "Freedom From Hunger" campaign in 1963 may not be an effective drive against the festering spots of hunger which so plague the world.

It takes time for programs to develop and achieve their effectiveness. The time to start is now.

Let me illustrate. The Cooperative League of the United States of America presented testimony before the House Agriculture Committee on April 30, 1954, urging the enactment of what has come to be known as the Agricultural Trade Development and Assistance Act and even more popularly known as Public Law 480. We hope that by 1963 we can look back to this session of Congress and the enactment of the Humphrey "Food for Peace" bill as an accomplishment even greater than the enactment of Public Law 480.

In April 1954 we said on behalf of the Cooperative League and its millions of family members that "as taxpayers who have footed the bill for a substan-

tial part of this available surplus (an estimated \$8 billion surplus was then on hand) we are concerned that that investment of ours be used wisely and in the national interest. As citizens we have an interest in finding a way to transform what might look like a national liability into a national asset in creating friendship around the world and in strengthening the peoples and the nations of the free world."

In the 5 years which have followed, the United States under Public Law 80 has sold for foreign currency over 800 million bushels of wheat and wheat flour, 3.3 billion pounds of fats and oils, 240 million pounds of dairy products, 3.6 million bales of cotton, and many other farm commodities. The value of these sales is estimated by the Department of Agriculture at \$3.5 billion at world market prices.

#### AGRICULTURAL SURPLUS TO NEEDY IN AMERICA FIRST

This sales-abroad program is only one part of the overall program. Most Americans are not aware of the fact that 20 million Americans received surplus agricultural commodities under Public Law 480 through schools, charity institutions, and individual donations. Of these, more than 14 million children in American schools received agricultural commodities in the school lunch programs. Over 5 million members of needy families were aided with surplus agricultural commodities which went through established channels of welfare and relief and close to 1.5 million children in charitable institutions received foods donated by the Federal Government. As has always been true, we are taking care of the needy in America first.

In a recent report, Secretary Benson pointed out that more than 60 million people in about 85 countries are receiving U.S. food donated to American voluntary relief agencies carrying on foreign assistance programs. More than 7.5 billion dollars' worth of commodities had been used under the law by December 31, 1958.

I am sure that I reflect the sentiment of the overwhelming majority of the 13 million members of the Cooperative League that this program should be extended and expanded as one of the great humanitarian programs of the United States. It is particularly pleasing to know that Senator Humphrey has been joined by Senators John A. Carroll, Philip A. Hart, John Kennedy, Eugene McCarthy, Gale W. McGee, A. S. Monroney, Wayne Morse, James E. Murray, William Proxmire, Harrison Williams, Jr., Frank Church, Richard L. Neuberger, Joseph S. Clark, Mike Mansfield, Thomas C. Hennings, Jr., and Stuart Symington as cosponsors of S. 1711 now before you for action.

#### AGRICULTURE ABUNDANCE—WEAPON FOR PEACE

American agriculture continues to pour out its abundance. This abundance should be the greatest blessing in the American economy and the greatest weapon for peace in all of the resources available to America. An outstanding American agricultural economist, whose name I would be happy to present to the committee in confidence, said a few days ago:

"In a thousand ways it has been demonstrated that American agriculture is the most irreversible nonstopable food-producing institution that the world has ever seen. As sure as the sun rises this surplus producing capacity will not be stopped or even slowed down, thank God. Our surplus food problem can be solved only by use of surplus food; the only sane use of it is as an investment in self-help abroad, not a continuous use of it to feed people without giving them the self-respecting position of workers earning their keep. \* \* \* Our Congress so far has continued an ineffectual dribbling use of our inevitable growing surplus food—one of the greatest blessings a providence ever gave a free people to promote its freedom."

This judgment of a foremost agricultural specialist and authority who has devoted a generation to his work points up a problem which our Congress and our administration have not been willing to face. With the American family-size farm and the present freedom of American agriculture, with nearly 5 million individual farmowners, it isn't possible to stop production by cutting farm prices. When prices are cut every farmer must find ways to produce more in order to hold his farm and keep afloat. Our agricultural production could be an unmitigating blessing. The day will come when we will treat it as such. I hope we don't have to wait until we are faced with agricultural shortages here in the United States to learn that lesson.



## PROVISIONS OF S. 1711

As this committee knows, S. 1711 would provide—

(a) an extension of the Public Law 480 program for another 5 years at a rate of \$2 billion per year as compared to \$1.5 billion a year under the present Public Law 480;

(b) continuation of authority to provide emergency assistance through grants of surplus agricultural commodities over a period of 5 years at a rate not exceeding \$250 million per year to aid friendly people in meeting famine or other emergency relief requirements, and grants of commodities to friendly nations to carry out programs of relief of chronic hunger and malnutrition;

(c) extension of the present authority to make payment for commodities not produced in the United States; to barter foodstuffs and fibers for strategic or other materials; continuation of the school lunch programs and other charitable programs at home; and further grants to nonprofit voluntary agencies for use in assistance of needy persons outside the United States.

We are happy to support (d) the provision which would create a 10-year program of supply contracts for U.S. agricultural commodities, with interest not to exceed 2½ percent per year, and with payment in dollars, services, or strategic or other materials. This long-range program would allow payment for the materials to be made over a period up to 40 years after the commodities have been delivered.

The bill (e) provides grants of surplus agricultural commodities over a period of 5 years to help food-deficit countries under agreements to build up and maintain minimum food reserves.

(f) The United States could negotiate agreements with friendly countries to establish binational nonprofit foundations to foster and promote research, education, health, and public welfare, and to grant such foundations unexpended local currencies which accrue to the United States as repayments for food distributed under Public Law 480.

A new provision (g) would authorize the use of accumulated currencies growing out of sales of surplus commodities to extend the social and economic development projects undertaken by: The United Nations Special Fund, the United Nations Food and Agriculture Organization, World Health Organization, International Finance Corporation, and a proposed new International Development Loan Association. Such uses would support the United Nations and strengthen international cooperation among the nations of the world.

S. 1711 would also (h) permit more effective use of such currencies in promoting international, educational exchanges, research, educational development, health and education, and technical assistance. Interest charges for use of such currencies would be limited to a maximum of 2½ percent.

One of the problems in Public Law 480 has been the failure to centralize the decisionmaking process. It has been remarkable that such a great deal has been achieved to date with the complicated program of administration of our oversea food program. The Humphrey bill (i) would provide for the creation of a Peace Food Administration in the Executive Office of the President headed by a Peace Food Administrator with full power to act. It would also create an Interdepartmental Peace Food Policy Committee and a Peace Food Advisory Committee consisting of representatives of private U.S. groups and organizations. This, we feel, would do much to prevent the fragmentation of the program and could prevent the long delays which have been responsible for some of the frustrations which have come in the administration of the program to date.

These are the basic ingredients of the Food for Peace Act and provide the basic steps which we feel could bring a substantial major thrust forward in the food field. We would like now to discuss some of the factors which we feel can highlight the operations of the program.

There seems to be no fundamental disagreement of the need for the continuing use of agricultural surpluses overseas. President Eisenhower in his state of the Union message to the Congress called for the creation of a "food for peace" plan and said that he was "setting steps in motion to explore anew with other surplus-producing countries all practical means of utilizing the various agricultural surpluses of each in the interest of reinforcing peace and well-being of friendly peoples throughout the world—in short, with 'Food for Peace.'" The first meeting of representatives of those countries was held in Washington in April

and May of this year. We hope that some positive results will come from these meetings.

#### STUDIES MADE IN SUPPORT OF GENERAL PRINCIPLES OF PROGRAM

The National Planning Association and other institutions have made intensive studies which have supported the general principles of the program before you. During the last few days representatives of NPA and of other organizations have testified in support of the "food for peace" program. These include groups that wish to move the agricultural surplus in order to provide a more stable market as well as those who wish to use the surpluses for humanitarian purposes. These are not necessarily conflicting aims.

Dr. John H. Davis, former Assistant Secretary of Agriculture, made an intensive study of the use of agricultural surpluses for the State Department and reported that: "Public Law 480 was approved in general by all persons interviewed, both American and foreign. It contributes to economic development. It is of political value to governments. The difficulties or objections reported were not associated with the question to end Public Law 480, but to improve it."

Senator John Sherman Cooper of Kentucky pointed out in a debate on the floor of the Senate on the international Food for Peace Act that "a food program is something the United States can do that no other country can, and when he (Senator Humphrey) says that food assists the economic growth of newly dependent countries and developing countries, he is correct. The first need of all such countries is food, and we have the surplus food."

#### FACTS FOR COMMITTEE'S CONSIDERATION

There are several points we would like to bring to the attention of the committee.

1. The taxpayers of the United States have already paid for the agricultural surplus which is now on hand. The expansion and extension of our food program would be built primarily on the act of taking out of our bins food that has already been paid for and using it in the interest of friendly peoples in need throughout the world.

2. The continuing cost of storing our agricultural surplus is so great that it has been conservatively estimated that it costs more to store some of these commodities for a year than it does to ship the commodities and distribute them overseas.

3. Foodstuffs which are looked on as a liability here immediately become an asset in the recipient country. The food, wherever possible, should be used to stimulate activity on the part of the recipient country or the peoples in that country. The food can be used to pay salaries of people; costs of local materials for roadbuilding, and other construction projects; for technical assistance, educational, medical, and other costs. The United States will be paid in currencies of the recipient country.

These currencies may not be immediately useful in the United States, but they have an immediate use in the country of their origin. They can and should be used there whenever feasible. If there is no immediate use, the day may well come when those assets will be of great help to the United States. As these countries industrialize, their currencies may become as strong or stronger than ours and may provide value in international trade or for use in the United States.

4. Food distribution on a loan basis, as provided for in the Humphrey bill makes the surplus disposal program much more effective. Many countries in the world need food but will not or cannot accept grants. They are willing and able to receive the foodstuffs as loans and to repay those loans if given an adequate amount of time. This tendency to develop self-sufficiency and independence should be encouraged wherever possible.

5. From the point of view of the American farmer, the existence in the United States of \$10 billion worth of surplus commodities constitutes a continuing depressant on the market. The removal of those stocks of foodstuffs provides a more stable and more reasonable market for the commodities our farmers are producing. This in itself would be of value, but I feel I must say, as a representative of an organization which includes millions of American farmers, that this is not the sole reason for the support American farmers have given to the "food for peace" program. There is a genuine determination on the part of the American farmer that the lifegiving foodstuffs he produces should not be



destroyed, but should help the elimination of hunger wherever hunger can be overcome.

6. The use of nonprofit voluntary agencies for the distribution of foodstuffs overseas is more efficient and more effective than Government distribution and should be encouraged wherever possible.

#### WORK OF VOLUNTARY AGENCIES

The voluntary agencies make possible a people-to-people approach in the distribution of foodstuffs. The voluntary agency is able to make use of assistance by the governments and the peoples overseas who want to help themselves. U.S. personnel working for American voluntary agencies overseas can help supervise the distribution of commodities all the way to the point of consumption as does CARE, for example. This gives a control over the use of the commodities which might be distasteful to the recipient government if the supervision came from a Government agency or Government personnel.

The use of a voluntary agency also stretches the dollar of the American taxpayer. The drive, the efficiency, the self-sacrifice, and the devotion of the people in a private agency can often multiply the effectiveness of the program overseas.

When we testified in April 1954, urging the adoption of the proposed Agricultural Development and Assistance Act, we made these same fundamental points:

"CARE has found that the governments of countries which need these foodstuffs are willing and anxious to help foot the bill, often for ocean freight as well as internal delivery costs, because this eliminates any possible stigma of charity, gives the recipients a feeling they are partners in a humanitarian undertaking rather than objects of charity, and contributes to that independence of spirit which we are seeking to strengthen throughout the free world."

We went on to point out, 5 years ago, that these foodstuffs can create an eventual new market for American agricultural products, and that by the use of U.S. voluntary agencies, American foodstuffs are used in such a way that they do not interfere either with American markets or markets of agriculture in the local country or in neighboring countries who have traditionally supplied their need.

These are truer today than they were 5 years ago. A recent report of the Advisory Committee on Voluntary Foreign Aid of the ICA pointed out that the voluntary agencies have used more than 2 million short tons of foodstuffs with a total value of \$670 million. The Cooperative for American Relief Everywhere, better known as CARE, handled 895 million pounds of these foodstuffs. This included milk powder, butter, butter oil, cheese, egg powder, cottonseed oil, rice, beans, cornmeal, and flour. This current year only five of these commodities are in surplus. Five have disappeared from the surplus lists. Next year only three commodities—milk powder, cornmeal, and flour—will be available in quantity.

#### WORK OF CARE

CARE has served 36 countries with agricultural commodities and has an enviable reputation for efficiency and effectiveness in deliveries and for complete supervision which makes it practically impossible for any foodstuffs to get into the black market or be misused in any other way. We would like to submit a table of the commodities used and the countries served for the record.

While we support wholeheartedly the work of all of the voluntary agencies in this field, we are particularly pleased to support the work of CARE. Not only is it a cooperative, but also we have seen its operation over the years at firsthand and know intimately the effectiveness of the program. The Cooperative League of the U.S.A. is a member-owner of CARE. Murray Lincoln, president of the league, served as president of CARE for 12 years and is now chairman of the board. I was chairman of the committee that organized CARE in 1945 and now serve as a vice president.

We would like to see the voluntary agencies, including CARE, given the right to use local funds generated under Public Law 480 sales of surplus commodities to pay the cost of local delivery plus technical assistance and other self-help activities in the countries they serve. The general programs of American voluntary agencies could be expanded substantially under such a program.

We feel that loans made from local currencies in the countries receiving the foodstuffs should be made to nonprofit organizations for education, health, and

other activities, and also to nonprofit cooperatives which stimulate the democratic self-help programs of the farmers and others in the less-developed countries.

To increase the effectiveness of the voluntary agencies, the Peace Food Administrator should be authorized to make commitments to voluntary agencies for supplies of foodstuffs over the course of several years so that the program of the organizations can be planned and carried out with a maximum effectiveness.

We also feel that certain commodities should be earmarked for use overseas even when there is a chance that some of the commodities may go off the surplus list. For example, rice can be used with great effectiveness overseas, but at the present time must be held off the list of commodities available for use overseas because of a possible use of rice for feeding programs in U.S. welfare programs. Other surplus commodities might be better used here with the rice reserved for overseas distribution.

#### FLEXIBLE POLICY NEEDED

If we are faced with a continuing surplus situation, and we believe that we are, then the Federal Government should reverse its present policy on cutting back and phasing out the food distribution overseas. It should use a flexible policy which would make it possible for a voluntary agency, such as CARE, to increase its distribution in countries of greatest need and to phase out of those countries in terms of all of the factors involved in overseas programs. Today there is an arbitrary and inflexible formula for phasing out which forces a cutback of programs in each country on the same basis at the same time.

In conclusion, we would like to refer again to the proposed campaign of the United Nations Food and Agricultural Organization. The "freedom from hunger" campaign and the World Food Conference in 1963 can achieve its maximum effectiveness only if we act now. As B. R. Sen, Director General of the FAO, declared recently, "We must awake the world to the new dimension that the age-old problem of hunger is acquiring, owing to the phenomenal growth of population, the disappointingly slow progress mankind has been making in dealing with it, and the great opportunities that lie ahead, if we will move vigorously and boldly to make the possibilities become realities."

Food is our greatest tool for world peace and prosperity. Let us treat it as an asset not as a liability.

Senator SPARKMAN. Mr. Anthony Rudis of the Illinois Manufacturing Association. Mr. Rudis, will you come around, sir?

Mr. RUDIS. Thank you very much, Mr. Chairman.

Senator SPARKMAN. We are glad to have you with us. Do you have a prepared statement?

Mr. RUDIS. I have a short prepared statement of the Foreign Trade Committee of the Illinois Manufacturers Association regarding the Cooley amendment, and I am a member of that committee.

Senator SPARKMAN. Please be seated and proceed with your statement.

Mr. RUDIS. Yes, thank you.

#### STATEMENT OF ANTHONY RUDIS, FOREIGN TRADE COMMITTEE, ILLINOIS MANUFACTURERS ASSOCIATION

Mr. RUDIS. Before starting this prepared statement on the Cooley amendment, after listening to some of the testimony I would want to say that we heartily endorse the food for peace bill for a number of reasons, and personally because some of the points as brought out are very significant, namely, my own experience.

I know what it is to be hungry, because I was orphaned when I was 9, and I heartily agree with that statement earlier mentioned by one of the other witnesses that America must first be properly served.



## RESPECT OF OTHER COUNTRIES FOR AMERICA

I also would like to state that in the past 10 years I have traveled quite extensively overseas in various countries and I have observed that many of these countries do not have the abundant fertile fields that America has, and sometimes when we read and hear of statements that these programs are giveaways, I don't think they really are. They are programs devised to help those people who cannot help themselves, and we know that if you don't have a field that will raise a crop, you don't have the wherewithal to feed yourself, and if we have to try to find ways to divest ourselves of this abundance, there are other people throughout the world praying someone should provide a meal for them.

I think that America will further gain the respect of the world as always being the champion of the underprivileged. Whenever there is an earthquake, a famine, it is America that first extends the helping hand, and this bill will further gain tremendous respect of peoples throughout the world.

I would like to read this short statement with regard to that portion which is the Cooley amendment.

It was the privilege of the Illinois Manufacturers Association to sponsor that original amendment, and the few points that we feel would better serve in this bill.

## STATEMENT OF IMA REGARDING COOLEY AMENDMENT LOANS

The statement is as follows, by the foreign trade committee of the Illinois Manufacturers Association:

The availability of agricultural surplus funds for loans to American industry under the Cooley amendment to Public Law 480 (83d Cong.), which was sponsored by the IMA, is stimulating U.S. foreign investments. An increasing number of American industries are borrowing such funds for the establishment of manufacturing subsidiaries abroad.

In sponsoring the amendment to Public Law 480, the IMA international trade committee stated:

In accordance with our foreign policy, the U.S. Government is pursuing a program of encouraging our citizens to invest in friendly countries. One of the principal deterrents to such investments is the inability of branches, subsidiaries, or affiliates of American companies to borrow local currencies in the respective countries for their normal operational needs. There is an ample source of available funds in many foreign countries originating from the sale by the U.S. Government of surplus agricultural commodities under Public Law 480.

At the present time the loans of agricultural surplus funds are administered by the Export-Import Bank of Washington, an institution established by Congress in 1934 to finance and promote U.S. foreign commerce. The Bank has acquired valuable experience in foreign financing and is handling such loans with efficiency. Under S. 1711, introduced in the Senate on April 16, 1959, loans under Public Law 480 would be transferred to the Development Loan Fund.

## RECOMMENDATIONS OF IMA

The IMA, therefore, recommends that the Export-Import Bank should continue to administer loans to American industry under Pub-

lic Law 480; furthermore, it reiterates the recommendations made in February 1958, that—

(1) Public Law 480 be further amended to make it mandatory for the purchasing countries to hold at the disposal of private American enterprises not less than 25 percent of the foreign currency;

(2) the interest rate should not exceed by more than 1 percent the rate charged by the U.S. Government to the borrowing nation; and that

(3) interest accrued and loans repaid by borrowers under the Cooley amendment to Public Law 480 should be reloaned to U.S. industries, their subsidiaries or affiliates abroad in addition to the funds originally designated.

That is the statement of our association, and I will give it to the reporter.

Senator SPARKMAN. Thank you very much, Mr. Rudis. Senator Aiken?

Senator AIKEN. No questions.

Senator SPARKMAN. Senator Hickenlooper?

Senator HICKENLOOPER. No questions.

Mr. RUDIS. Thank you kindly.

Senator SPARKMAN. Thank you very much.

Senator SPARKMAN. Our next witness is Mr. Glen Leet, program director, Save the Children Federation, Norwalk, Conn.

Mr. Leet, we are glad to have you with us.

#### **STATEMENT OF GLEN LEET, PROGRAM DIRECTOR, SAVE THE CHILDREN FEDERATION, NORWALK, CONN.**

Mr. LEET. I welcome this opportunity to present to you this problem, and primarily from the point of view of the type of people who are ultimately concerned in the less-developed countries.

#### **THE PROBLEM IN UNDERDEVELOPED COUNTRIES**

I spent a great part of the last 15 years in the underdeveloped countries in rural areas in small villages, in Haiti, Ecuador, Greece, Lebanon, Korea, Syria, and Iraq, and I have seen the effect there of various policies of using commodities and supplies, first in Greece, as Director of Welfare for UNRRA. As I went to villages, I saw the enormous gains of nutrition of people that resulted from the food-stuffs that were made available. I also saw the tragic consequences when it was not administered with full understanding of its potentialities and dangers.

I have talked with heartbroken Greek farmers who said, "How can I sell my wheat when the food is being distributed at one-fourth the cost of what it costs to raise it?" It was a tragedy for him.

I was in the city of Volos at one time when a convoy of trucks had gone in the morning to take a load of wheat to Larissa. In the afternoon—it was desperately needed in Larissa because there were hungry people there.

In the afternoon I talked with the people in the convoy who had come back with a load of wheat, come back from Larissa and back to Volos. It sounds silly, but it was necessary because the people in



Larissa had no purchasing power. If they couldn't have sold their wheat by transporting it to Volos, it would have been ruined until next year.

So there are infinite complications involved.

From this experience of the impact on village people, I found myself advising governments on the social and economic policies that are involved in utilization of various commodities for development purposes.

And then later with the United Nations expert and community development I worked on some, with the Secretariat, on the formulation of some basic principles.

#### NECESSARY CRITERIA IN ADMINISTRATION OF PROGRAM

I do have these in a paper and I will try to make it very brief, but essentially any program to utilize commodities in ways that will be constructive needs to take into consideration certain criteria:

1. That arrangements could not cause harmful interference with normal patterns of international and domestic trade;
2. Help should not adversely affect indigenous production; and
3. That the commodities will not create continuing dependency on the part of the receiving individual or nation but will, on the contrary, help increase productivity, self-reliance, and human dignity.

Now, there are certain essential elements that are involved in any program that is to accomplish that.

Unless the program results in increased consumption in the recipient country, it must, of necessity, become a substitute either for domestic production or for imports.

Commodities can and should be used in ways to contribute to increased employment and higher productivity on the part of the recipients. Let me look at that a little bit from the village point of view.

I have been in a village in Korea, the people had done 20,000 man-days of work on building a canal. They were almost done, but they had reached the limit of their physical strength. As they pointed out to me, without rice in your stomach you just can't continue the level of work that is needed to continue this.

In this case, a very small amount of aid to enable them to get the physical strength they needed to complete it was all that was necessary to complete a canal which more than doubled the productivity of that small, little valley.

In these various countries, in Ecuador, in Haiti, Greece, Lebanon, Korea, I found village people with ideas, with idle time, with a willingness, a desire to do such things as to build a school, to build a canal, to build a road, terrace a mountain, to bring a clean water supply. Those are all things that people can do themselves. They need some technical aid.

#### ENCOURAGE PRODUCTIVITY IN RECIPIENT COUNTRIES

Now, the Save the Children Federation has come to the conclusion and knows that you don't help a child only by giving him food. You help a child most if you create a situation in which it is familiar;

the communities have undertaken an activity which has increased the productivity of the community, so that the basic causes of under-privilege have been dealt with and not an alleviation which comes from the free distribution of food.

Now, we have brought out, we have learned and developed techniques for motivation and encouraging self-help activities of this type, but we come up against a basic fact that although people, with their enthusiasm for making a better life for their children, work 2 or 3 or 4 weeks if it is going to take several months for a whole village to undertake an activity, there comes the fact that they just can't put too much energy in it unless they have the food.

So this great resource that the United States has can be the factor that can break the back of this vicious circle of poverty, of under-nourishment, of underdevelopment, and it can become a supplement to the aid, the technical assistance being provided by the United States, by nongovernmental voluntary agencies, by the United Nations specialized agencies, ICA, and others. But there are these various complications that are involved.

Let me give an example:

I was visiting the Government of Iraq on the community development policy at a time Iraq had a great resource from its oil. They were putting the money into development of the Tigris-Euphrates Valley, great projects to protect the water. They can and will produce, increase the productivity of that area enormously. But all the money they paid in wages, the more they spent out on development, the more wages, the more was the purchasing power of the workers.

#### CAUTION NECESSARY TO STABILIZE FOOD COST IN RECIPIENT COUNTRIES

Now, this development program, any great development program, is unlikely to increase productivity or consumer goods in the first 2, 3, or sometimes 5 or 7 years. The consequence of this was inflationary. The man in the street, the Arab in the village that I talked with was worse off than before, and he felt pretty bitter about it.

Now, the logical thing at that time would have been to bring surplus commodities in at such a level so that the cost of food would not have gone up, the standard of living of the general public would not have deteriorated. I am quite convinced if food had been used for peace as a supplement to their development purpose we would not have the situation we do now in Iraq where the people found more and more was being done for development, and yet their own condition of life was getting worse all the time.

I could give illustrations in a number of other countries.

Senator SPARKMAN. Do you have a written statement that you can submit for the record?

Mr. LEET. Yes; I do have a statement.

Senator SPARKMAN. Please do; then it will be printed in full.

I wonder if I might at this point ask Senator Aiken if he has any questions.

Senator AIKEN. No; I am sorry I have to leave at this point, Mr. Leet.

Senator SPARKMAN. I think we will have to conclude very shortly.



Senator AIKEN. Mr. Leet has been giving very practical testimony.

Senator SPARKMAN. Senator Hickenlooper, do you have any questions?

Senator HICKENLOOPER. No questions.

Senator SPARKMAN. Do you have any concluding remarks, Mr. Leet?

Mr. LEET. I do have remarks I will try to make brief.

#### FOOD GIFT NOT A SOLUTION IN ITSELF

Although there are enormous potentialities for the use of this food in ways that will encourage development, the free gift of food itself to hungry people is not a solution unless it gets to them in ways that increases their own productivity, and their self-respect, it will do more damage than good.

One of the problems is people who study this in America know it but the countries who come forward and want food very often they are just thinking about "Let's just get some food." They have not studied the fact this must be related to the total development program of the nation, to the currency control in the country, and various other factors.

I think it is important, and I have suggested, that a study of this being undertaken and involving the United Nations so that we would have a forum for the discussion and study of these problems, which would be desirable, and I have deliberated it somewhat in the paper.

Also, there has been some very valuable experience, I think, from nongovernmental organizations in ways in which food can result in increased productivity in various communities, and I think further study of that experience and opportunities for further experimentation with it will be important.

There are children all over the world who are undernourished, who are living under abysmal conditions, who have no hope for the future, and the basic elements of this plan, for this program, of this bill can make an enormous difference in life. It can make enormous differences in the image the people in these countries have of the United States and of the American people.

I think there is enormous potentiality, and I will present this paper which points up some of the complications and difficulties.

Thank you for the opportunity of being heard.

Senator SPARKMAN. Thank you very much.

Senator AIKEN. Let me make this one point here: The simple gift of food or other commodities does not solve the problem; as you say it must increase the productivity; it must go beyond that, also. It must increase the purchasing power so that the people of the country affected are able to use more of their own productivity.

Mr. LEET. Yes.

Senator AIKEN. Many of them feel that the United States can take all the surplus production from the rest of the world. We can't do it. They can use it. They need it more than we do.

So there is not only increased productivity, but the increase in purchasing power so that they can use their increased productivity.

Senator SPARKMAN. Thank you very much.

(Mr. Leet's statement is as follows:)

STATEMENT BY GLEN LEET ON THE ROLE OF SURPLUS COMMODITIES IN  
DEVELOPMENT PROGRAMS<sup>1</sup>

## 1. INTRODUCTION

Many countries have received or may receive substantial quantities of surplus commodities from the United States on a grant or concessional basis. The substantial quantities of surplus commodities made available to less developed countries of the world are of great importance, in view of the general deficit in consumption which exists in many of those countries. The use of such commodities will undoubtedly have an effect on the social and economic plans of recipient governments.

Effectively utilized, such commodities may in some situations break the vicious circle of malnutrition, ill health, underemployment, low productivity, low purchasing power, etc.

The misuse of these commodities could be very damaging to the recipient country. For example, such commodities may become a substitute for local production which deprives the primary cultivator of a market, making it impossible for him to purchase the produce of urban industry, thus resulting in unemployment in urban areas and stagnation in rural areas.

The question of how to utilize commodities so that they will be beneficial instead of detrimental to the receiving country is a question of great complexity and warrants careful study by all concerned.

Because of the importance of this situation it has been considered appropriate to indicate certain potentialities and pitfalls, and suggest some principles and criteria and propose some practical measures which may contribute to the constructive use of such commodities.

## 2. CRITERIA

Plans for the use of surplus commodities should take into consideration the following criteria:

- (1) That the arrangements do not cause harmful interference with normal patterns of international and domestic trade;
- (2) That they do not adversely affect indigenous production; and
- (3) That the commodities will not create continuing dependency on the part of the receiving individual or nation but will, on the contrary, help increase productivity, self-reliance, and human dignity.

## 3. ESSENTIAL ELEMENTS

In order to meet the foregoing three criteria a plan for the use of surplus commodities should involve the following two elements:

- (1) The program should result in increased consumption by persons with substandard levels of consumption approximately equal in amount to the commodities received; and
- (2) Commodities should be used in ways which contribute to increased employment and higher productivity on the part of the recipients.

## 4. POSSIBLE USES OF SURPLUS COMMODITIES WHICH MAY MEET CRITERIA

The following are certain specific uses of commodities which involve these elements and which will in general tend to meet the criteria:

- (1) In situations where under existing programs heavy investment for development purposes with substantial increased wage payments is creating an inflationary situation, the importation and sale of commodities can have an important effect in reducing or eliminating an inflationary situation which might otherwise cause great hardship to segments of the population;
- (2) As an integral part of a comprehensive project submitted for financing by the World Bank or other external source, provision might be made for use of commodities in quantities adequate to offset any inflationary tendencies resulting from the project;
- (3) In connection with development programs which are revised or specifically planned so as to create more employment and purchasing power amongst persons whose consumption is substandard;

<sup>1</sup> Background paper prepared for discussion on Feb. 24, 1959, at the Economic Development Institute organized by the International Bank for Reconstruction and Development.



(4) In situations where the commodities are used to create adequate but not excessive national reserves as protection against crop failures, famine and disaster;

(5) In connection with social welfare programs involving social investment, self-help or mutual aid;

(6) In connection with community development programs;

(7) To finance community development service programs.

#### 5. USE TO PREVENT INFLATION RESULTING FROM EXISTING DEVELOPMENT PROGRAM

There are a number of governments which are now engaged in ambitious programs for economic development which will result in higher levels of employment and in increased purchasing power on the part of the workers, but will not produce consumer goods during the early stages. For example a great dam may not result in greater food production for several years. In the absence of any additional supplies of consumer goods, the result of such a development is to create an inflationary situation characterized by higher prices which tends to contract the consumption of consumer goods on the part of the general population.

Careful studies have indicated that this "belt tightening" process by inflation is not appropriate in countries where the masses of the people already exist on an inadequate standard of living. Experience indicates that such a process, in addition to the unfortunate social consequence, will frequently result in political and economic consequences which make impossible the continuation of otherwise sound long range programs for economic development. In such situations surplus commodities judiciously utilized can forestall the adverse social consequences to the general population which so commonly characterize intensive investment in national development programs. To the degree that they accomplish this, they will permit the Government to move ahead on long-range investment programs at a rate that would otherwise not have been feasible. Under such circumstances, if the commodities are meeting an increased effective demand for consumer goods they should not adversely affect indigenous production or international trade. If they are purchased by individuals with increased purchasing power as a result of their increased or more productive employment, they should have no damaging effect on the independence and self-respect of the recipients. If they advance the overall development program of the Government they should not have the effect of creating a situation of continued dependence for the Government.

When commodities are used for this purpose, however, it is important that releases should be on a basis which will implement a clearly established Government policy with respect to the use of such commodities. The release, which would generally be through commercial channels, should be at such times and places as will either (1) meet the increased demand resulting from higher levels of employment by development project workers or (2) replace the increased consumption of such workers. The policy should be executed with a vigilant regard for the well-being of the consumer and of the producer, and the policy should not have the effect, in any localities, of depriving the indigenous producer of normal markets or of reducing prices below a level which affords him a reasonable return for his efforts.

#### 6. USES IN CONNECTION WITH LOANS FROM WORLD BANK AND OTHER EXTERNAL SOURCES

The soundness of an application for foreign capital may sometimes be enhanced if, as a part of the investment in the entire project, commodities are to be used to a degree which will meet the added consumption requirements resulting from the enterprise.

For example, in food importing countries the financing of a great multi-purpose river development project involving flood control, irrigation and the production of hydroelectric power may require foreign exchange not only for the machinery and equipment which must be secured abroad but also for increased food imports to offset the inflationary impact of the increased local currency in circulation.

The receipt on grant or concessional terms of surplus commodities will enable underdeveloped countries to cover the indirect foreign exchange requirements of the development projects, arising from the increased consumption demands, to some extent. In this way the debt repaying capacity of countries for ordi-

nary foreign loans is increased and whatever is obtained through such loans can be concentrated on capital goods directly required for development projects. In the case of loans made by the World Bank the external loan is generally limited to the direct foreign exchange requirements and in such situations the use of commodities is of special importance.

#### 7. USE IN ECONOMIC DEVELOPMENT PROGRAMS SPECIFICALLY PLANNED SO AS TO CREATE HIGHER LEVELS OF EMPLOYMENT, PURCHASING POWER, AND CONSUMPTION

The possible availability of surplus commodities may open up new opportunities by permitting the wider use of labor-intensive capital-saving methods which will greatly extend the usefulness of such capital as is available for development purposes. At first glance it might appear a retrogressive step to hire a hundred teams of oxen instead of buying a tractor to move a given quantity of earth. However, if the teams and their owners are employed when they would otherwise be idle, and if their increased purchasing power creates a domestic market for local products and imported surpluses and if the foreign exchange which would have been required for the tractor can be used for equipment such as pumps, which could not be produced locally, the use of the oxen may represent a more efficient method of utilizing available resources for economic development.

Many projects involving large scale employment of labor which otherwise would be impractical may become economically viable if commodities can be used in part to pay workers.

In Libya extensive public works such as the building of roads, terracing of mountains, sand dune fixation and afforestation have been accomplished under programs which used surplus wheat to supplement wages. The works were supervised and directed by national ministries who provided the technical direction and materials required, often with the aid of FAO and U.S. experts. Surplus wheat made available for drought relief made possible the employment of more persons than would otherwise have been possible. Workers received the equivalent of 5 cents a day in cash and 30 cents worth of wheat.

As droughts occur 2 out of every 3 years in Libya, the need for aid of this type is fairly predictable. Because of the development work accomplished, the situation of continuing dependency is lessened. However, some years of continued supply of commodities for development, in addition to the presently scheduled development, might be needed before the existing situation of continuing dependency is liquidated.

The use of commodities in payment of public works organized by national ministries should not be confused with "community development service", discussed later, where the government does not hire people to work on government programs but instead encourages villagers to work on the village's own projects.

#### 8. USES TO CREATE RESERVES

In situations where the commodities are used to create adequate but not excessive national reserves as protection against crop failures, famine, and disasters, it is considered that they will constructively meet the criteria previously expressed provided that their future release is for programs which meet the criteria.

#### 9. USE IN WELFARE PROGRAMS INVOLVING SOCIAL INVESTMENT, SELF-HELP OR MUTUAL AID

The most common use made of surplus commodities received on a grant or concessional basis is for relief or welfare purposes. A number of countries have from time to time made supplies available for such purposes. The U.S. Agricultural Trade Development and Assistance Act of 1954 authorized the President to furnish emergency assistance for the relief of famine or other urgent relief needs up to the value of \$300 million. Under this provision commodities have been made available to over 50 countries and areas for welfare purposes. The greater part has been made available through direct negotiations between governments, but substantial quantities have been made available through voluntary organizations.

The quantities made available through voluntary organizations may in some countries afford a useful means for demonstration of appropriate methods on



a basis that would not be complicated by the large scale operations more commonly involved in arrangements between governments.

The uses of commodities for welfare purposes include feeding programs for children in schools, clinics, institutions, day nurseries and for other vulnerable groups such as pregnant and nursing mothers. Such surpluses are also used to supplement food of welfare institutions, as relief to needy persons and as relief in time of famine or disaster.

Generally, the use of commodities for welfare purposes does not involve any interference with normal trade or have an adverse effect upon indigenous production. Use of commodities for such purposes meets the first essential element in that they generally result in increased consumption.

Commonly, the manner in which commodities are used for welfare purposes is such that it does not meet the third criteria in that they are not utilized to the degree possible to create higher levels of employment and productivity. The indicated action is not, of course, to discourage the use of commodities for welfare purposes but rather to encourage the use in ways which accomplish social objectives but at the same time contribute to higher levels of employment and productivity (use in welfare programs involving social investment, self-help or mutual aid are of this character).

Of course most welfare programs involve a long-term social investment, but in many of the less developed countries it will be appropriate to give emphasis to the social programs which represent social investments bringing forth a relatively early return. Distribution of wheat to villagers in time of famine may meet a social problem but employment of the same people on development projects may accomplish the social objectives and in addition bring an early economic return. This is illustrated by the public works program in Libya where the fact that the recipients worked on development projects does not appear to have diminished the social accomplishments of the program. Ten percent of the commodity supply was utilized to meet needs of those who could not be aided through the work program. There were certain inefficiencies in work involved in the fact that the projects undertaken were nationally initiated and consequently the positive factors which result from local initiation were to some degree lacking.

All too often a condition of famine is a consequence of inadequate measures for dealing at an early stage with the problem of crop failure. Generally a crop failure results in widespread unemployment in the rural areas. It is considered that free distributions made on an emergency relief basis, while sometimes necessary, may commonly be avoided if prompt action can be taken to create or maintain high levels of employment and consequent sustained purchasing power as a result of intensified rural development programs. Delays previously considered unavoidable in the organization of such programs are no longer necessary in view of the substantial progress so many of the developing countries are making with national programs for community development and in view of the demonstrated speed with which employment and a desired level of purchasing power can be created in widespread underdeveloped areas in a relatively short time through community development employment programs.

The use of such methods for drought relief may be a means of preventing continuing problems of social welfare. In some countries, for example in Brazil, certain areas are being depopulated as a result of drought. As a consequence food production in subsequent years will be decreased and urban populations increased at a rate which creates acute social and economic problems. In such situations the use of commodities to finance locally executed development projects could represent a constructive use of such commodities. Such projects could include both nationally initiated public works and community development projects. Measures designed to decrease the severity of future droughts, such as terracing, contouring, afforestation, fencing, dune fixation, planting of cover crops and the construction of dams, reservoirs, and tanks and the digging and drilling of wells are of the labor intensive type for which commodities could constitute the major source of financing.

There has been a tendency to make free distribution to needy individuals on a basis which does not make constructive use of the indigenous social institutions of which these individuals are an integral part. In some of the less developed countries, society is still characterized by the existence of the extended family or clan, tribal or community relationships involving a high degree of mutual responsibility within these social groups. To the degree that externally provided relief becomes a substitute for the traditional family or group obligation, it may

fail to make a potential contribution to important social relationships, and may contribute to social disintegration. To the degree that employable members of the social group are able to secure commodities as a result of higher levels of employment, the social needs of the group are met no less adequately and on a basis which maintains or strengthens social and cultural institutions of some importance.

#### 10. COMMUNITY DEVELOPMENT

Many of the underdeveloped countries have organized or are planning community development programs.

A community development program is designed to create conditions of social and economic progress by methods which involve a primary emphasis on responsibility and action at the local level. Community development involves three major elements:

(a) Measures to secure the participation, on a self-help basis, of the people whom the program is designed to benefit;

(b) Measures to bring to the people of the community the benefits of modern scientific knowledge in a form they can use to meet their own needs;

(c) Use of democratic methods designed to insure that progress is directed toward goals valued by the community and is of a character which contributes to the preservation of self-respect and the advancement of human dignity and freedom.

The greater proportion of the people of the world whose consumption is sub-standard are people living in underdeveloped environments and engaged in subsistence agriculture characterized by use of primitive techniques and by low productivity. Community development programs are almost the only programs which reach many of these people.

Community development programs provide an instrument for utilizing commodities to encourage development.

Such programs provide—

(1) The administrative organization for planning national policy.

(2) The mechanism for implementing policy through all appropriate ministries and agencies.

(3) The means for the coordination at national, provincial, and local levels.

(4) The instrumentality for providing technical assistance needed to execute local development plans.

(5) Personnel with technical qualifications and village-level workers trained in methods of working with people at the village level.

(6) Institutions and other resources for training village-level workers and local leaders.

(7) Situations in which village people are learning to plan together to meet their felt needs and have developed some confidence as a result of successes with locally initiated projects.

(8) Procedures established for the encouragement and approval of locally initiated projects.

(9) Experience in adapting technology to the needs of village people.

(10) Better understanding by government officials and technicians of methods of working with village people.

The methods by which community development programs may utilize surplus commodities to encourage development fall into two broad categories. In the first are measures which increase the productivity of underconsuming members of the population without creating any immediate increased monetary purchasing power. In the second category are measures which increase the productivity of the participants and also increase their monetary purchasing power.

The typical community development program was organized to execute measures in the first category. Programs to introduce better methods of cultivation, improved health practices, better use of existing resources—in fact, most of the measures designed to bring to the people of the community the benefits of modern scientific knowledge in a form which they can use to meet their own needs are measures to increase productivity without creating any immediate monetary purchasing power.

The expenses involved in the first category include items such as the cost of technical personnel, of village-level workers, training village-level workers and local leaders, building and equipping training centers, demonstration equipment, audio-visual aids and other training aids used for communicating improved methods to village people. The use of currency derived from the sale



of commodities to finance such programs will generally be justified in view of the long-term importance of increasing the productivity of underconsuming elements of the population. In the long run, such expenditures will meet the criteria although their effect in increasing consumption is less direct and less immediate than in the case of measures coming within the second category.

Three illustrations are suggested of measures in the second category which both increase the productivity of underconsuming participants and also increase their monetary purchasing power. Such measures are facilitated by the mechanism of community development programs but go beyond the usual scope of such programs and may apply in areas where comprehensive community development programs have not yet been established.

The first method is through regular employment at normal wages on local development programs. In view of the fact that the most common characteristics of the underconsuming elements of the population are their low productivity and a high level of unemployment or underemployment, such employment, which can be on labor intensive projects, may constitute one of the most fruitful ways of simultaneously increasing the purchasing power and productivity of such underconsuming people.

It is true that community development programs have generally sought to increase production by self-help methods and that most of the labor is done on a volunteer basis, with no payments to the participants, and consequently such programs have created very little immediate monetary increase in the purchasing power of the participants. However, in so doing, community development programs have been making a virtue out of necessity. Supplies and currency derived from commodities offer a possibility for widening the scope and accelerating the rate of community development programs by permitting payment to workers on local projects. While paid work should not become a substitute for self-help, and currency or commodities should not become a substitute for the skill of the village-level worker in stimulating local initiative, they can become a resource which will enable the community to broaden the scope and effectiveness of its efforts.

There are frequently situations where work done on a self-help basis needs to be supplemented by work done on a basis of regular employment. Self-help methods are appropriate only in situations where the participants will benefit and know they will benefit from their efforts in a fairly substantial way. But comprehensive development programs generally involve activities which cannot be carried out by self-help alone. For example, villagers may gladly deepen the reservoir that serves their own village, but the afforestation of the more remote mountains needed to protect the reservoirs in the area may have to be undertaken by paid workers.

Often, if villagers can be paid for doing the part of the project which is a proper concern of the Government, they will have the strength and energy needed to do the portion which benefits their community on a self-help basis. For example, if villagers are paid for working on a national road, they will be better able to build their village road on a self-help basis.

A second means of providing purchasing power for underconsuming elements of the population is through the use of currency derived from the sale of commodities to purchase products manufactured by the people who are underfed or underemployed. Generally the lack of a cash market has been the major deterrent to the development of home and village industries. Pottery making, weaving, shoemaking, etc., could in many cases provide greatly increased employment and income. Various technological improvements which improve the efficiency of such operations but which do not destroy the basic decentralized character of such production can establish many of these activities on an economically viable basis, if commodities can be used to absorb the increased purchasing power and if currency derived from commodities can provide capital, making possible more efficient marketing.

A policy for local purchase of material involves the same basic principle in a different form. The purchase of bricks and tiles produced by local industry, the purchase of locally quarried stone and locally processed materials will all help in increasing the purchasing power of such people. Much of the purchasing by national or provincial governments for both civil and military needs can also be decentralized for this purpose. In some countries military purchasing of knitted helmets, socks, and woolen underverts have been handled in a way which stimulated home and village industries. Under normal conditions such decentralized procurement may be impractical if costs are higher, and if excess purchasing power could be created in rural areas. However, the proper use of

such commodities may create a situation where programs of this type will become economically viable. A third method, which is merely a variation of the same principle, involves the stepped-up hiring of locally available animals and equipment in connection with nationally executed development programs. The availability of commodities may make it practical and also more efficient for the Government to enlarge the practice of hiring from the peasants, their donkeys, oxen, horses, and carts, during periods when these are seasonally unemployed, instead of spending foreign exchange for machinery for this purpose.

From the experience of various countries with community development programs certain lessons have been learned which should prove helpful in the use of commodities to stimulate development. Certain problems which in the past have seemed to be insurmountable obstacles have been found to be manageable in the light of community development experience. The following four points are illustrative:

1. The traditional resistance of the peasant to change, and particularly his reluctance to follow suggestions made by officials, has commonly been considered a major obstacle to the execution of local works requiring the cooperation of villagers. Community development experience indicates that the key to this problem lies not in securing cooperation of villagers, but in cooperating with the villagers in encouraging them to carry out the programs which meet their own felt needs.

2. It has generally been considered that nonwage costs of public works must involve total national public outlay greatly in excess of the wage payments. The experience with community development programs indicates that governments need not rely only on their own resources for covering these costs for programs meeting felt needs of communities. If they are undertaken on a self-help basis the persons who benefit can be expected to cover a major proportion of the costs.

3. It is commonly believed that mass employment will necessitate heavy expenditures for supervision and administration. Under programs where villagers are working for the benefit of their own community, external supervision requirements can be at a minimum. Relationships under which the external aid is related to group performance may also be an effective substitute for detailed supervision. If, for example, a community wishes to build a "village to market" road and the village council is offered a ton of wheat for each kilometer of road constructed, there may be no need to supervise the workers if the procedure permits verification of the fact that work is satisfactorily progressing at the time each installment of the wheat is released to the community.

4. It is commonly believed that the encouragement of locally initiated programs is a slower process than the widespread execution of nationally planned and directed programs. Experience with community development programs indicate that the reverse is often true and that once a program is understood by villagers they may be ahead of, rather than lagging behind, the Government. The potential rapidity of expansion is a special characteristic of "community development service" programs. In earlier publications<sup>1</sup> I used the term "Community development employment" for such programs but I now consider "community development service" to be a more suitable term.

In some countries community development service programs may offer a means of utilizing substantial quantities of commodities to stimulate development. A community development service program is a type of community development program which gives special attention to stimulating underemployed people to utilize their idle time on community development measures of their own choosing.

Under such programs as developed with technical assistance which I provided as an expert of the United Nations in Greece and Korea, the Government paid a small bonus to persons who contributed their work on such community initiated activities. The standard contract form used by Korean villages in initiating projects stated, "Nothing is requested except the bonus payments. It is understood that these payments are not a wage but a bonus, given in appreciation of the initiative and service of those who willingly give their time for the benefit of their community."

Under such a program the government assumes very little responsibility for initiating, organizing, or directing the work or for providing tools, materials,

<sup>1</sup> "They Did Not Wait for a Tractor," Reader's Digest, June 1951; "Greece Finds One Key to Development," United Nations Bulletin, Mar. 1, 1951.



or equipment. In Greece and Korea virtually the entire appropriation went directly into bonus payments. As the program was administered by existing officials as a part of their normal responsibilities and no new officials were employed, it was not necessary to use any of the CDE funds for administrative expense. The tools and equipment were provided by the people themselves. To a high degree such bonus payments reach the people whose consumption is substandard, and at the periods when, being unemployed, their purchasing power is at the lowest level.

Community development is a means by which a government can help local communities to undertake those activities that the community itself desires, but as the national participation is so limited, it does not afford a practical method of inducing communities to undertake activities desired by the national government and in which the local population has no interest.

Community development projects appear to have a particular appeal to people who are deeply resistant to change and who are traditionally suspicious of proposals of external origin.

As workers on community development service projects are working on programs for the benefit of their own community, their compensation is mainly in benefits derived from the completed work. The bonus serves two purposes: (1) As a psychological encouragement, and (2) as a means of meeting the added food requirements caused by greater physical exertion involved. A bonus can be in cash or commodities.

The following is an illustration of a situation in which a commodity could be used as a bonus on a basis where increased consumption is assured. In a certain village the people would expect to receive 2 kilos of wheat a day, or its equivalent in cash, if they worked for the government or for a private individual. If they received 2 kilos of wheat, and the increased consumption capacity of their family was only 1 kilo a day the remaining kilo would be sold with an adverse effect on either domestic production or foreign trade. The same villagers would be better off and would prefer a daily bonus equivalent to 1 kilo of wheat under a community development employment program as they would be working for the benefit of themselves and their own community and not for the benefit of the government or some private individuals. On such a basis no local surplus is created and the criteria are met.

As unemployed and underemployed manpower is commonly the most abundant resource of the segment of the population which has the greatest capacity for increased consumption, a community development service program can deliver the purchasing power to such persons quickly and in the amounts which will produce optimum results in terms of meeting the criteria established.

#### 11. CAVEATS

Difficulties may be minimized if the following problems are kept in mind.

(1) Changes in eating habits are difficult to accomplish and take time. During the process some food wastage may be anticipated. Changes which are temporary and which involve no nutritional gain should be avoided when possible, e.g., for drought relief in Libya, barley to which the people are accustomed would have been better than wheat.

(2) Handling and storage problems should be taken into account, e.g., do not attempt distribution of perishable commodities unless reasonable facilities for handling and storing are available.

One question to be considered is whether commodities can be used to finance development in a country which already has a surplus of the same type of commodities. Specifically, can a country in which there is already a domestic wheat surplus use wheat secured from abroad on a grant or concessional basis to finance development on a basis which meets the criteria?

The answer depends on whether there are hungry people in the country. If the entire population is adequately nourished, probably wheat could not be used to stimulate development in a way which meets the criteria. If, on the other hand, a substantial segment of the population is seasonally or chronically undernourished and there is therefore a physical capacity for increased consumption, it is possible, though admittedly difficult, to use surplus wheat in such a way that it will not only finance development but also indirectly further the consumption of the domestic surplus. This is possible if the commodity furnishes the capital for projects which substantially increase the income of underconsuming elements of the population. Such possibilities are fairly common in less

developed areas where the complete absence of any public investment capital has made the elimination of obvious bottlenecks to development impossible. The bottleneck may be lack of a road, or a dock, or of a reservoir, or the prevalence of malaria. Privately owned domestic surpluses are not a resource for financing the public capital investment needed to solve these problems, but surplus commodities received by the government on a grant basis may furnish the public investment capital required for such projects.

In such situations the commodities may not only meet an economic need but also a social need. Frequently, hungry people represent a social problem of government. Privately owned domestic surpluses do not represent a public resource for providing them with food or employment. Surpluses received by the government on a grant basis may at the same time as they furnish the capital for public economic investment serve also as a means of meeting the public social problem.

#### 12. LONG-RANGE IMPLICATIONS

It is important not to understate the difficulties which are involved in attempting to formulate programs which will channel surpluses to deficit areas on a basis which will raise the productivity of the underconsuming elements of the world's population. It is not expected that satisfactory programs will be quickly or easily developed. It is probable that the solutions will involve a variety of programs with respect to which surpluses are merely one of many elements.

The accelerating rates of production in countries with concentrations of technology and capital makes it probable that surpluses in one farm or another will exist for many years to come and that the number of surplus producing countries will increase. The concern is not focussed therefore exclusively on the current world problem.

If programs are ultimately developed by which surpluses can serve to stimulate development, this will be in the interests of both the developed and less-developed countries and will materially diminish a basic cause of tension between nations.

#### 13. LOCAL CURRENCIES

In many of the underdeveloped countries of the world there are substantial funds in local currencies which have been derived from the sale of surplus commodities. These funds can constitute a possible resource for the financing of community development programs.

### SECTION II

#### THE ROLE OF THE UNITED NATIONS WITH RESPECT TO THE USE OF SURPLUS COMMODITIES FOR ECONOMIC AND SOCIAL DEVELOPMENT

In the paper presented at a meeting of the Economic Development Institute of the World Bank, I discussed the role of surplus commodities in development programs, setting forth some of the problems involved in their effective use, establishing certain criteria and essential elements of constructive plans and some of the specific ways in which commodities can be used for development.

There has been considerable interest in this paper and various discussions have revealed that there is a substantial area of agreement among technically well informed people regarding the substance of this paper. The major problem that has been revealed is, however, that there is a great need in the less developed country for a fuller understanding of the problems and difficulties involved and of the practical ways in which commodities can be used effectively for development. All too often, the plans submitted are plans related only to the use of commodities and are foredoomed to failure because they have not been integrated with the international development program.

One of the greatest problems is that of education; education of the officials of the developing countries so that they will be coming forward with programs of the type which can be constructively accepted by the nations with surplus commodities to contribute.

A sound program must be so interrelated with the Nation's development program that it is difficult for a country contributing commodities to examine all of the implications without giving the appearance of undue interference with the internal development programs of a country.



## UNITED NATIONS ROLE

It is for this reason that the U.N. has a role of great importance with respect to the use of commodities in ways which will make a basic contribution to using this great resource as a means of overcoming the poverty and stagnation which hold many millions of people at a minimum standard of living and some marginal level of productivity.

Through the U.N. there can be accomplished the international discussion of the problems, principles, and methods which are involved. There can be multi-lateral discussions and hearings in which all nations will have an opportunity to study and discuss the plans brought forward by individual countries. The outcome to a contributing country is that they would have assurance that the plans to which they contributed were those based on a thoroughgoing study, that there would be plans that have survived in an international discussion and plans in which any objections from other countries could have already been taken into consideration. The U.N. is in a unique position to exercise a role of value both to the surplus-producing countries and to those which can utilize such surpluses in their development programs. It can—

(a) Provide a forum for the formulation of internationally accepted and generally applicable policies;

(b) Provide a center for receiving applications;

(c) Refer applications to appropriate U.N. agencies for technical appraisal;

(d) Hold hearings enabling interested governments to express themselves on specific proposals;

(e) Transmit to the executing governments internationally approved courses of action, with respect both to commodities and to the use of local currencies derived therefrom, and with indications of available relevant U.N. technical services for economic and social development.

The provision of such international facilities is a very great service to any nation concerned with the constructive use of surplus commodities. Actions taken by such a process, by either donor or recipient countries, will be much less subject to suspicion and distrust. They would remove much of the criticism directed against the contributing country when such arrangements are made on a bilateral basis.

The U.N. should not become involved in the complexities of receiving, storing, and transporting, or in any way physically handling or paying for the handling of such surpluses. Surplus-producing countries already have facilities for this which should not be duplicated.

## MAJOR RESPONSIBILITIES

The creation of any new agencies is undesirable. The existing facilities should be used. Within the U.N. framework the major responsibilities should be with those instrumentalities of the U.N. which are primarily concerned with economic and social development. The major concerns are hunger and the need of the underdeveloped areas to eliminate the causes of under-privilege through development.

The major responsibility should not be delegated to FAO because its chief concern is not with economic and social development. The problem will not be solved if the central focus is on agricultural commodities. It can be effectively solved only if surpluses are considered as but one of the resources to be utilized in a comprehensive approach to development.

The use of commodities for development is sound only as a supplement to general development programs reinforced with adequate technical services. Therefore, surpluses cannot be considered as a substitute for member country contributions to the U.N. Special Fund, the expanded program of technical assistance or to the specialized agencies.

It is desirable that local currencies resulting from the sale of such commodities should be made available for economic and social development purposes and for technical assistance services provided by the U.N., the U.N. Special Fund, or the U.N. specialized agencies. Such local currencies should be available to the U.N. in addition to and not as a substitute for normal commitments.

The criteria set forth in the attached paper on "The Role of Surplus Commodities in Development Programs" might be relevant in this whole context. An unprecedented opportunity presents itself at this time for utilization of U.N. facilities in a way which can greatly magnify the effectiveness of the U.N. and the U.N. Special Fund.

Senator SPARKMAN. This concludes the hearings.

I will say that the record will be kept open until next Tuesday. If anyone wishes to submit a statement or supplement his statement, he may do so prior to that time.

The committee stands adjourned.

(Whereupon, at 12 o'clock noon, the committee adjourned.)

(The following statements were subsequently submitted to the Foreign Relations Committee for inclusion in the record of the hearings:)

AMERICAN COUNCIL ON EDUCATION,  
Washington, D.C., July 2, 1959.

Hon. J. W. FULBRIGHT,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR FULBRIGHT: The American Council on Education has examined with great interest those provisions of S. 1711, a bill to promote the foreign policy of the United States and help to build essential world conditions of peace, by the more effective use of U.S. agricultural commodities for the relief of human hunger, and for promoting economic and social development in less developed countries, now before the Committee on Foreign Relations, which bear upon expanded support for international educational programs. It would be appreciated if this interest can be reflected in the record of the committee.

The council is gratified to observe the growing acceptance of higher education as an important instrument of U.S. foreign policy. Our colleges and universities, despite burgeoning responsibilities at home, have demonstrated increasingly in recent years not only interest in but also marked capacity to discharge public policy obligations in the international field.

The council is in sympathy with the general educational objectives of the subject legislation, although there appear to be certain administrative and procedural aspects of S. 1711 which require clarification. It seems well to note, also, that while constructive educational use of foreign currencies generated by the sale of agricultural commodities is in itself laudable, important economic and even psychological problems inhere in such use. Nonetheless, insofar as the bill is intended to provide an expanded base for long-range international educational activities, the council wishes to register support in principle.

It is believed that basic and comprehensive legislation designed primarily to utilize education internationally in the service of peace would find enthusiastic acceptance among educators. Such legislation, as a statement of national policy by the Congress, if buttressed by appropriate means of implementation, and adequate and stable financing, might well provide a long-range basis for constructive understanding and communication between ourselves and other nations. The work so well begun under the various exchange of persons programs could then be broadened, and the potential of our institutions of learning more and more fully realized.

Sincerely yours,

ARTHUR S. ADAMS.

NATIONAL EDUCATION ASSOCIATION,  
Washington, D.C., July 14, 1959.

Hon. J. W. FULBRIGHT,  
Chairman, U.S. Senate Committee on Foreign Relations,  
Washington, D.C.

MY DEAR MR. CHAIRMAN: As you know, the National Education Association has long had a deep interest in international relations, particularly in international education. It has supported vigorously the international educational programs which our Government has undertaken.

The abiding good done under the provisions of various Public Laws, such as Public Law 355, 76th Congress; Public Law 63, 76th Congress; Public Law 584, 79th Congress; Public Law 402, 80th Congress; Public Law 327, 81st Congress; title II of Public Law 533, 81st Congress; Public Law 565, 79th Congress; Public Law 861, 81st Congress; Public Law 265, 81st Congress; Public Law 48, 82d Congress; Public Law 480, 83d Congress, leads me to come to the support of S. 1711 on which your committee has recently conducted hearings.



In principle the National Education Association puts its full weight behind this bill. Some of the administrative machinery is not clearly defined. Some programs, already in operation, particularly those under Public Law 584, Public Law 402, and Public Law 480 would need to be coordinated with activities under S. 1711.

The responsibilities of the Administration named in S. 1711 would also need definition. The recent appointment of Mr. Robert Thayer as coordinator of international education and cultural activities is a case in point. His responsibilities would need to be related to those of the Administrator of the Food and Peace Act.

These matters can best be resolved by your committee. The important point about S. 1711 is that assistance to education is included, as it should be. Therefore, I hope that the committee will look with favor on this measure and report it to the Senate with such amendments as seem necessary to improve it.

I would appreciate it if this letter could be made part of the record of hearings on S. 1711.

Very truly yours,

WILLIAM G. CARR,  
*Executive Secretary.*

(Introduced into the record at the request of Senator John Carroll.)

[Editorial in the Denver Post, June 30, 1959]

#### "FOOD FOR PEACE" A PROMISING BILL

Americans are increasingly and gloomily aware of two of our great national problems.

These are the growing hoard of domestic surplus crops stored at the taxpayer's expense, and the economic underdevelopment and, sometimes, sheer hunger abroad that plays into Moscow's hands.

The idea that maybe the crop surplus here could be used to frustrate the Communists there seems like a two-plus-two-equals-four proposition.

But so far that kind of addition hasn't worked effectively in this world of complex government.

Shortly the Senate will consider a bill entitled "Food for Peace" which gives promise of cutting the bureaucratic knot and getting more of our crop surplus out where it will help our foreign policy.

Up until now we have "disposed" of our crop surplus abroad under Public Law 480, and a good deal of good work has been done.

But two major obstacles have been apparent.

First, we have bent over backwards to avoid disturbing the world grain market by our surplus disposal activity, both because farm prices at home might be hurt, and because we had crop-exporting allies like Canada, Australia, New Zealand, and Denmark, who were very leery of our "dumping" crops abroad.

Second, the Public Law 480 operation had to be handled by so many departments and committees of government that very little inspiration went into the effort.

By the time a project had been sifted and corrected by a score of groups in Washington, none of them trained in the complexity of fighting communism or the problems of economic development abroad, an ambassador in the field could give relatively little effective food support to our allies.

The "Food for Peace" bill would try to get this program moving by several means.

It would authorize disposal of \$2 billion worth of surplus crops in each of the next 5 years.

This is only \$500 million more per year than the present law allows.

But the 5-year authorization would take the program out of a hassle each Congress, and would give the plan an assured backlog of available commodities with which to operate.

This program would be pulled together under a single administrator directly responsible to the President, and supposedly a person who has been trained in the mystic ways of foreign aid programs.

He would try to give the program a creative push it now lacks.

The uses to which this surplus food could be put would be expanded. Here are some examples:

It could be sold to foreign countries and the foreign currency received could be plowed back into a greater range of approved economic development projects than is now allowed.

It could be given to countries and projects too poor to buy it.

It could be stockpiled abroad in areas such as India where any thinking person can see that the threat of famine might upset economic development plans.

Such famine reserves would not put the grain into normal trade, but would be on hand to meet a crisis that might disrupt all other anti-Communist efforts.

Very important is the intent of the bill that this surplus food to be sent only to countries which have already contracted for their normal food and fiber import requirements.

This would upset the regular grain trade, and hence our allies.

Indeed, the National Planning Association suggests that these exporting allies might be brought into the planning of the program and invited to use some of their surplus in it, too.

The fundamental point is that this "Food for Peace" bill is a serious effort to put new life into a method of using our embarrassing domestic abundance to support our foreign policy abroad.

No one can say that this is a perfect program. It is untried and the problems involved are highly complex.

But careful and systematic foreign disposal is one major way of tackling our own farm problem, as well as assuring that our farms will continue to have a peaceful world in which to operate.

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Hon. J. W. FULBRIGHT,  
*Chairman, Senate Foreign Relations Committee.*

MR. CHAIRMAN: This statement pertains to S. 1711, the food-for-peace bill which is under consideration at this time by your committee.

My name is Lionel C. Epstein. I am an attorney and a member of the board of trustees of the Experiment in International Living, whose headquarters are at Putney, Vt. The experiment has conducted exchange programs with many countries for the past 27 years.

The president and director of the experiment in the United States, Mr. Gordon Boyce, is presently traveling in Europe and has requested me to state his views and the views of the experiment with regard to the measure under consideration.

On behalf of Mr. Boyce, the experiment, and myself, I would like to put into the record our wholehearted support of the educational provisions of S. 1711. The concept of utilizing U.S.-owned foreign funds to further programs of international educational development is a salutary one. It is a perspicacious committee indeed which has in mind the importance of such programs.

Respectfully submitted.

LIONEL C. EPSTEIN.

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#### STATEMENT OF IRIS GABRIEL, FOUNDER, SILENT GUEST FOUNDATION

I am Iris Gabriel, founder of the Silent Guest Foundation, a philanthropic organization which fed thousands of war orphans after the war from 1947 through 1949. Through the simple technique of asking each American family to place an extra plate symbolically at their feast table on Thanksgiving Day for a hungry child—or to entertain a silent guest, many thousands of children were fed, housed, and clothed after the war all over Europe, including Iron Curtain countries. This plan was sponsored by the 48 Governors who included the invitation in their Thanksgiving proclamations.

CARE became beneficiary of all moneys collected the first year. This simple idea enabled them for the first time to give CARE packages away in large numbers to children's homes, hospitals, and old folks' homes. Letters poured in from all over Europe, even from behind the Iron Curtain countries, saying, in effect, "We don't know who the person is in America who wishes to remain anonymous, that sent us a silent guest CARE package, but if this is the spirit of America, God Bless America."

Gov. Robert F. Bradford, of Massachusetts (a direct descendant of the first Governor of Massachusetts, William Bradford, who issued the first Thanksgiving proclamation in 1623), was our Governors' chairman the first year, and Gov. James H. Duff, of Pennsylvania, was chairman the second year. Mr. Basil Harris, chairman of the board of the United States Lines, was also chair-



man of our board and underwrote the total cost of the campaign, so that every penny collected could go to the children. A few of the Governors who so ably served on our committee are now in Washington: Chief Justice Earl Warren, from California; Senator Frank Carlson, of Kansas; Judge Luther W. Youngdahl, from Minnesota; and Senator John A. Pastore, from Rhode Island. Other distinguished members of our committee were Ex-President Herbert Hoover, Mrs. Eleanor Roosevelt, His Eminence Francis Cardinal Spellman, Mr. Thomas J. Watson, Sr., Mr. Eric Johnston, Mr. Spyros P. Skouras, and many others.

I am honored to be asked to submit to this committee my suggestion pertaining to Public Law 480 funds which have accrued in several countries. I hope my remarks will contribute toward changing our psychology of giving as well as the climate of opinion of the recipients.

My experience has grown out of observations during travels in the Middle East, Europe, and two Iron Curtain countries—Czechoslovakia and Poland. I was in Czechoslovakia during the coup d'état, and am the last known American to have spoken to Jan Masaryk the day before he was killed by the Communists. In Poland, I was insulted by the top Communist official, who challenged me to go back to Georgia, U.S.A., where I was born and wash my own dirty linen. This device was used to avoid giving a press conference which would have informed the Polish people that an American woman was in their midst, who was responsible for helping feed their war orphans.

This same year, 1948, while a guest of Count Folke Bernadotte in Sweden, I heard from him the warning that unless America changed its foreign policy with reference to its psychology of giving, that we would end up within 5 years one of the most hated, if not the most hated, nation in the world. This was on the eve of terminating lend-lease before the Marshall plan began.

"How would you like it," he challenged me, "if I gave you a gift every day in the year and all you could do was to receive it?" Before I could answer him, he continued, "When Jesus said, 'It is more blessed to give than to receive,' he did not mean that giving should be a one-way street. You must learn in America to let the law of reciprocity work, also to help save face for those whom you would help, or else one day they will transfer their guilt to you and then, woe betide you." Later in 1951 as I stood on the spot where he was assassinated in Jerusalem, I realized he was a prophet and martyr.

Another prophet of our time, Mr. Arnold Toynbee, the historian, has said in effect that we of this era will be remembered 500 years from now for having rendered social service to the world at large—of becoming our brother's helper—not keeper. This gives us our clue for survival inasmuch as he did not include our vast progress on a scientific and technological level. The road signs are clearly written for those who run and read. Civilization is at the crossroads where there are no choices left except total peace or total destruction, or more simply—love or perish.

It has been said, "He who bears the honor, must also bear the cross." And this is our position in world leadership today. There is no turning back. Two hundred and thirty million children starved to death the world over during this last war, and 25,000 more were stolen from their mothers arms in Greece and taken behind the Iron Curtain. We tolerated this.

Mr. Thomas Watson, Sr., of International Business Machines, said to me shortly before his death, "Your plan would put America back on the sound footing it had during its great days. When I was a boy, I had a pair of shoes for Sunday which were sacred, but today, we don't know our Monday shoes from our Sunday shoes. Then we believed in tithing and each family on the farm had an acre of land which was dedicated to the Lord. If America would take full moral and economic responsibility for the underprivileged children of this world on a health and educational level, that would be the card we in the West could play which the Russians could never trump."

It pleased me to hear a man of his wisdom approve of my simple plan. Many others, including the late Pope Pius, saw within the technique of the silent guest at feast days a catalyst which would bind all races, cultures, and religions in a common goal—peace.

I would like to propose to this committee that all funds now residing in countries under Public Law 480 be channeled into a program which would provide the security of health and education for youth in these countries. These youth are their future leaders and this kind of investment in their future will bear fruits of friendship and peace for all concerned.

To insure the perpetuation of these institutions (schools and hospitals built with Public Law 480 funds) the technique of the silent guest at favorite feast

days in a joint participation on the part of all host governments, as well as the rest of the free world would be the only benevolent string, if there are to be any strings.

Under this plan the exchange scholarship program could be expanded to allow for rapid training of doctors, nurses, and teachers amongst the nationals of host governments, as well as the opportunity afforded for our students to do research on the many diseases of this area not familiar to us here. Through the silent guest plan, student guests would be encouraged amongst our generous American families as a means of meeting the number of youth wishing to come here for training.

This action on the part of our Government would automatically extend Mr. Lincoln's Emancipation Proclamation to include all mankind, which I feel sure President Eisenhower would endorse.

In New England today, descendants of the *Mayflower* still participate in a solemn rite which I would hope might become a national rite. I refer to the solemn rite of silently eating a few kernels of parched corn just before the Thanksgiving feast begins to remind them of the starving time of the Pilgrim Fathers. We need once each year to remind ourselves and the world that big, rich America, which now bears the heavy burden of helping so many nations far older than we, started from very humble beginnings a little over 300 years ago.

The overall results of this proposal, if adopted, would accomplish more than stockpiling bombs. I would like to remind this distinguished committee that four-fifths of the world population cannot read or write, has never slept in a bed or worn a pair of shoes, and goes to bed hungry at night, having eaten one scant meal per day. Those of us who enjoy the privileges of living on the human level comprise a fifth of the world's masses, and those of us who might own automobiles, frigidaires, and television sets are such a small minority of the fifth who can read and write; it is obvious that this privileged minority must bear the cross as well as the honor.

It also becomes apparent that the real sickness of the world is not just communism, but those who live on a subhuman level are demanding to join the human race and live as God meant them to. Through communications and transportation these masses have been exposed to the privileged minority and they want to come out of their hovels of despair, disease, and ignorance and become a whole man. It is our duty and destiny to not fail him in this search. Over 300 years ago an English philosopher once said, "If every man would but mend a man, the world would all be mended." The silent guest plan for all feast days offers the leaven for mankind—the world man.

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WASHINGTON GROVE, MD., *July 17, 1959.*

HON. HUBERT H. HUMPHREY,  
U.S. Senate, Washington, D.C.

DEAR SENATOR HUMPHREY: I am pleased to respond to your request for information concerning a food and nutrition program being sponsored by three of the United Nations agencies: Your inquiry is quite pertinent in view of your sustained efforts to improve the utilization of U.S. surplus agricultural commodities, and to afford more effective utilization of local currencies generated from their sale under Public Law 480.

I offer this information as a private citizen interested in such matters. However, the facts and opinions which I shall present were obtained during a 2-year period, 1956-58, when I was an employee of the Food and Agriculture Organization assigned as nutrition adviser to UNICEF. These two agencies, in cooperation with the World Health Organization, wished to undertake a program of research and development which came to be called the FAO-WHO-UNICEF high protein food program. One of my major responsibilities was to organize and direct this program which is still making vigorous progress under the direction of the staff of these agencies.

I am sure you are aware that these U.N. agencies are undertaking many programs designed to alleviate malnutrition and improve health in underdeveloped countries. I am calling particular attention to the high protein food program since I believe it has considerable significance in relation to the various programs in which our Government promotes the health and nutrition of peoples abroad, multilaterally in support of agencies of the United Nations and the



Organization of American States, bilaterally under the mutual security program and Public Law 480, and assistance in support of the many American voluntary agencies in their philanthropic work among the needy abroad.

First, I believe you should have some background. Nutrition authorities are united in the opinion that aside from the total shortage of food the major nutrition problem in the underdeveloped world is lack of sufficient protein. This gives rise to a disease which we in medical circles usually call Kwaskiorkor. Infants, particularly during the first year or two after weaning, pregnant and lactating women are particularly susceptible. The tragedy of this disease is not only the high mortality, but it is completely preventable and curable in a very high percentage of cases if adequate protein foods are available for therapy. Milk is the ideal therapy but is not widely available in most of these countries. U.S. surplus dry skim milk is widely used but for a variety of reasons is not the complete answer and at best is an impermanent approach, dependent on assistance from outside agencies and practical only so long as such milk continues to be in surplus.

The U.N. agencies wished to find a means by which protein malnutrition could be conquered using the resources of the country itself rather than imported charity foods. In brief, FAO, WHO, and UNICEF launched a program of research and development designed to combat protein malnutrition using food-stuffs which these countries produce but which are not now used as human food. Mainly these are the so-called oilseeds—soybean, peanut, cottonseed, sesame, and coconut. Usually these are grown as a cash crop for their edible oil or fiber. The residue after removal of the oil is called presscake. It contains about 50 percent protein but is not used as human food. It is sold for animal feed, fertilizer, or fuel. I take the liberty of enclosing a copy of a paper which I presented and which was published by the New York Academy of Sciences which presents this situation in detail. I have crossed out the parts of this article which are purely technical and not pertinent to the situation in hand.

The initial problem was to determine whether these oilseeds had a sufficiently high nutritional value to prevent and cure protein malnutrition and whether they were safe to feed to sick young infants. This demanded a coordinated program of medical research which it was my pleasant duty to organize. This phase is still in progress with the cooperation of scientists in some 20 countries. However, the program has already progressed far enough to be certain that some of these proteins are safe and have a protein quality sufficient to make a major contribution to the practical problem. I regard this research effort as an outstanding example of international cooperation among scientists. Details can be supplied, although they are a bit technical as you might surmise. I should add that this phase of the program was and is being generously financed by the Rockefeller Foundation, along with assistance from many national groups and was carried out under the direction of a committee especially appointed by the Food and Nutrition Board of the National Research Council, U.S.A.

Concomitantly UNICEF and FAO were conducting studies as to how these protein foods could be produced industrially with the equipment available in these countries so that the foods were sanitary, safe, nutritiously undamaged, and economical. This phase also is still in progress. However, practical methods are now available for some of the products.

The overall program has moved rapidly toward the stage of application to derive its practical human benefits. It is already at this stage with some of the products and in certain countries, such as India, French West Africa, Nigeria, and Central America. This will bring us back to Public Law 480 and related matters.

Introduction and proper acceptance of a new food product is always a difficult and uncertain business even in the United States. In an underdeveloped country with its economic limitations and firmly established food habits these differences are magnified many times. Thus far the practical benefits of this program have not been realized because the financing for this expensive but essential introductory phase has been out of the reach of both the countries and the international agencies.

In brief the technique is to use these 50 percent protein oilseed products to fortify an otherwise low protein diet so that the protein concentration in the complete diet is in the range of 12 to 15 percent. This can be done in an infinite variety of ways depending upon the food staples and food habits of the country. In some cases the addition of a small percentage of dry skim milk to the oilseed protein product is advantageous since it raises the value of the protein supplement to the equivalent of dry skim milk itself. Since only a small percentage

of milk is required, this represents a way of multiplying severalfold the usefulness of the product since most of the supplement consists of the locally produced protein food. I might add that this technique of fortifying low protein diets is quite similar to the approach of the Meals for Millions Foundation which has for several years been pioneering this approach, particularly through Meals for Millions affiliates in several foreign countries.

In conclusion, I believe that U.S. agricultural surplus commodities and Public Law 480 currencies should be used in several ways to advance this program and to exploit the practical benefits of its progress thus far. This would not only promote our humanitarian interests in such countries, but also offers the promise of self-benefit through enlarging outlets for U.S. products on a business basis.

Specifically:

(1) Public Law 480 currencies could be used to finance the within-country research studies necessary to demonstrate the nutritional value and safety of these products, develop practical, effective, locally acceptable recipes and other research necessary to their practical use. This would not only benefit the host country, but would add substantially to our scientific knowledge of protein requirements and practical means of fulfilling them, as is being done in the limited program underway. There are many fundamental and practical problems in this area where large gaps in our knowledge still exist. The answers to them would benefit people everywhere.

(2) Public Law 480 currencies could be used to overcome the bottlenecks to practical application now existing by helping to finance the introduction and promotion of established and approved products with the aim of establishing them on an economically self-sustaining, permanent basis within the country.

(3) Success in these first two steps gives some promise of increased outlets for U.S. products (which are or have been in surplus) on a business basis, whereas previously they have been donated or sold at concessional prices. For example, additional U.S. surplus dry skim milk might be marketed, if it were generally used as a small but essential ingredient in a food mixture widely used on a commercial basis in such countries. Also, this program is finding new ways of using soybean protein, a product for which the United States is anxious to increase foreign markets. Further, the success of efforts similar to the high protein program, which enable these countries to utilize their own resources, and to advance themselves more effectively, will inevitably make them better markets for all types of U.S. products.

I do not pretend to be an expert in agricultural problems and least of all in the intricacies of Public Law 480. I do not know whether present law does not authorize uses such as I have suggested or whether those responsible have failed to take advantage of present authorities. I do know that Public Law 480 currencies have not been used for such purposes in connection with the program I have described.

I apologize for the long letter. Even so, I have been so brief that I feel that I have not adequately conveyed the soundness, utility, and great practical significance of this program. In any event, I appreciate your interest and hope that this communication will be of some use.

Sincerely yours,

JAMES M. HUNDLEY, M.D.

#### ENRICHMENT OF FOODS WITH PROTEIN

By James M. Hundley, Food and Agriculture Organization, United Nations

#### INTRODUCTION

The purposes of this paper are threefold: (1) to describe a program of research and development being organized jointly by FAO, WHO, and UNICEF\* that has the aim of increasing the production and consumption of high protein foods in underdeveloped areas; (2) to discuss a few of the principles that are of importance in enriching foods with protein; and (3) to mention some of the practical problems involved in increasing the consumption of high protein foods. The focus of this discussion will be on protein malnutrition in technically underdeveloped areas. It is not intended to infer that there are no

\*FAO is the Food and Agriculture Organization, United Nations; WHO, the World Health Organization, United Nations; UNICEF, the United Nations International Children's Emergency Fund.



problems of protein nutrition in advanced countries such as the United States. Previous papers in this symposium have covered this aspect. However, many studies conducted over the past few years have made it abundantly clear that protein malnutrition is a major and still largely unsolved problem in most underdeveloped countries. Indeed, it seems that protein malnutrition is the most important single nutritional deficiency in the world today.

#### THE FAO-WHO-UNICEF PROGRAM

There are many types of nutritional deficiency to be found in various parts of the world. However, the most serious of these is protein malnutrition. It would be superfluous to review the voluminous evidence that documents the existence, prevalence, and gravity of protein malnutrition in many areas. However, a few simple statistics may help to point up the magnitude of the problem. Table 1 lists mortality statistics from well-developed countries as compared to a few randomly selected underdeveloped areas. The figures represent a comparison of death rates for all ages and for the selected age groups 0 to 1 and 1 through 4 years. It will be noted that the overall death-rate is higher in underdeveloped areas. Infant mortality up to 1 year is also strikingly higher in such countries. Percentagewise, however, the difference in mortality in the 1-through-4 age group is tremendous, and this represents the ages at which protein malnutrition is the greatest hazard. Obviously, many factors in addition to malnutrition are responsible for these striking differences. However, competent observers believe that nutritional deficiencies are a large factor, not only as such, but as a predisposing influence in other prominent causes of death, mainly infectious diseases.

Increased production and consumption of milk have been a keystone of the approach of international agencies, as well as many national and local groups, in efforts to combat protein malnutrition. There is no doubt that milk is an effective preventive and therapeutic agent. However, it has become clear that resources in addition to milk are necessary. There are many countries where milk cannot be produced, or where there is little hope in the immediate future of producing it in sufficient quantities. In some places, there are strong local beliefs that cow's milk is not a suitable food for infants and young children. Inadequacies in transport and storage facilities, not to mention economics, further limit the range of practical usefulness of milk in many areas of great need. Many of UNICEF's programs of milk distribution are dependent on surplus dried milk from the United States, a source that cannot be counted on to be available indefinitely. Consequently, efforts have been directed toward finding additional resources of high protein foods that might be useful. Seven criteria have been evolved to select food products that might help to meet this need, namely: (1) they must be already available locally or be capable of local production; (2) they must be within the economic means of the particular population group either to produce or to buy; (3) they must be easily transportable and have a long storage life without refrigeration under conditions of heat and humidity; (4) they must be completely free of any toxic or other deleterious influence; (5) they must have characteristics of taste, odor, or physical properties that will make them acceptable food products; (6) they must have such nutritional values as to be effective protein supplement; and (7) they must be products not already being utilized maximally as human food.

TABLE 1.<sup>1</sup>—*Comparison of death rates in various countries*

Country	Year	Death rates/1000		
		All ages	0-1	1-4
Australia.....	1953	9.1	23.5	1.6
England-Wales.....	1953	11.4	27.5	1.2
Sweden.....	1953	9.7	19.1	1.1
Brazil.....	1950	13.0	94.1	16.2
Costa Rica.....	1950	12.2	111.0	15.5
Egypt.....	1947	21.5	208.4	49.7
El Salvador.....	1950	14.8	106.4	24.9
Mexico.....	1950	16.2	138.0	27.8
Thailand.....	1947	13.4	53.8	17.1

<sup>1</sup> Reproduced from the Demographic Yearbook, United Nations (1955).

On the basis of these criteria, six foods have been selected for study. In their approximate, probable order of potential usefulness, these are: (1) fish flour, (2) soy products, (3) peanut flour, (4) sesame flour, (5) cottonseed flour, and (6) coconut protein. Many others could be added to this list, but have been eliminated for the time being, either because their nutritional properties are not well known, because the amount of the raw material is too small on a world basis, or because they cannot be produced economically in the geographic areas of primary interest.

There are a number of reasons for special interest in each of the above products. Fresh fish are available in many of the underdeveloped areas, and available statistics indicate that the production of fresh fish could be expanded very substantially. However, lack of transport and refrigerated storage prevents wider distribution and use of this valuable protein food. The usual methods of preservation such as canning or freezing are too expensive for the groups of greatest nutritional vulnerability. Smoking and drying offer some possibilities, but fish, so processed do not have a long storage life under tropical conditions. Recently, several processes have been developed by which either fresh fish, or dehydrated fish meal, can be defatted, deodorized, and finished as an almost tasteless, odorless, nearly white flour. The deodorization step can be omitted for groups that prefer a fishy taste in their foods. These fish flours retain the high biological value of the starting material; they are very stable in storage; and they can be incorporated into bread, into other cereal products, or into soups or stews with excellent acceptability of the resultant food (1). Since these flours contain 70 to 80 percent protein, relatively small amounts are needed to supplement children's diets. It is estimated that fish flour can be produced for as little as 12 to 13 cents per pound. On this basis a supplement of 10 grams per day (about 8 grams of animal protein) would cost only about one-fourth of 1 cent per day per child.

A number of national and commercial groups are now attempting to develop and exploit fish flour. With respect to the international agencies, FAO has encouraged and stimulated the development of suitable processes to produce this substance. UNICEF has entered into an agreement with the Government of Chile to install a fish flour plant in that country, and it is expected that this plant will be in operation about September 1957. Fish flour produced by the process to be used in Chile has an excellent biological value, has been found completely safe, and has excellent acceptability (1). In Morocco, a process is being developed to produce fish flour under commercial auspices. It is estimated that sufficient flour can be produced to supplement the diet of 250,000 schoolchildren without interfering with the normal commercial uses of fish for edible purposes (2). In South Africa, where a fish flour for human consumption has been under development for some time, it is estimated that 300,000 tons of fish can be diverted annually from animal to human use when the program is fully developed (2). Many other countries are also attempting to increase the consumption of fish and fish products.

Soybean products are of unique interest, since properly prepared soy products have a biological value closer to that of animal proteins than any other commonly used vegetable protein. Furthermore, among the various products to be studied, only soy has been prepared as an acceptable liquid food for infants. Table 2, from the work of Bricker, Mitchell, and Kinsman (3), illustrates the high biological value of soy. It will be seen that soy flour is almost equivalent to milk as judged by its ability to support nitrogen balance in young women. The value of soy in supplementing white wheat flour is also shown. These data apply to adults who have a lower requirement for protein and amino acids than infants or children. However, soy "milk" has been known for many years as a food that is capable of sustaining satisfactory growth in infants and young children. Although there are still some uncertainties as to how completely satisfactory soy milk is for normal young infants, present evidence certainly indicates that it has a biological value unique among the common vegetable proteins. Soy milks are produced commercially in the United States and several other countries. UNICEF, in cooperation with FAO, have been assisting for some time in installing a soy milk plant in Indonesia. This plant, it is expected, will have begun operations in May or June of 1957, and its product will supplement the very limited local production of cow's milk and that which now must be imported.



TABLE 2<sup>1</sup>—*Protein requirement for young women*

	<i>Grams protein required per day for 65-kilogram subject</i>
Milk-----	40.0
White flour-----	69.0
Soy flour-----	43.3
Soy—white flour <sup>2</sup> -----	50.4
Mixed foods <sup>3</sup> -----	46.0

<sup>1</sup> Reproduced by permission from Bricker, Mitchell, and Kinsman (3).

<sup>2</sup> 13 percent soy flour ; 36 percent of nitrogen.

<sup>3</sup> Included egg, ground beef, soy-wheat biscuit, vegetables, and fruit (about 55 percent animal protein).

Peanuts, sesame, cottonseed, and coconut are of particular interest since ordinarily they are processed for their oil and the protein-rich press cakes, byproducts of the oil production, are used mainly for animal feed or for fertilizer. If it is economic to use these materials as animal feed or fertilizers, it certainly should be economic to use them as human food if carefully controlled processing would produce, in fact, a food suitable for human consumption. Table 3 indicates the very large volume of these press cakes produced annually. If even a portion of this production could be diverted to human use, a substantial contribution might be made.

TABLE 3.<sup>1</sup>—*World production<sup>2</sup> of oilseeds in 1954*

	<i>Metric tons</i>
Total oilseeds <sup>3</sup> -----	54,600,000
Soybeans-----	19,500,000
Cottonseed-----	13,700,000
Peanuts-----	10,600,000
Coconut (copra)-----	2,850,000
Sesame-----	1,800,000
Palm kernels-----	1,000,000

<sup>1</sup> Reproduced from the "Statistical Yearbook," United Nations (1955).

<sup>2</sup> All figures exclude the Union of Soviet Socialist Republics.

<sup>3</sup> Includes soybeans, cottonseed, sesame, rapeseed, linseed, peanuts, and sunflower seeds.

However, relatively little is known about these press-cake proteins as human food, although in one form or another most of them have been used in human dietaries to some extent. There is a large amount of literature on the nutritional values of these press-cake proteins as determined by chemical analyses and animal studies. Unfortunately, many of the data are difficult to interpret, since these proteins are known to suffer nutritional damage if excessive heat is used in processing, and the precise conditions of production are usually not stated. Moreover, there is the ever-present difficulty of translating animal experiments to man.

These and many other factors made it clear that a considerable amount of research and development would be necessary to evaluate fully the usefulness of these high protein foods as supplements to various types of human diets. Fortunately, a grant of funds from the Rockefeller Foundation, New York, N.Y., has made it possible to start the necessary research, and funds are available from UNICEF to procure the food products needed. With these resources, a coordinated plan of research and testing is being developed by FAO, WHO, and UNICEF which, it is hoped, will lead to the increased utilization of these high-protein foods in areas where needed. It should be stated that, even though this program has a worldwide target, there are no illusions that it will alleviate all existing protein malnutrition. It is simply one approach that may make some contribution to an extensive and difficult problem.

#### PRINCIPLES

In designing this coordinated plan of research several principles that seem worthy of mention have emerged.

(1) Any food product to be studied must be well identified and reproducible. It must be produced by a process the complete details of which are known. Thus it is hoped that facts accumulated about a product can develop into a systematic body of knowledge that can be interpreted and extrapolated to

assist in solving local problems in many different areas of the world without repetition of all of the experimental and developmental work. If the product is standardized, and if successive batches have essentially the same composition and nutritional characteristics, the accumulated basic knowledge about the product should permit application to a variety of problems.

(2) The product must be produced by an open process that is commercially feasible and that can be duplicated in underdeveloped areas. Obviously it is of little value to study a product produced by an elegant laboratory method that could not be used in underdeveloped areas, nor is it of much value to study a food produced by secret process that could not be used freely in the areas of need.

(3) The food must be characterized as to chemical composition and biological value, and it must be shown to be completely safe prior to testing in human subjects. Studies of biological value and safety should be conducted in more than one species of animals except where similar products have already been relatively well studied in these respects.

(4) The food must have such a protein and amino acid content as to make it a useful protein supplement to one or more types of poor diets in underdeveloped areas.

(5) This content must be confirmed by actual tests in human subjects. A considerable body of knowledge is accumulating on the protein and amino acid requirements of various age groups, from which it may be possible to predict the value of protein supplements, but there is at this moment no substitute for the direct test. Parenthetically, it might be noted that FAO will publish shortly a summary of available knowledge on predicting protein requirements on the basis of the amino acid requirements of man and the amino acid composition of the foods in question.

(6) The product should offer special possibilities as a practical supplement for infants, preschool children, and mothers, since these are the most vulnerable groups.

(7) The product should be shown to have good storage properties under simple conditions for as long as 1 year.

The initial objective of the program is to locate at least one source for each type of high protein product and to produce a batch under carefully defined conditions, following the principles enumerated above. This batch would be carefully studied as to composition, biological value and safety in animal studies, and biological value in man. As soon as the true nutritional value and safety of the food was known, assuming its satisfactory values, then it would be made available as widely as possible to research groups in underdeveloped areas and elsewhere for study as to its ability to prevent or cure protein malnutrition when used as a supplement to various types of local diets. In many instances it may be desirable to use combinations of these foods as supplements, depending on local circumstances and the nutritional values of the foods. Should these initial studies indicate the usefulness of a given product or products, additional quantities of essentially the same material could be procured with a reasonable assurance that it would have the same properties as the original batch.

As data and experience accumulate with these foods it should be possible increasing to predict the solution to other local problems of protein malnutrition, always subject, however, to the practical problems of food habits and preferences.

The next objective might be to establish a facility in the country concerned to manufacture the product for local consumption, a procedure in which UNICEF is interested and is uniquely able to assist. The program has already reached this stage with two of the products, namely, fish flour and soy milk. The success of these two projects will undoubtedly determine whether similar projects will be started elsewhere.

While the initial approach is being built around single, standardized, reproducible products, this, of course, does not rule out the later inclusion of products with improved biological values or with special physical or physiological properties designed to meet special needs. However, knowledge accumulated in the initial studies should speed materially the practical use of these newer products. Indeed, it seems likely that the best protein supplements may prove to be, not single protein foods, but combinations of foods. The ability of proteins to supplement one another is well known.

With some of the food products it may not be possible initially to procure a product with the desired specifications. This has been true with coconut.



However, FAO has received information very recently that a process known as the Hiller process is being used in the Philippines to produce a 20 percent protein material that is employed to enrich bread and other cereal products. The protein content of coconut press cake is much lower than that of the other press cakes, and relatively large amounts would be required as a protein supplement, even for children. To the best of my knowledge, a practical process to concentrate the protein has not yet been developed. Some difficulties are also being experienced with sesame. For a number of reasons it is desirable to use dehulled sesame seed to produce a low fat sesame flour. A practical commercial method to remove the oil from dehulled sesame seed has not yet been found. A considerable amount of technological and developmental study may be required to produce products with optimal values as human food.

Certain technological difficulties inhibit the use of some of the other products, but these problems do not seem to be insuperable. They center chiefly about the difficulty of producing a press cake with a fat content sufficiently low to give good storage stability without using so much heat that the protein is damaged. This is a particular problem in using screw or hydraulic presses, which are the usual types of equipment already existing in many underdeveloped areas. For economic and other reasons, the first objective in commercial practice is to get the maximum oil yield. To accomplish this, rather high cooking temperatures may be used and these may damage the protein in the press cake.

This, in very brief simplified outline, is the plan as it now exists. There are, however, some other principles and problems encountered in protein supplementation that deserve comment.

Ideally, advantage should be taken of the voluminous data on the feeding of various types of proteins and protein concentrates to animals as a shortcut to correcting inadequate human dietaries. However, as mentioned earlier, there are many difficulties and pitfalls in this process. For example, the first limiting amino acid for many proteins in animals is methionine. In man it is more often another amino acid, lysine (4). In animal nutrition, the nutritional improvement of soybeans by moderate heating has been known for many years. In man, however, there is very little information from which to determine the amount of heat necessary maximally to improve the protein value of soy protein. In growing animals the limiting amino acids in rice seem to be lysine and threonine, both to about an equal degree (5). Yet in adult man lysine seems to be the only limiting amino acid, and even then only in certain subjects (6). In growing animals the difference in biological value between white wheat flour and milk is very striking. In adult human subjects the difference is relatively small, as shown in table 2. Most animal experiments are designed to produce a ration on which the greatest amount of lean tissue can be produced at the least cost in dietary protein. This may be a desirable objective in human protein supplementation as well, but it is hardly practicable. Since human beings inevitably vary in what they select to eat, or what they may be fed by their parents, and since young children and adults often eat essentially the same food, it is necessary to design human diets with a considerably greater margin of safety than is needed with growing pigs or chickens, for example. On the other hand, the protein and amino acid requirements of growing animals and man do correlate fairly well (7). Certainly, many lessons and leads can be derived from animal studies but, as emphasized earlier, there is no substitute for the direct test in man.

Another point in comparing experience in animal feeding and human feeding arises from the fact that most animal rations are developed by substituting a portion of the protein with another protein that may give a higher protein efficiency and thus permit a lower or less expensive level of protein in the diet. In diets for humans, on the other hand, we usually must be content, from the practical standpoint, with trying to add more protein to what they may already be receiving from their customary diet. This brings up a very important question in working with protein supplements in protein-poor diets: If the initial protein intake is low and poor in quality, can protein adequacy be achieved if enough of almost any protein material is added, or must the amino acid pattern be balanced to reach protein adequacy? There is much evidence on this point in animal experiments suggesting that, if the protein supplement is very unbalanced in amino acids, then more harm than good may come from the supplement. On the other hand, if the protein is only moderately deficient in a few essential amino acids, then protein adequacy generally can be achieved

by simply increasing the intake of protein. In man there is relatively little information on this point, and there is probably no certain, categorical answer. We know that nitrogen equilibrium can be attained in adults with lysine-deficient white wheat flour if the protein intake is increased sufficiently (table 2). We know that peanut flour, which is deficient in both methionine and lysine, can promote nitrogen retention in adults if enough is used, although about 2.2 times as much peanut protein is needed as for animal protein (8). We know that infants can retain nitrogen and grow rather satisfactorily on soy milk, which is relatively deficient in methionine. However, soy milk provides a considerably higher ratio of protein to calories than human milk, and this may compensate for the relative insufficiency of amino acids.

A second point is that one cannot consider the possible effectiveness of the protein supplement without considering the adequacy of the rest of the diet. Obviously, little would be gained if the protein deficiency were corrected only to precipitate beriberi, pellagra, or some other deficiency through the increased growth and metabolism permitted by the protein. Nor is it efficient to add a protein supplement to a diet if some other deficiency such as calories, vitamins, or minerals limits the effectiveness of the protein supplement. It is easy to show in animal experiments that the diet must be adequate in all essential nutrients if a protein supplement is to exert its full effect. A simple example is shown in table 5 (11). With the growing rat, a white wheat flour diet was improved not at all by a supplement of vitamins. It was improved only a little by a good protein supplement. However, vitamins and the protein supplement together gave a marked growth response. All of these diets were supplemental with minerals so that protein and vitamins were the only limiting factors.

TABLE 5.—*Growth of rats on wheat flour with vitamin and protein supplements*

Diet	Supplement	Growth, gm./wk./rat	S.E.
White wheat flour.....		1.7±0.33	
White wheat flour.....	Vitamins.....	1.6±0.15	
White wheat flour.....	6 percent dry skim milk.....	4.2±0.30	
White wheat flour.....	Vitamins plus 6 percent dry skim milk....	11.3±0.50	

The rats were weanling National Institutes of Health strain black rats. The growth period was 4 weeks. Each group contained 10 rats. As adequate mineral mixture was added to all diets. The wheat flour contained 1.6 percent N. The vitamins added were niacin, thiamine, and riboflavin in amounts to simulate commercial enrichment.

A third point concerns the criteria to be followed in determining the effectiveness of protein supplements. A number of techniques are available: Nitrogen balance in adults, growth in school-age children, the prevention and cure of protein malnutrition, nitrogen balance in young children, growth and nitrogen balance or other measurements in infants are the most commonly used. Each of these has certain virtues and limitations, advantages and disadvantages. All have pitfalls.

Growth measurements in school-age children who receive their supplement through school or other institutional feeding is a very common approach to the problem. In theory, this is simple, since the experiment can be done on a "captive" group and with large numbers of children. In practice the approach has been disappointing. There are examples in the literature where this technique has demonstrated benefit from a particular scheme of feeding. On the other hand, the scientific literature and the unpublished notebooks of many investigators are replete with examples of negative or inconclusive results. This has been true even in underdeveloped areas where protein malnutrition is prevalent, and there has been every reason to expect a measurable benefit from the supplement used (12). There are probably many explanations for these failures. Certainly malnutrition exists in school-age children and certainly it can be corrected. However, it may be that children suffering from malnutrition are so thinly scattered among children whose growth cannot be improved that the technique is not sufficiently sensitive to detect an effect. Or, as seems quite possible to this observer, by the time children reach school age many of them have their growth pattern fixed, and only a few are capable of responding to improved protein nutrition. Certainly, insofar as protein malnutrition is concerned, we know that this is first and foremost a problem of the preschool-age child. Older children may suffer from inadequate protein nutrition, but surely not to the extent of the



younger child. In animals it can be shown that restriction of growth through diet inadequacy during the early growth period leaves a permanent mark. When such animals are given adequate food later in their growth period, they respond with increased growth, but never catch up with their litter mates who receive a continuously adequate diet (13). Data of this kind in children might do much to clear up some of the uncertainties in growth experiments in children.

Among other techniques, nitrogen balance in adults has been widely used, and it certainly provides useful information. However, as others have discussed thoroughly, one cannot equate nitrogen balance and adequate protein nutrition (14). Furthermore, nitrogen balance in adults does not necessarily indicate what may happen in infants and children who are the primary targets of protein supplements in underdeveloped areas. Nitrogen balance in young children is a valuable technique, but it is notoriously difficult since it requires a degree of voluntary cooperation that is hardly expected from children of this age.

In recent years, studies on the cure of kwashiorkor and prekwashiorkor have been developed to the point where this seems one of the most straightforward and valuable techniques for evaluating protein supplements. Certainly, if a protein supplement has the ability to cure advanced protein deficiency, it seems a reasonable assumption that it would prevent it. There is the opportunity to study the protein, not only during the initiation of cure, but during the maintenance of cure as well. This approach also offers the opportunity to study the supplementary value of a protein directly in the population involved, rather than in the remote recesses of some academic institution.

Growth studies in young infants on formula diets also offer many advantages. While there are certain humanitarian considerations that require careful consideration, such studies are relatively quick and inexpensive. They yield precise information on the limits to the nutritional value of proteins. Since infancy is the time of the highest need for protein and amino acids, these studies also constitute one of the most severe tests to which a protein may be put. Unfortunately, there are only a few centers where such studies are undertaken.

#### PRACTICAL ASPECTS

The problem of selecting and testing a protein supplement is simple compared to that of getting the protein into established use in a population. Two basic techniques of protein enrichment are available: involuntary and voluntary.

What might be defined as involuntary enrichment is commonly practiced in the United States and other countries. The enrichment of bread with dry milk solids is a well-known example. This technique is effective only where there is a well-developed commercial distribution of a staple food that is a suitable vehicle for the protein. The recipients of the protein supplement generally are unaware of its presence even though it is so stated on the label, and even though there may be much propaganda trying to promote the product on the basis of the enrichment. Nevertheless, the technique is effective since it can be adopted, promoted, and subsidized if necessary to get the protein into people. School or other institutional feeding is another common technique of involuntary enrichment.

Two aspects of involuntary enrichment are commonly overlooked by nutritionists. One is that a protein supplement may be desirable and may find use because of the physical properties it may impart to the product. This is the primary reason that dry skim milk is so widely used in white bread in the United States, even though the nutritionist would like to believe otherwise. It imparts a consistency and texture that the customer likes. Another example is cottonseed flour—one of the products that is being studied in the FAO-WHO-UNICEF program. Insofar as this observer is aware, the only country in the world where cottonseed is widely used as a human food is in the United States, where it is probably needed the least. Again this protein supplement has found an established use because of the color and physical properties it imparts to certain products—not for nutritional reasons. The second aspect of enrichment, one often overlooked, is the problem of formulation. Lysine and methionine are often the shortest amino acids in these protein supplements, and both are rather sensitive to destruction by heat under certain circumstances. Their concentration in the protein may be further reduced by cooking, baking, or other forms of heat, especially in the presence of free sugar. Accordingly, it is not sufficient to know that a protein supplement has the requisite nutritional values; one must also know that it retains these nutritional values in the product of which it becomes an ingredient.

The second technique of protein enrichment is voluntary enrichment. This is far more difficult than involuntary enrichment. The problem is not insurmountable, but the solution may take many forms. Advantage must be taken of local food preferences, habits, and developed tastes and attitudes about food. Ideally, the product might be produced and consumed simply because the people liked it. Practically, this seldom happens, and it never happens quickly. Patient, persistent propaganda and promotion, often aided by economic subsidy, may be necessary until people acquire a taste and develop a demand for the food. Since the complete development of this technique of enrichment invades the fields of agriculture extension, gardening, home economics, sociology, economics, and other esoteric subjects about which this observer knows little, the discussion will be terminated at this point.

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Mr. Chairman, war, troubles or hunger are the result of noncooperation, aggression, ignorance, or just stupidity.

In short, war is stupid, and we all know coming events (troubles) cast their shadow before we can go on creating shadows or we can try to create brightness for the future. If we run away from the truth or light of the sun (truth) the shadows are in front and we will probably stumble and fall. If we face up to the truth and go in the right direction, the sum of knowledge and creative effort leads the way into a bright future and the shadows and trouble are forgotten. A child will cry in fear, of the unknown, in darkness. By turning on the light, the darkness, the unknown and fear goes away, just vanishes and disappears. A farmer knows that when water is left to stagnate, weeds, bugs, snakes, almost anything will hide and grow wild. When the farmer lets in sunshine, puts in some lime, dries out the place, there is a real transformation to brightness and health. The force of elimination by substitution can and will work wonders.

In referring to the food for peace bills, to feed the hungry of our land and other lands, especially the little children (the leaders of tomorrow), the 39 House bills: (10 food for peace, 4 stamp food bills, 25 U.N. food bills, and the Senate bill S. 1711 with 16 Senators sponsors), these bills acting together propose a continuing and the beginning for a better program for today and the New World of tomorrow, bright enough to shine away some of the shadows of fear, hunger and troubles of individuals and/or nations.

Food for many hungry, a little shelter for homeless refugees that are now and have been waiting months and years in cold, heat, and dust, while we have large quantities that can be used now, and also for capital improvements and for investments in the future.



These bills ask for much less than the signers of the greatest U.S. document, the Declaration of Independence which pledges "With a firm reliance on divine providence" (not only with guns) "we mutually pledge to each other our lives, our fortunes, and our sacred honor."

Week of July 7, 1959, before the Senate committee, leaders representing probably 130 millions of our people asked for little more than some of our surplus, in such form that it will be usable and acceptable in cooperating with other people, together with careful, clear leadership, to cooperate in today's troubled world and also to help prepare for a better world of tomorrow. (One country alone can use all our surplus if given time to pay for it.)

This proposal will create friendship, save large war sums of tomorrow, but also save up to \$1 billion in storage and investment, etc., of today, and should earn again and again over the years much greater returns in commerce and trade for our people and other cooperating people, results only limited by our activity.

#### FUTURE LONG-TERM PROGRAM

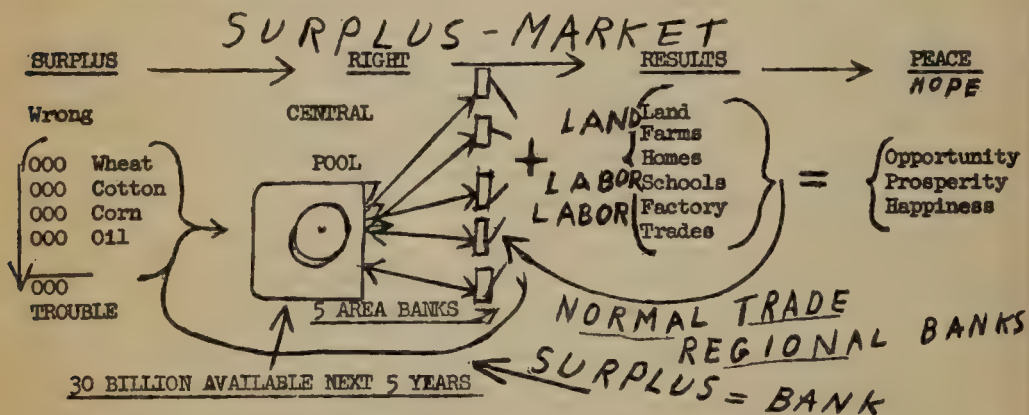
The material referred to for future 10-part program outline on last sheet was left with the Senate committee last week and (a) requests the publishing of outline and material in small folder for easier distribution and (b) also the setting up of a subcommittee to study and prepare legislation for a long-term continuing program, beyond the present proposal of House and Senate 1711 bills.

This continuing program should be positive, creative, spontaneously explosive, expanding and all-enveloping, showing the American ideal with a heart big enough for the world to see, as well as individual, and law respecting—so bright and clear that even the blind will see and the deaf will hear.

This is a challenge great enough for all the Democrats, Republicans, and the administration to get together in a united front, for all our friends and others to understand and respect. Carefully prepared, this program should help cut taxes and increase income.

We have, all ready, men and women able and willing to serve in our departments—dedicated people in Agriculture, State, and Defense—together with a great force of missionaries (as have other countries) by the thousands on front line of service right now trying under great burdens and waste of time and energy like a slow old-fashioned motion picture.

What are we waiting for? Let's clear the deck of all negative action and get ready for this great positive challenge of today—a great, wonderful privilege and opportunity, to make friends and sell Americanism, the greatest shining light of the ages. Pave the way for hope and faith of the bright future of tomorrow—a great crusade, a most wonderful challenge, starting with the food for peace bills, food in place of guns, now preparing for further development here and abroad. By setting up a big research and investigating and planning committee to get the facts and prepare plans and legislation for a bright future—a good foundation for those who wish to cooperate right now, if we begin today, we will catch up sooner.



The chart shows, left side, the wrong way to hold material stagnant. Add time and expense destroys, or reduces the material value.

Right use of and distribution of material, will create opportunity and desire for its use by large numbers of people. The people using land, material, labor, and time, will increase value of all parts and the movement of goods in all directions. One worldwide exchange pool, five regional banks, to help local banks. A man-size answer to a worthwhile job.

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OUTLINE FOR EXTENDED WORLDWIDE CRUSADE FOR ECONOMIC AND MORAL DEVELOPMENT

FIRST S. 1711, WITH ADMINISTRATOR

Does the noise of the whistle pull the train or the work of the engine? In words of the Bible: "By these works shall you know them." So, let's get the facts, state our case. Stand up to be counted in this world crusade. Goal: outlaw war, work for peace, but keep our powder dry.

1. Statement requesting approval of S. 1711 to begin now food for peace program. Lincoln's 10 standard principals:

(a) Request for subcommittee or Research Board.

(b) Offer of 10-part program (outline).

(c) Request for publishing material in small folder for easy distribution.

2. Outline of evolution and development in today's stage of cooperation:

(a) Awakening, (b) revolution, (c) cooperation, (d), a tremendous force of peoples crusade unlimited.

3. Review mutual security in light of these 10 parts. Save \$1 billion.

4. National regional planning: Cooperation of national citizen efforts and desires; self-help, code (sample) for industry production; local, State, regional and central equals forums.

5. Short term (5 years) S. 1711 plus 10 House bills (food for peace bill) 16 Senators. Use of food to help small family earn their independence by working on such as the Volta River project for community development.

6. Cooperation with United Nations in special temporary:

(a) Aid H.R. 6681 (26 Congressmen sponsors).

(b) Use of food stamps plan to increase use of food for schools, camps, etc., from 20 to 80 million (mostly children).

7. Outline of family and community development self-support by use of S. 1711. Development loan. Stamp aid plus local land.

8. Inter-American Bank and suggesting of similar regional or continental banks (five banks), Europe, South America, Africa, Mideast, Far East.

9. Set up central barter and surplus pool to cooperate with five regional banks, to begin with now held \$10 billion value surplus other soft moneys, Development Loan Fund, and other intergovernmental surpluses of other countries in 5 years upward of \$30 billion available supplies, ready to be sold, exchanged, or held as reserve. For emergency or crop failure.

10. Reasons for use of voluntary army of qualified teachers of say 100,000 teachers, leaders, war objectors, to first study and prepare to serve in agriculture, vegetarian diet, 4-H work, sanitation, other trades. About half of world's people are vegetarian. Three charts:

(a) Bio food chart, homeopathic basis food for medicine.

(b) Absorption chart (mineral absorption), people react to mineral, etc.

(c) Vitamin food chart for better daily food, strength, happiness, prevention of troubles and ill health; elimination of world's evils by substituting happiness and kindness, by peoples projects.

D. T. LARSON, Sr., *Hartford, Conn.*

Plan our work and work our plan.

An ounce of prevention (by kindness) is worth a pound of cure (by guns).

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STATEMENT OF REPRESENTATIVE GEORGE MCGOVERN, DEMOCRAT, SOUTH DAKOTA, BEFORE SENATE COMMITTEE ON FOREIGN RELATIONS RE INTERNATIONAL FOOD FOR PEACE ACT, 1959 (S. 1711)

Mr. Chairman and members of the committee, although the American people are understandably concerned about the mounting level of farm surpluses, we ought not to lose sight of the potential value of our food abundance. Through-



out history, those nations blessed with plentiful food resources have flourished; conversely, nations suffering from food shortages have languished.

"Give us this day our daily bread" is still the prayer of human beings in the far corners of the earth. For most Americans, it is the prayer of gratitude for ample food. But for more than a billion human beings it is the cry of hunger—the feeble plea of the old man begging on the streets of Cairo, the child whimpering for milk in Bombay, the weary African mother trying to convert a few scraps into an evening meal for her family.

For several years, I have been advocating a more imaginative use of our farm abundance. It has seemed to me that piling up vast quantities of food in a world of misery and hunger is morally wrong, economically wasteful, and politically dangerous. Morally, we are losing sight of the Great Teacher's admonition to feed the hungry and clothe the naked. Economically, we are paying hundreds of millions of dollars a year in storage costs for commodities that are already beginning to deteriorate. Politically, we are creating an unfavorable image of Uncle Sam abroad when we wring our hands over our surplus food problem in full view of the world's hungry inhabitants.

I wonder if we fully realize the power of food in our relations with other countries. Is it possible that many of the underdeveloped nations now receiving expensive military shipments from the United States would be more impressed and better strengthened by less costly shipments of food?

Personally, I become more convinced each day that our most powerful material asset in building a world of peace and freedom is our food abundance. It seems probable to me that the remarkable productivity of the American farmer, if properly used, can be a more decisive factor in the struggle between freedom and communism than the sputnik. The hungry multitudes of Asia, Africa, and the Middle East are far more interested in bread than in any number of jets and space engines. Does anyone wonder what the crafty Khrushchev would do if he had America's surplus food to use in his international operations?

On January 29, I introduced House Concurrent Resolution 60, cited as the "Food for Peace Resolution." That resolution read as follows:

"Whereas the abundance of food and fiber produced by the American farmer is the marvel of the world; and

"Whereas most of the people of the world are undernourished; and

"Whereas the American people historically have been concerned with the well-being of other peoples; and

"Whereas in many nations of the free world, vital economic development programs are retarded and political stability is threatened by an inadequate supply of food; and

"Whereas the remarkable bounty of the free American farmer has resulted in accumulations of farm commodities for which there is insufficient domestic demand; and

"Whereas the Congress seeks to reduce unnecessary expenditures, including, where possible, those for commodity storage and for foreign assistance; and

"Whereas the Soviet bloc has publicly challenged the United States and her allies to economic competition in demonstrating before the world the viability of their respective economic systems: Now, therefore, be it

*"Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that an agricultural abundance is one of America's greatest assets for raising living standards and promoting peace and stability in the free world; and that Congress favors action to resolve the paradox of American agricultural surpluses and world food needs by more fully utilizing the resources of the American farmer as an integral part of the U.S. foreign assistance program.*

"SEC. 2. This concurrent resolution may be cited as the "Food for Peace Resolution."

As a partial implementation of the above resolution, I introduced on February 3, 1959, H.R. 3976, a measure to authorize the Secretary of Agriculture to make long-term contracts for the disposal of surplus agricultural commodities, and for other purposes.

This measure is identical to H.R. 2420, introduced by the gentleman from Texas, Mr. POAGE.

The legislation would enhance the effectiveness of our foreign economic aid policy by assuring underdeveloped countries a stable supply of agricultural commodities for domestic consumption on long-term credit during periods of

economic development. Typical of the nations which could profit greatly from such legislation are India, Pakistan, and Ghana. These countries provide challenging examples of friendly, free nations that are undergoing a period of rapid industrialization which is crucial for their national well-being, but which is putting an enormous strain on their economic resources. A painful shortage of food and disastrous price inflation are the natural concomitants of industrial payrolls in the developing countries. Indeed, unless the quantity of food can be increased, an expanding industrial payroll is a serious inflationary threat. Furthermore, available dollar exchange is required for capital investments rather than food and clothing if economic development is to move ahead.

If the United States intends to preserve the integrity of the free world we must provide these nations during their heroic struggle for betterment with necessary foodstuffs from our overflowing granaries so that we relieve some of the pressures on their own economies. This could be accomplished by legislation similar to the proposals by Mr. Poage and myself. This legislation recognizes that we must assure the developing nations long-term food supplies. They must be able to depend on such supplies rather than awaiting a year-by-year extension depending on the annual mood of Congress.

On April 20, I introduced H.R. 6530, a measure identical to legislation introduced by the senior Senator from Minnesota, Senator Humphrey, which we consider here today.

This measure, cited as the Food for Peace Act of 1959, contains the following provisions:

1. The sale of surplus farm commodities for foreign currencies to the extent of \$2 billion a year for the next 5 years.

2. Outright grants of food surpluses to countries experiencing famine or chronic hunger.

3. Continued encouragement to church groups and other voluntary private agencies that wish to distribute surplus commodities overseas on a direct people-to-people basis. This section of the bill also includes grants of surplus farm stocks to public and private agencies for use in the United States in the school lunch program, nonprofit summer children's camps, charitable institutions including hospitals, and needy citizens.

4. Agreements with friendly countries to establish foundations to promote education, health, research, and other projects from foreign currencies accruing to the United States through the sale of farm surpluses. We could literally convert surplus farm commodities into education and health.

5. A Peace Food Administration under the President to direct the various operations provided for in the legislation.

This measure represents significant amendments to Public Law 480, under which we are already moving surpluses to other countries. Included in that program is a truly fine section that permits the churches and other private institutions to distribute surplus commodities overseas. The church world service groups have done a magnificent job with this most valuable program. In my view, this particular activity is the finest single example of the kind of people-to-people relationships that the world desperately needs.

"Food for Peace" is more than a slogan. It offers a partial solution to our agricultural problem and will at the same time relieve much of the suffering of a world that looks to America for leadership in this crucial hour.

I believe that there is no single act that could be taken by the 86th Congress that would be any more significant than to strengthen broadly our use of farm surpluses both at home and abroad.

It is my hope that this distinguished committee will see fit to act favorably on legislation similar to the Food for Peace Act of 1959.

STATE OF WISCONSIN,  
EXECUTIVE OFFICE,  
Madison, July 30, 1959.

Senator HUBERT HUMPHREY,  
Senate Office Building, Washington, D.C.

DEAR HUBERT: I am happy to comply with your request for my comments and suggestions on your food for peace proposal incorporated in your bill, S. 1711.

In my opinion, the revisions you are proposing in the Public Law 480 program would indeed make more effective use of our abundance of farm products to help build essential world conditions for peace and freedom, and thereby promote and strengthen the foreign policies of the United States.



Transferring this program from the Department of Agriculture to a new Peace Food Administration in the Executive Office of the President would be of great and constructive value from the foreign policy standpoint. The present emphasis is placed on surplus disposal—on getting rid of an unwanted and unwelcome embarrassment of food surpluses. This negative approach is bound to provoke a negative response in the receiving countries.

We should rather give this program a positive emphasis. The fact is that abundant food supplies are a blessing in a world in which a billion people are undernourished. Our Government should treat these food supplies as a welcome asset which we are fortunate to have available. We should handle them as businesslike investments in economic and social progress in the less-developed countries, rather than as a giveaway. We should accept payment in local currencies, over an extended repayment period if necessary.

Your proposal to authorize food supply contracts for up to 10 years is likewise realistic and constructive. Neither sound investors nor businesslike borrowers will launch construction projects unless there is reasonable assurance of sufficient resources to complete them to the stage that they become productive.

Food is one of the main economic requirements for capital construction projects in many of the less-developed economies. Only if they have an assured supply of additional food can these countries afford to start building the roads, bridges, sanitation and water systems, and other projects they need without creating destructive inflation. Our food supplies, therefore, can provide a large share of the capital cost of such projects.

But needed projects can not be commenced if there is a danger that the food supply might be cut off in midstream. Long-term food supply contracts would allow this serious bottleneck to be broken.

From our standpoint, with \$9 billion in surpluses in our stockpiles today and \$1.5 billion more already in sight, there should be no question that we can afford to negotiate a reasonable volume of food supply contracts for up to 10 years.

Another particularly important feature of your proposal is for the use of our surpluses for market development.

Many of the underdeveloped economies are likely to remain short of food, and are therefore potential permanent markets for American farmers. Utilization of our food surpluses as investments in their capital construction projects will, by itself, help to develop consumer acceptance of our products.

Nonfat milk powder—which is Wisconsin's major surplus farm product—is the world's best buy from the nutritional standpoint. Aggressive market development, with research, experimentation, and promotion in methods of preparing and merchandising this and exportable dairy products, offers valuable long-range benefits to Wisconsin dairymen.

Best personal regards.

Sincerely yours,

GAYLORD A. NELSON,  
*Governor of Wisconsin.*

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STATEMENT OF SENATOR RICHARD L. NEUBERGER, OF OREGON, FOR SENATE COMMITTEE ON FOREIGN RELATIONS HEARING ON S. 1711, INTERNATIONAL FOOD FOR PEACE ACT

Mr. Chairman, and members of the committee, I appreciate the opportunity to present my views in support of S. 1711, the International Food for Peace Act of 1959, of which I am pleased to be a cosponsor.

The people of my State of Oregon have for some time been aware of the dramatic force for goodwill of our oversea surplus food distribution programs, as implemented through the provisions of Public Law 480, the Agricultural Trade Development and Assistance Act. They know also that it has brought increased demand for grain and fruits produced in and shipped from Oregon, particularly to Asian markets.

I have several times called the attention of the Senate to the effective work of the Oregon Wheat Growers League in this respect. Working under Public Law 480, the Oregon Wheat League has demonstrated clearly to the people of Oregon the humanitarian and economic values which have resulted from the program, which its representatives have been able to implement in Japan, South Korea, India, and Pakistan.

I have heard from representatives of the Oregon Wheat League who have worked in the Orient with this program of the meaningful effects which even this small scale operation can have in terms of alleviating hunger in the all too prevalent areas of extreme poverty. After a trip this spring to Japan and Korea, Mr. Clancy Jean, executive vice president of the Wheat League, wrote, "In Korea the stabilizing effect of U.S. grain stocks is very noticeable. Because countries like Korea are basically agrarian—and short of food—this tends to stabilize the country's economy. Food prices no longer have the extreme fluctuations caused by the size of the rice crop, inadequate transportation, and spring poverty."

S. 1711, the bill now under consideration by this committee, would provide the machinery for expanding our present meager and inadequate oversea surplus food distribution into a truly effective and meaningful program.

The bill would—

1. Permit expanded use of local currency sale of U.S. surplus agricultural commodities.
2. Expand use of existing international agencies for distribution of such foodstuffs.
3. Place the entire U.S. oversea food distribution program on a long-term basis.
4. Allow establishment of barter agreements.
5. Coordinate all elements of the program through establishment of a Peace Food Administration to operate this comprehensive program.

A long-range program combining these features under an effectively coordinated administration, such as S. 1711 would provide, would turn America's overflowing agricultural storage bins into storehouses of good will. I hope that the committee will give it full and favorable consideration.

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THE NATIONAL FEDERATION OF BUSINESS  
AND PROFESSIONAL WOMEN'S CLUBS, INC.,  
*Washington, D.C., July 14, 1959.*

Statement on S. 1711, the International Food for Peace Act of 1959 respectfully submitted to the Honorable J. W. Fulbright, Chairman of the Senate Foreign Relations Committee.

From: Mrs. Ruby H. Poole, National Legislation Chairman.

The majority of our National Legislative Steering Committee voted to support S. 1711, the International Food for Peace Act of 1959. Our National Federation of Business and Professional Women's Clubs, Inc., is composed of 174,000 members functioning in 3,426 clubs in the 50 States, the District of Columbia, and Puerto Rico.

We believe that expansion of Public Law 480, as proposed in S. 1711, would help the new nations, the rising countries, those just coming out of colonialism, that need capital for development through receiving our food for peace. The great opportunity in this program is that we can sell to these countries for their own money. We can make use of these foreign currencies to pay our bills in these countries, and here is where our products can become food for peace. We can loan the money back to them for their economic development to build roads, schools, factories, or whatever they may need to improve themselves. We can be building further trade and promoting good will for our country by helping new countries promote health, education, and business expansion.

If a food for peace program were developed on a big enough scale, it would siphon off our depressing surpluses and put them to work in parts of the world that are short of food and fiber. It would upgrade our own economy and that of deficit countries.

As food for peace would not be sold in our normal dollar or pound sterling markets, but would operate where there are no dollars or British pounds, American foodstuffs can be used in such a way that they do not interfere either with American markets or markets of agriculture in the local country or in neighboring countries who have traditionally supplied their need.

We hope that the Senate Foreign Relations Committee will take favorable action on S. 1711.



STATEMENT TO THE SENATE FOREIGN RELATIONS COMMITTEE BY VICTOR G. REUTHER, ADMINISTRATIVE ASSISTANT TO THE PRESIDENT, UAW, IN SUPPORT OF S. 1711, FOOD FOR PEACE BILL

Senator Humphrey's food for peace bill, S. 1711, now before your committee, would implement ideas that are vital in the global contest between humane democracy and totalitarianism which subordinates human to other values. We urge your committee to report this bill favorably at an early date for passage this session.

We have long believed that food is made to eat, fibers to wear and use and that our God-given ability to raise an abundance of both—more than our present population needs—should be used to help feed the hungry and the malnourished people of the world.

While simple humanity dictates such use, our national interest would also be served in three ways:

1. We could reduce the storage cost, currently running at the rate of \$13 million a week;

2. Properly distributed so as to take the place of capital in the underdeveloped and chronically hungry countries of the world, these so-called surplus foods and fibers are better than munitions and as good as gold in financing the only war we want to win, the effort to halt and begin to close the now widening gap in per capita incomes between the have and have not areas and peoples of the world;

3. Properly channeled, properly distributed, properly integrated with economic development programs so as not to break markets and compete unfairly with farmers in other lands, we can strengthen our allies and make friends of uncommitted people in vast areas of the world where we are going to defeat, or be defeated by, the competition announced by Mr. Khrushchev 2 years ago.

The distribution of so-called surplus foods and fibers should be organized in positive terms, not in the negative terms of "surplus disposal."

We know that many Americans still need a vastly better diet than they now get. Our union is firmly committed to the belief that no man, woman, or child ought to be denied the opportunity to enjoy a nourishing, attractive, and healthy diet. Recognizing the unpleasant reality that adequate income cannot be achieved overnight by millions of low-paid employed workers, by other millions of unemployed, aged, disabled, and chronically ill persons, we have supported and will continue to support bills whose purpose is to set up interim domestic food programs to supplement the food supply of those millions whose incomes are too low to buy a healthy diet.

Simultaneously, of course, we shall continue to seek, by collective bargaining and by participation in political life, to help see to it that all Americans have the opportunity to earn incomes permitting them to purchase an adequate diet and all other parts of a truly American standard of living.

On June 8, 1959, UAW Secretary-Treasurer Emil Mazey testified before the Senate Agriculture Subcommittee on Production, Marketing, and Stabilization, declaring enactment of S. 1384, the food administration bill, to be the main first step toward banishing hunger in America. We see no conflict between it and the food for peace bill; they dovetail; there is no danger that both bills, if made law, would strain our ability to produce and distribute food.

During World War II, American farmers produced abundantly, meeting the challenge that "food can win the war and write the peace." Food did help win the war; food did help write the peace in the years following the end of the shooting war.

Thanks to FAO and other U.N. agencies, we now know how to use food to end cold war hunger with a peace nourished by at least 3,000 calories a day, rising production and per capita incomes—a peace in a world in which everyone for the first time has enough to eat.

The cold war continues to require strength in missiles and guns. But, to break out of the ever-accelerating arms race, we need to use food, the munition of physical and mental strength, security, and peace.

Used with boldness, sympathy, and skill, it will not be resented as part of a dumping operation, but will be welcome as supplemental development capital. So utilized, our so-called surpluses of food can be more productive than the gold in Fort Knox. Food can still help to write the peace for freemen.

CHRISTIAN RURAL OVERSEAS PROGRAM,  
Columbus, Ohio, July 3, 1959.

SENATE COMMITTEE ON FOREIGN RELATIONS:

We have read with intense interest the proposals in Senate bill 1711. To us, these proposals are greatly needed as additions to the present Public Law 480.

It has been our privilege to travel in the refugee areas of Europe and the Middle East. We are heartily in agreement with the analysis of Senator Humphrey in regard to the success of Public Law 480. As we have testified before, there is a need for a much wider approach and a much larger use of American abundance for world peace.

Having been associated with the work of the voluntary agencies for a number of years, we have been thrilled with the achievements which have been accomplished through the cooperation of the U.S. Government and these agencies.

Because of the nature of our work, we speak before church and rural agency groups throughout the State of Ohio. We are continuously reassured by the people that they believe in this kind of program, that they feel it should not only be continued but enlarged and made more effective.

Respectfully submitted for testimony.

CLYDE N. ROGERS AND MARGARET BRUGLER.

MOUNT VERNON, N. Y., July 6, 1959.

To: Foreign Relations Committee.

Subject: S-1711, testimony of Mrs. R. I. Williams, Mt. Vernon, N. Y.

The most recent statement by Gen. B. R. Sen, Director of the Food and Agriculture Organization of the United Nations, to a news conference in Rome where the headquarters of the agency is now located, notes that, despite the abundance of food in the world, more than half its population has not enough to eat. He feels, as reported by an editorial in the New York Herald Tribune, that this particular material issue transcends the importance of political urgencies, cultural clashes, economic expediences, and personal ambition.

A few weeks later it was announced that, despite acreage limitation, land returned to the soil banks accompanied by a sliding scale of price supports, American farmers had again harvested another bumper crop.

President Eisenhower in his farm message to the Nation on January 28 noted among other recommendations and comments that "he would explore anew the possibility of making broader use of farm surpluses as instruments of peace."

Secretary of Agriculture Benson followed this up with a five-way conference on wheat surplus in which certain recommendations were made but no important action actually taken.

All of this preceding data relates to the Public Law 480 which permits the American taxpayer to share his blessings.

According to the CCC records this is not enough. Hunger still exists and surpluses mount—to the tune of slightly over \$1 million a day, storage cost alone, to the gentlemen and gentlewomen who would far rather see them distributed on a larger scale to those less fortunate.

Senator Hubert Humphrey has produced and authorized a bill for the extension of Public Law 480, directly in line with the wishes and hopes of the American people, the President, and the Secretary. It is to the validity of this that I wish to testify.

In the short space of a decade we have inaugurated many programs in an effort to share our abundance. Some have been accepted, others rejected on grounds of dumping and disrupting world markets.

To a woman, concerned from the first with the continued sustaining of life, it makes little or no sense to suggest that any market can be upset when the individuals concerned will perish anyhow. In plain words, despite cultural pride, tradition, national honor, and such, a hungry child is a hungry child, and a mother or father will do desperate things to alleviate this condition. Surely those people statistically scheduled to die of starvation and malnutrition, or destined to live an unproductive half life or abbreviated life on a bare subsistence level, cannot be conceived as an involuntary army fighting in the service of parity. It would be a naive assumption here to suppose that the market and not the individual is important. The question remains, Could their governments endure if their people cannot?



A predominant consensus of opinion by experts in the field is that the goal of worldwide adequate nutrition cannot be accomplished by redistribution. We know this—it has been our premise, it is our guiding light that sends technicians, who are sociologically tactful to help the soul, who cannot see the forest for the trees. The purpose of those wonderful dedicated individuals in FAO is to exemplify and train native persons in techniques that will increase, improve, and revitalize production. In the meantime, point IV works on a limited budget, limited manpower, and the limitations of technical assistance combined with nature.

(NOTE.—I trust that my Mount Vernon, N.Y., neighbors, Mr. and Mrs. P. Sayres, will be in evidence and will offer testimony. Their report on India was a challenge and inspiration to me. It was indicative of what exactly can happen to those esoteric groups that find a real problem and then proceed to forget about it all.)

Kindly note that no moral or ethic tone has been set in this paper. It is implicit to even the average run of an American. Their Government has a way of dropping food to besieged areas in wartime—and they will not be hamstrung by peace. The obligation of rallying the Government's representatives around alive men as their concern, rather than dead men who had paid the price of freedom, became a truism instead of a paradox.

Senator Humphrey's extension of Public Law 480 is an answer to the negation of Lord Boyd-Orr's first plan for a world food board in 1949 which asked only that those innocent people involved be protected.

Can't we conceive our moral problem? How much more exciting to suggest that we are not going to allow the others to perish or annihilate them; we are doomed to persuade them.

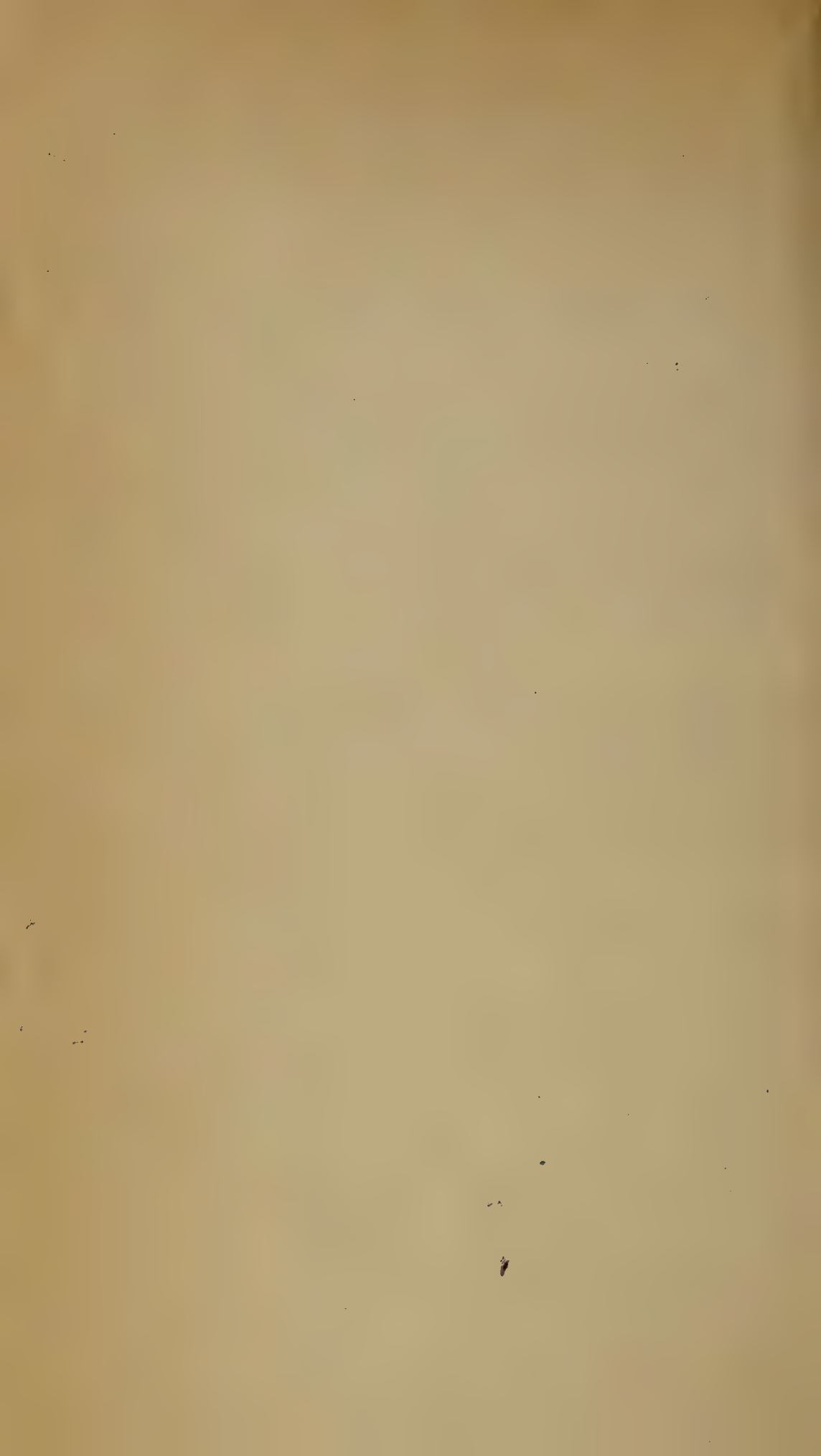
Respectfully submitted.

R. I. WILLIAMS.

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# EXTENSION OF PUBLIC LAW 480

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## HEARINGS

BEFORE THE

## COMMITTEE ON AGRICULTURE HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH CONGRESS

FIRST SESSION

ON

H.R. 2420, H.R. 3066, H.R. 3976, H.R. 4041,  
H.R. 4509, H.R. 5139, H.R. 6410, H.R. 6526,  
H.R. 6530, H.R. 6602, H.R. 6611, H.R. 6637,  
H.R. 6655, H.R. 6749, H.R. 7146, H.R. 7202,  
H.R. 7353, and H.R. 7983

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JULY 14, 15, 16, 17, 20, 21, 22, 23, 24, 27, 28, AND 29, 1959

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Serial X

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Printed for the use of the Committee on Agriculture







# EXTENSION OF PUBLIC LAW 480

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## HEARINGS BEFORE THE COMMITTEE ON AGRICULTURE HOUSE OF REPRESENTATIVES EIGHTY-SIXTH CONGRESS FIRST SESSION

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# CONTENTS

---

H.R. 2420. A bill to authorize the Secretary of Agriculture to make long-term contracts for the disposal of surplus agricultural commodities, and for other purposes.....	Page 1
H.R. 3066. A bill to authorize the Secretary of Agriculture to make long-term contracts for the disposal of surplus agricultural commodities, and for other purposes.....	2
H.R. 3976. A bill to authorize the Secretary of Agriculture to make long-term contracts for the disposal of surplus agricultural commodities, and for other purposes.....	3
H.R. 4041. A bill to amend the Agricultural Trade Development and Assistance Act of 1954, to extend its operations for 5 years.....	3
H.R. 4509. A bill to amend the Agricultural Trade Development and Assistance Act of 1954, to extend its operations for 5 years.....	4
H.R. 5139. A bill to express and effectuate the policy of Congress with respect to the disposal of surplus agricultural commodities, and for other purposes.....	4
H.R. 6410. A bill to express and effectuate the policy of Congress with respect to the disposal of surplus agricultural commodities, and for other purposes.....	4
H.R. 6526. A bill to promote the foreign policy of the United States and help build essential world conditions of peace by the more effective use of U.S. agricultural commodities for the relief of human hunger and for promoting economic and social development in less developed countries..	4
H.R. 6530. A bill to promote the foreign policy of the United States and help build essential world conditions of peace by the more effective use of U.S. agricultural commodities for the relief of human hunger and for promoting economic and social development in less developed countries..	10
H.R. 6602. A bill to promote the foreign policy of the United States and help to build essential world conditions of peace by the more effective use of U.S. agricultural commodities for the relief of human hunger, and for promoting economic and social development in less developed countries.....	16
H.R. 6611. A bill to promote the foreign policy of the United States and help build essential world conditions of peace by the more effective use of U.S. agricultural commodities for the relief of human hunger and for promoting economic and social development in less developed countries..	22
H.R. 6637. A bill to promote the foreign policy of the United States and help to build essential world conditions of peace by the more effective use of U.S. agricultural commodities for the relief of human hunger, and for promoting economic and social development in less developed countries.....	28
H.R. 6655. A bill to promote the foreign policy of the United States and help to build essential world conditions of peace by the more effective use of U.S. agricultural commodities for the relief of human hunger and and for promoting economic and social development in less developed countries.....	34
H.R. 6749. A bill to promote the foreign policy of the United States and help build essential world conditions of peace by the more effective use of U.S. agricultural commodities for the relief of human hunger and for promoting economic and social development in less developed countries..	41
H.R. 7146. A bill to amend the Agricultural Trade Development and Assistance Act of 1954, as amended.....	47
H.R. 7202. A bill to promote the foreign policy of the United States and help to build essential world conditions of peace by the more effective use of U.S. agricultural commodities for the relief of human hunger and for promoting economic and social development in less developed countries.....	47



H.R. 7353. A bill to promote the foreign policy of the United States and help to build essential world conditions of peace by the more effective use of U.S. agricultural commodities for the relief of human hunger and for promoting economic and social development in less developed countries-----	Page 54
H.R. 7983. A bill to amend the Agricultural Trade Development and Assistance Act of 1954 as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes-----	60
Statement of--	
Adkins, Edwin P., national coordinator, continental classroom, American Association of Colleges for Teacher Education-----	765, 767
Anfuso, Hon. Victor L., a Representative in Congress from the State of New York-----	551
Arrington, John H., Family Housing Division, Department of Defense; accompanied by Andrew C. Mayer, Office of the Counsel, and S. C. Alenier, Housing Division of the Office of the Assistant Secretary of Defense (P. & I.)-----	325
Battles, Roy, the National Grange; accompanied by Joseph Parker---	665
Baum, Richard K., executive vice president, Western Wheat Associates, U.S.A., Inc-----	186
Bean, Louis H., economic consultant-----	335
Behre, C. Edward, Friends Committee on National Legislation-----	734
Bookbinder, Hyman H., legislative representative, American Federation of Labor and Congress of Industrial Organizations-----	737
Brinkley, Homer L., of the Nation Council of Cooperatives-----	393
Brooks, William F., president, National Grain Trade Council-----	459
Campbell, Wallace J., director, Washington office, Cooperative League of the U.S.A-----	742
Casto, George K., director, Projects Administration Division, Defense Materials Service, GSA; accompanied by W. M. B. Freeman-----	683
Chambers, J. M., J. M. Chambers & Associates, Washington, D.C., on behalf of M. Golodetz & Co., New York, N.Y-----	580
Corcoran, Thomas, private businessman-----	568
Farrington, Carl C., vice president and manager, grain division, Archer-Daniels-Midland Co-----	474
Feuquay, Price, chairman of the board, National Grain Trade Council.	452
FitzGerald, D. A., Deputy Director, International Cooperation Administration; accompanied by Roger Stewart, Chief, Public Law 480, Liaison Branch, International Cooperation Administration---	230
Fletcher, Lawrence W., president, Water Resources Engineers, Inc---	763
Fountain, Hon. L. H., a Representative in Congress from the Second District of North Carolina; read by James Naughton, counsel, Intergovernmental Relations, Subcommittee of the Committee on Government Operations-----	343
Goddard, George, secretary, National Dry Bean Council-----	661
Goedecke, Otto, cotton merchant, Hallettsville, Tex-----	544
Hall, Reuben, lawyer, Boston, Mass., representing the New England Milk Producers Association and the Connecticut Milk Producers Association-----	655
Healy, Patrick B., assistant secretary, National Milk Producers Federation-----	396
Heimbürger, John, general counsel of the Committee on Agriculture, U.S. House of Representatives-----	89
Helmbrecht, William C., Jr., Dallas, Tex., on behalf of the American Cotton Shippers Association; accompanied by John C. White, counsel-----	527
Hope, Clifford R., president, Great Plains Wheat Market Development Association, Garden City, Kans-----	175
Johnson, Hon. Byron L., a Representative in Congress from the State of Colorado-----	774
Lawson, W. D., Sr., National Cotton Council of America, Gastonia, N.C-----	518
Lynn, John C., legislative director, and Herbert E. Harris II, assistant legislative director, the American Farm Bureau Federation---	367

Statement of—Continued

McDowell, O. D., Assistant Director, Civil Accounting and Auditing Division, General Accounting Office; accompanied by Frederick K. Rabel, Assistant Director; Bernard F. Burdick, Henry Eschwege, and Michael Gasso, Supervisory Accountants; and John W. Moore, Office of General Counsel, GAO-----	Page 253
Mann, Hon. Thomas C., Assistant Secretary of Economic Affairs; accompanied by Howard Brandon, Assistant Chief, Commodity Division, Office of International Resources; and Miss Dorothy M. Jester, international economist, Commodity Division-----	199, 213
Marshall, Hon. Fred, a Representative in Congress from the State of Minnesota-----	627
Miller, Clarence L., Assistant Secretary, U.S. Department of Agriculture; accompanied by Max Myers, Administrator, Foreign Agricultural Service; Ray Ioanes, Deputy Administrator, Foreign Agricultural Service; Patrick O'Leary, Assistant Administrator, FAS; and Nathan Koenig, Special Assistant to the Administrator, AMS--	94
Morgan, Dr. John D., Jr., minerals consultant, Washington, D.C.-----	674
Palmby, Clarence D., Vice President, Commodity Credit Corporation; accompanied by Wingate E. Underhill, assistant to Deputy Administrator, Price Support, CSS; Thomas R. Rawlings, Director, Barter and Stockpiling Division, CSS; Claude T. Coffman, Assistant for Soil Bank and Foreign Agriculture, Office, General Counsel, Department of Agriculture; and Rulon Gibb, Treasurer, CCC-----	399, 685
Patterson, R. L., Kansas Wheat Commission-----	492
Patton, James G., president, National Farmers Union; accompanied by Reuben Johnson-----	505
Reed, Otie M., Washington representative, National Creameries Association-----	630
Rickman, H. M., Supima Association of America-----	575
Rogers, Clyde N., director town and country representative, Ohio Council of Churches-----	730
Stambaugh, Lynn U., First Vice President, Export-Import Bank of Washington; accompanied by George A. Blowers, Director, and Eugene E. Oakes, economist-----	290
Swanstrom, Msgr. Edward E., chairman, American Council of Voluntary Agencies for Foreign Service, Inc., NCWC; accompanied by Dr. R. Norris Wilson, executive director, Church World Service, NCCCUSA; Mrs. Raphael Tourover, Hadassah; Fred Devine, deputy executive director, CARE; and A. W. Patterson, American Friends Service Committee-----	709
Tiffany, George O., lawyer, representing Nestlé's Products (Export), Inc.-----	656
Towne, James, Manufacturing Chemists Association, Inc.-----	572
Ullman, Hon. Al, a Representative in Congress from the State of Oregon-----	707
Whatley, David-----	768
Additional data submitted to the committee by—	
Department of Agriculture:	
A bill to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes-----	105
Chart 1.—Materials received under barter contracts-----	408
Chart 2.—Strategic and supplemental stockpile-----	409
Chart 3.—Exports of total U.S. agricultural commodities-----	410
Chart 4.—Value of U.S. agricultural exports bartered-----	411
Chart 5.—Coarse grains: U.S. exports to A countries-----	412
Chart 6.—Wheat and wheat flour: U.S. exports to A countries---	413
Chart 7.—Cotton: U.S. exports to A countries-----	414
Anderson, Clayton & Co., Houston, Tex., letter of December 3, 1958-----	424
Houston Cotton Exchange and Board of Trade, Houston, Tex., letter of December 4, 1958-----	425
Houston Cotton Exchange and Board of Trade, Houston, Tex., letter of January 22, 1959-----	426
The Texas Cotton Association, Waco, Tex., letter of March 26, 1959-----	426



## Additional data submitted to the committee by—Continued

Department of Agriculture—Continued	Page
Reynolds & Gibson, Liverpool, letter (cotton).....	427
H. E. Vaughan & Co., Dallas, Tex., letter of April 10, 1959.....	427
The Texas Cotton Association, Waco, Tex., letter of May 11, 1959.....	428
Claims for excessive price and excessive or improper commissions under title I, Public Law 480 (table).....	169
Cotton exports by major exporting countries, seasons beginning August 1, 1956, and 1957, and estimates for 1958 (table).....	127
Dollar savings resulting from Public Law 480 operations.....	167
Exports of specified commodities by the United States and Soviet bloc to United Kingdom, Netherlands, West Germany, Belgium-Luxembourg, Italy, and Japan, years ended June 30, 1957 and 1958 (6 tables).....	437-439
Exports of specified commodities by the United States and Soviet bloc to countries designated "A" under barter program, years ended June 30, 1957 and 1958 (table).....	439
Exports of U.S. agricultural commodities bartered (chart).....	407
How usual marketing requirements and additionality requirements are determined.....	165
List of the 20 largest exporters of cotton under Public Law 480, title I, from inception through January 31, 1959 (table).....	110
List of the 20 largest exporters of grain under title I, Public Law 480, from inception through May 31, 1959 (table).....	111
Pending requests for title I, Public Law 480 programs.....	172
Quantity and value of commodities pledged for outstanding loans and commodities in price support inventory as of May 31, 1959, and total investment as of May 31, 1958 (table).....	441
Storage costs for commodities acquired under price-support program as recorded in accounts of CCC for fiscal years 1957 and 1958 (table).....	440
Status of agreements and shipments, title I, Public Law 480, July 1, 1954, through May 31, 1959 (table).....	104
Table 1.—Commodity composition of programs under title I, Public Law 480 agreements signed through June 30, 1959.....	101
Table II.—Approximate quantities of commodities under title I, Public Law 480 agreements signed through June 30, 1959.....	102
Table III.—Planned uses of foreign currency under title I, Public Law 480 agreements signed through June 30, 1959.....	103
Use of voluntary agencies and persons in distribution to needy families.....	144
U.S. agricultural exports under specified Government-financed programs and total agricultural exports, quantity, July-June 1957-58.....	444
U.S. agricultural exports under specified Government-financed programs and total agricultural exports, quantity, July-March, 1958-59.....	446
USDA requirements for State distribution to needy families.....	142
American Council of Voluntary Agencies for Foreign Service, Inc.: List of member agencies.....	709
American Farm Bureau Federation: Agricultural exports fiscal year 1958 (table).....	373
Agricultural exports under direct Government programs (table).....	374
Bean, Louis H.: Corn and soybean acreage.....	340
Effect of a 3-year shift of 5 million corn acres to soybeans on feed stocks.....	341
Grain-consuming animal units and concentrates fed.....	340
Oats, barley, and sorghum acreage.....	342
Trends in corn and soybean acreage.....	339
U.S. exports of soybeans and oil.....	342
Bookbinder, Hyman H.: Resolution for AFL-CIO executive council.....	741
Campbell, Wallace J.: Agricultural surplus commodities (table).....	745

Additional data submitted to the committee by—Continued

Chambers, J. M.:

Exhibit A—Changes in barter program announced and list of strategic materials of November 14, 1958.....	Page 582
Exhibit B—Current list of strategic and critical materials for stockpiling.....	586
Exhibit C—Value of materials delivered under the barter program by country of origin (table).....	590
Modified barter program—Commodity-country designations for exportation of agricultural commodities under barter transactions (table).....	585
Wheat exports to Western Europe (chart).....	592

Cooley, Hon. Harold D., chairman:

American Friends Service Committee, Philadelphia, Pa., telegram of July 28.....	730
Department of Agriculture supplies answers to several questions by the chairman.....	695
U.S. Department of Agriculture, CSS, grain division, Washington, D.C., letter of August 6, 1959.....	773
C. B. Fox Co., New Orleans, letter of July 14, 1959.....	502
Grain storage in ships.....	773
National Grain Trade Council, Washington, D.C., newsletter of July 10, 1959.....	502
Russian wheat exports rising as production increases, bulletin, FAS, of May 15, 1959.....	565
Selected data relating to agricultural exports and operation of Public Law 480 (committee print).....	61

Department of Defense:

Status of Public Law 480 funds available for military family housing (as of April 1, 1959) (table).....	328
Surplus commodity housing program, cumulative report (as of April 1, 1959) (table).....	328

Export-Import Bank of Washington:

Countries imposing taxes on Eximbank operations.....	320
Countries in which eligible applications for section 104(e) loan funds have exceeded maximum funds expected, July 17, 1959 (table).....	310
Public Law 480 commodity sales agreements programs, August 13, 1957–July 15, 1959 (table).....	295
Section 104(e) loan to International Harvester Co. of Mexico, S.A. de C.V. (memorandum).....	317
Statement of loans and credits authorized in currencies of other countries under section 104(e) of Public Law 480, June 30, 1959 (table).....	300

Feuquay, Price:

Roster of members, National Grain Trade Council and table.....	457
--	-----

Fountain, Hon. L. H.:

Analysis of payments over \$100,000 on title I transactions, December 1957–November 1958 (table).....	361
---	-----

Goedecke, Otto:

Forty-three cotton exporting companies in the United States which have participated recently in CCC barter program.....	550
---	-----

International Cooperation Administration:

Barter contracts, fiscal years 1950–59 (table).....	251
Comparison of increases in loan agreements signed during January–June 1959—Allotments to NSCS and disbursements, October 1958–March 1959 (table).....	250
Repayments periods—Loan agreements concluded under section 104(g) of Public Law 480, as amended (table).....	246
Section 104(g) allotments of funds by ICA for approved projects (table).....	248

Mann, Hon. Thomas C.:

Foreign countries needs supplied for local currency.....	210
--	-----

Morgan, Dr. John D., Jr.:

Table 1.—U.S. metal and mineral imports.....	680
Table 2A.—Melting points of all elements above iron.....	681
Table 2B.—Melting points of certain refractory compounds.....	682





# EXTENSION OF PUBLIC LAW 480

TUESDAY, JULY 14, 1959

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
Washington, D.C.

The committee met at 10 a.m., Hon. Harold D. Cooley (chairman) presiding.

The CHAIRMAN. The committee will please be in order.

The committee is beginning hearings today on several bills relating to the extension of Public Law 480.

(The bills referred to follow:)

[H.R. 2420, 86th Cong., 1st sess.]

A BILL To authorize the Secretary of Agriculture to make long-term contracts for the disposal of surplus agricultural commodities, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by adding thereto the following new title:

## "TITLE IV—LONG-TERM SUPPLY CONTRACTS

"SEC. 401. The purpose of this title is to utilize agricultural commodities and the products thereof produced in the United States, including but not limited to agricultural commodities in surplus supply, to assist the economic development of friendly nations by assuring such nations a stable supply of agricultural commodities on long-term credit for domestic consumption during periods of economic development so that the resources and manpower of such nations may be utilized more effectively for industrial and other domestic economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use.

"SEC. 402. In furtherance of this purpose, the Secretary of Agriculture is authorized to enter into agreements with friendly nations under the terms of which the United States shall undertake to deliver annually (a) certain quantities of wheat, rice, cotton, feed grains, or tobacco, or (b) such other surplus agricultural commodities as may from time to time be available, for periods of not to exceed ten years.

"SEC. 403. Payment for such commodities shall be in dollars or in services or in strategic or other materials of which the United States does not domestically produce its requirements, as the Secretary may from time to time determine, with interest at such rate as the Secretary may determine but not more than 2½ per centum per year. Payments may be made in approximately equal annual amounts over periods of not to exceed forty years from the date of the last delivery of commodities under the agreement and interest shall be computed from the date of such last delivery.

"SEC. 404. Any such agreement shall include the following undertakings on the part of the purchasing nation as conditions of such contract:

"(1) That commodities provided hereunder will not replace any usual imports of the same or similar commodities by such nation from friendly nations;

"(2) That commodities provided hereunder will be used only for domestic consumption and that none of such commodities will be sold outside the pur-



chasing nation either directly or through replacement of domestic production;  
 “(3) That all of the net proceeds derived by such nation from the sale or distribution of commodities made available hereunder shall be used for domestic economic development of a nature non-competitive in world trade with United States commercial exports or in the United States with domestic production.

“SEC. 405. In entering into such agreements, the Secretary shall endeavor to reach agreement with other exporting nations of such commodities for their participation in the supply and assistance program herein authorized on a proportionate and equitable basis.

“SEC. 406. In carrying out this title, the provisions of sections 101, 102, 103 (a), 106, 107, and 108 of this Act shall be applicable to the extent not inconsistent with this title.”

[H.R. 3066, 86th Cong., 1st sess.]

A BILL To authorize the Secretary of Agriculture to make long-term contracts for the disposal of surplus agricultural commodities, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by adding thereto the following new title:

#### TITLE IV—LONG-TERM SUPPLY CONTRACTS

“SEC. 401. The purpose of this title is to utilize agricultural commodities and the products thereof produced in the United States, including but not limited to agricultural commodities in surplus supply, to assist the economic development of friendly nations by assuring such nations a stable supply of agricultural commodities on long-term credit for domestic consumption during periods of economic development so that the resources and manpower of such nations may be utilized more effectively for industrial and other domestic economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use.

“SEC. 402. In furtherance of this purpose, the Secretary of Agriculture is authorized to enter into agreements with friendly nations under the terms of which the United States shall undertake to deliver annually (a) certain quantities of wheat, rice, cotton, feed grains, or tobacco, or (b) such other surplus agricultural commodities as may from time to time be available, for periods of not to exceed ten years.

“SEC. 403. Payment for such commodities shall be in dollars or in services or in strategic or other materials of which the United States does not domestically produce its requirements, as the Secretary may from time to time determine, with interest at such rate as the Secretary may determine but not more than 2½ per centum per year. Payment may be made in approximately equal annual amounts over periods of not to exceed forty years from the date of the last delivery of commodities under the agreement and interest shall be computed from the date of such last delivery.

“SEC. 404. Any such agreement shall include the following undertakings on the part of the purchasing nation as conditions of such contract:

“(1) That commodities provided hereunder will not replace any usual imports of the same or similar commodities by such nation from friendly nations;

“(2) That commodities provided hereunder will be used only for domestic consumption and that none of such commodities will be sold outside the purchasing nation either directly or through replacement of domestic production;

“(3) That all of the net proceeds derived by such nation from the sale or distribution of commodities made available hereunder shall be used for domestic economic development of a nature noncompetitive in world trade with United States commercial exports or in the United States with domestic production.

“SEC. 405. In entering into such agreements, the Secretary shall endeavor to reach agreement with other exporting nations of such commodities for their participation in the supply and assistance program herein authorized on a proportionate and equitable basis.

“SEC. 406. In carrying out this title, the provisions of sections 101, 102, 103 (a), 106, 107, and 108 of this Act shall be applicable to the extent not inconsistent with this title.”

[H.R. 3976, 86th Cong., 1st sess.].

A BILL To authorize the Secretary of Agriculture to make long-term contracts for the disposal of surplus agricultural commodities, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by adding thereto the following new title:

**"TITLE IV—LONG-TERM SUPPLY CONTRACTS**

"SEC. 401. The purpose of this title is to utilize agricultural commodities and the products thereof produced in the United States, including but not limited to agricultural commodities in surplus supply, to assist the economic development of friendly nations by assuring such nations a stable supply of agricultural commodities on long-term credit for domestic consumption during periods of economic development so that the resources and manpower of such nations may be utilized more effectively for industrial and other domestic economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use.

"SEC. 402. In furtherance of this purpose, the Secretary of Agriculture is authorized to enter into agreements with friendly nations under the terms of which the United States shall undertake to deliver annually (a) certain quantities of wheat, rice, cotton, feed grains, or tobacco, or (b) such other surplus agricultural commodities as may from time to time be available, for period of not to exceed ten years.

"SEC. 403. Payments for such commodities shall be in dollars or in services or in strategic or other materials of which the United States does not domestically produce its requirements, as the Secretary may from time to time determine, with interest at such rate as the Secretary may determine but not more than 2½ per centum per year. Payment may be made in approximately equal annual amounts over periods of not to exceed forty years from the date of the last delivery of commodities under the agreement and interest shall be computed from the date of such last delivery.

"SEC. 404. Any such agreement shall include the following undertakings on the part of the purchasing nation as conditions of such contract:

"(1) That commodities provided hereunder will not replace any usual imports of the same or similar commodities by such nation from friendly nations;

"(2) That commodities provided hereunder will be used only for domestic consumption and that none of such commodities will be sold outside the purchasing nation either directly or through replacement of domestic production;

"(3) That all of the net proceeds derived by such nation from the sale or distribution of commodities made available hereunder shall be used for domestic economic development of a nature noncompetitive in world trade with United States commercial exports or in the United States with domestic production.

"SEC. 405. In entering into such agreements, the Secretary shall endeavor to reach agreement with other exporting nations of such commodities for their participation in the supply and assistance program herein authorized on a proportionate and equitable basis.

"SEC. 406. In carrying out this title, the provisions of sections 101, 102, 103 (a), 106, 107, and 108 of this Act shall be applicable to the extent not inconsistent with this title."

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[H.R. 4041, 86th Cong., 1st sess.].

A BILL To amend the Agricultural Trade Development and Assistance Act of 1954, to extend its operations for five years

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That section 103 (b) of the Agricultural Trade Development and Assistance Act of 1954 is amended by striking out "July 1, 1958" and inserting in lieu thereof "January 1, 1960", by striking out "1959" and inserting in lieu thereof "1964", and by striking out "\$2,250,000,000" and inserting in lieu thereof "\$7,500,000,000".

SEC. 2. Section 109 and section 204 of such Act are each amended by striking out "1959" and inserting in lieu thereof "1964".



[H.R. 4509, 86th Cong., 1st sess.]

A BILL To amend the Agricultural Trade Development and Assistance Act of 1954, to extend its operations for five years

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That section 103(b) of the Agricultural Trade Development and Assistance Act of 1954 is amended by striking out "July 1, 1958" and inserting in lieu thereof "January 1, 1960", by striking out "1959" and inserting in lieu thereof "1964", and by striking out "\$2,250,000,000" and inserting in lieu thereof "\$7,500,000,000".

SEC. 2. Section 109 and section 204 of such Act are each amended by striking out "1959" and inserting in lieu thereof "1964".

[H.R. 5139, 86th Cong., 1st sess.]

A BILL To express and effectuate the policy of Congress with respect to the disposal of surplus agricultural commodities, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That it is the policy of Congress that not less than 20 per centum of the surplus agricultural commodities which are disposed of outside the United States shall be exchanged for foreign materials or services of equivalent value to the United States. In furtherance of this policy, the Secretary of Agriculture is directed to take such steps as may be necessary to assure that in any fiscal year not to exceed 80 per centum of the agricultural commodities disposed of outside the United States from stocks of the Commodity Credit Corporation or through or with the assistance of any governmental program (which shall include but not be limited to all donations and all exports pursuant to the provisions of section 407 or section 416 of the Agricultural Act of 1949, as amended, section 402 of the Mutual Security Act of 1954, as amended, and the Agricultural Trade Development and Assistance Act of 1954, as amended) shall be disposed of other than pursuant to the provisions of section 303 of the Agricultural Trade Development and Assistance Act of 1954, as amended.

[H.R. 6410, 86th Cong., 1st sess.]

A BILL To express and effectuate the policy of Congress with respect to the disposal of surplus agricultural commodities, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That it is the policy of Congress that not less than 20 per centum of the surplus agricultural commodities which are disposed of outside the United States shall be exchanged for foreign materials or services of equivalent value to the United States. In furtherance of this policy, the Secretary of Agriculture is directed to take such steps as may be necessary to assure that in any fiscal year not to exceed 80 per centum of the agricultural commodities disposed of outside the United States from stocks of the Commodity Credit Corporation or through or with the assistance of any governmental program (which shall include but not be limited to all donations and all exports pursuant to the provisions of section 407 or section 416 of the Agricultural Act of 1949, as amended, section 402 of the Mutual Security Act of 1954, as amended, and the Agricultural Trade Development and Assistance Act of 1954, as amended) shall be disposed of other than pursuant to the provisions of section 303 of the Agricultural Trade Development and Assistance Act of 1954, as amended.

[H.R. 6526, 86th Cong., 1st sess.]

A BILL To promote the foreign policy of the United States and help build essential world conditions of peace by the more effective use of United States agricultural commodities for the relief of human hunger and for promoting economic and social development in less developed countries

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That Public Law 480 of the Eighty-third Congress, as amended, is further amended as follows:

(1) The first section (which provides the short title) is amended to read as follows:

"That this Act may be cited as 'The International Food for Peace Act of 1959'."

(2) Section 2 (which consists of a statement of policy) is amended to read as follows:

"CONGRESSIONAL FINDINGS AND POLICY

"SEC. 2. (a) Because of the increased productivity made possible by science and technology, there is now, for the first time in history, no reason in physical scarcity for the continued existence of hunger—anywhere on this earth. It is now possible and practical for mankind to take cooperative steps to abolish human hunger.

"This being so, massive hunger and suffering from want of clothing, existing in the world in the shadow of unused present and potential surpluses of food and fiber, are no longer tolerable, either morally, politically, or economically.

"The Congress, while recognizing the difficult international, political, and economic problems that lie between hunger and want of clothing in many parts of the world and food and fiber surpluses in others, declares it to be the policy of the United States to move as rapidly as possible in cooperation with other friendly nations, toward putting its abundance of food and fiber more effectively in the service of human need.

"(b) Peoples who comprise one-third of the human race have in our generation achieved national independence (or are in the process of doing so) and are in revolt against the poverty, ignorance, disease, inferior status, and lack of opportunity which have always been their lot. They are determined to achieve that economic and social development necessary to national dignity and individual well-being. To mobilize their resources with reasonable speed and develop their economies to a point where they are self-propelled and self-sustaining they require substantial outside aid over a considerable period of years. If that aid is adequately forthcoming from the free world, they have a good chance to accomplish their purposes in freedom, remaining a part of the free world and contributing to its strength and well-being. If it is not forthcoming, their alternative is to seek it in the Communist world, and in the process to surrender both personal and national freedom. Deeply aware of and sympathetic with the aspirations of the world's peoples who seek in freedom greater national dignity and individual well-being, the Congress declares it to be the policy of the United States to help them achieve those aspirations. The Congress recognizes that for this purpose a number of different kinds of aid are required, but that among them food and fiber aid is a highly important form and one whose effectiveness can be greatly increased. The Congress declares that the agricultural abundance of the United States is not an embarrassment but a blessing to be used in the service of mankind, that it should be so used to the maximum extent possible, and that if it is so used it can help build essential conditions of world peace and freedom.

"(c) To achieve those larger purposes, the Congress directs that this Act shall be administered (1) so as to help other countries carry forward their own national or regional plans for development in freedom and independence; (2) so as to support the efforts and programs of the United Nations, its specialized agencies and affiliated organizations, and regional organizations of friendly countries, directed toward the same ends (3) so as to leave wide latitude in working out details of national agreements and projects to United States Chiefs of Missions in negotiations with the governments concerned and (4) so as to enlist the cooperation of other countries in putting agricultural surpluses more effectively in the service of human need and the economic and social development of less developed countries.

"(d) It is also declared to be the policy of Congress to expand international trade among the United States and friendly nations, to facilitate the convertibility of currency, to promote the economic stability of American agriculture, and the national welfare, to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment thereof. It is further the policy to use foreign currencies which accrue to the United States under this Act to expand international trade, to encourage economic development to purchase strategic materials, to pay United States obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the United States."



(3) Section 101 (which relates to the negotiation of agreements) is amended by striking out "and" at the end of paragraph (d), by changing the period at the end of paragraph (e) to a semicolon, and by adding at the end of such section the following new paragraphs:

"(f) seek, insofar as possible, to enter into such agreements for periods in excess of one year; and

"(g) give maximum attention to utilizing the authority and funds provided by this Act to further the economic and social development plans of underdeveloped countries."

(4) Section 103(b) (prescribing limit on appropriations) is amended to read as follows:

"(b) Agreements shall not be entered into under this title during the period beginning July 1, 1959, and ending June 30, 1964, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$2,000,000,000 annually, plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior fiscal years by this Act as in effect during such fiscal years."

(5) Section 103 is further amended by adding at the end thereof the following new subsection:

"(c) In carrying out programs and activities under this title, the President shall, insofar as possible, coordinate such programs and activities with other United States and international programs and activities directed toward the same end."

(6) Section 104(e) (relating to loans for trade expansion) is amended by striking out "Export-Import Bank for loans mutually agreeable to said bank" and inserting in lieu thereof "United States Development Loan Fund created by title II of chapter II of the Mutual Security Act of 1954, as amended, for loans mutually agreeable to said Fund", and by inserting before the semicolon at the end thereof a colon and the following: "*Provided further*, That funds which have accrued under this section and which are uncommitted may at the discretion of the President, be placed under the administration of the Development Loan Fund".

(7) Section 104(g) (relating to the promotion of trade and economic development) is amended to read as follows:

"(g) For loans and grants to promote multilateral trade and economic development, made through established banking facilities of the friendly nation from which the foreign currency was obtained or in any other manner which the President may deem to be appropriate. Interest on loans made under this subsection shall be at such rate, not to exceed 2½ per centum per annum, as the President shall determine. Strategic materials, services, or foreign currencies may be accepted in payment of such loans;"

(8) Section 104(h) (relating to international educational exchange activities) is amended by striking out the words "in such amounts as may be specified from time to time in appropriation Acts" and by striking out the semicolon at the end thereof and inserting in lieu thereof a period and the following: "Such currencies may also be used for making grants to United States nonprofit organizations and institutions for carrying out such exchange of persons projects under this paragraph between the United States and other countries as may be agreed upon between such organizations and institutions and the Secretary of State, but no such grants shall be made to any organization or institution which does not agree to provide the dollar funds which the Secretary of State deems necessary to carry forward agreed projects to a successful conclusion;"

(9) Section 104(k) (relating to scientific activities) is amended by striking out "but no foreign currencies shall be used for the purposes of this subsection (k) unless specific appropriations be made therefor" and inserting in lieu thereof the following: "and to promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation".

(10) Section 104(o) (relating to assistance to educational facilities sponsored by United States citizens) is amended by striking out so much thereof as follows the semicolon.

(11) Section 104 (relating to uses of foreign currencies) is amended by inserting after paragraph (o) the following new paragraphs:

"(p) For supporting workshops in American studies or American educational techniques, and supporting chairs in American studies.

"(q) For financing technicians and other personnel of the United Nations Food and Agricultural Organization and World Health Organization (including necessary equipment and supplies) engaged in (i) consulting and advising on, conducting, or administering Government programs designed to relieve chronic hunger and malnutrition, (ii) consulting and advising on programs for the storage, management, and operation of national food reserves, or (iii) training local technical, administrative, and other personnel needed to carry out such programs;

"(r) For financing research, surveys, conferences, publicity, and other activities which the President shall find to be helpful in support of the projected 'free the world from hunger' campaign of the United Nations Food and Agriculture Organization; and for such purposes and the purposes of paragraph (q) any currencies of any country available under this Act may be transferred to and used in any other country;

"(s) For financing local currency cost components of projects undertaken by the United Nations Special Fund for which such Fund pays foreign exchange costs;

"(t) For contributions, in addition to United States dollar contributions, to the capital fund of any international development association or organization of which the United States is a member which may be established as an affiliate of the International Bank for Reconstruction and Development for the purpose of making long-term loans for economic development;

"(u) For financing the preparation, distribution, and exhibiting of audiovisual informational and educational materials, including Government materials abroad;

"(v) For transfer to the International Finance Corporation for the purpose of promoting private investment abroad under such arrangement as may be agreed upon between the President, said Corporation, and the country whose currency is involved.

"(w) For financing the services of technicians, advisers, and administrators who are nationals of any friendly country, which may be needed to further economic and social development programs in other friendly countries;

"(x) For financing relief and rehabilitation projects undertaken following disasters or for assistance to refugees."

(12) Section 104 is further amended by inserting before the period at the end thereof a comma and the following: "and from time to time release for the general purposes of this title funds that may have accrued in excess of prospective needs for payment of United States obligations".

(13) Section 106 (which relates to determination of nations with which agreements shall be negotiated) is amended by striking out the words "Secretary of Agriculture" where they appear the second time and inserting in lieu thereof "President".

(14) Section 107 (which defines "friendly nation") is amended by inserting before the period at the end thereof a colon and the following: "Provided, That such term shall not exclude any nation referred to in clause (2) if the President determines that the making and carrying out of agreements with such nation under this Act will be in the interest of attaining the foreign-policy objectives of the United States".

(15) Section 109 (which relates to the duration of the program under title I) is amended by striking out "December 31, 1959" and inserting in lieu thereof "June 30, 1964".

(16) Section 202 (authorizing grants of surplus commodities for famine relief) is amended by striking out "with friendly governments or through voluntary agencies" and inserting in lieu thereof "by or with friendly governments or voluntary relief agencies to carry out the purposes of section 201 and to assist friendly nations in establishing, expanding, or carrying out programs, including programs undertaken with the assistance of experts and technicians of the United Nations Food and Agriculture Organization, and the World Health Organization for the relief of chronic hunger and malnutrition".

(17) Section 203 (which imposes limits on expenditures under title II) is amended by striking out the first sentence and inserting in lieu thereof the following: "Not more than \$250,000,000, including the Corporation's investment in the commodities, shall be expended annually for all such transfers and for other costs authorized by this title."

(18) Section 204 (which relates to the duration of the program under title II) is amended by striking out "December 31, 1959" and inserting in lieu thereof "June 30, 1964".



(19) Section 304(b) (which prohibits certain transactions with the Union of Soviet Socialist Republics and areas dominated or controlled by the Communist regime in China) is amended by striking out "title I or title III" and inserting in lieu thereof "title I, title III, title IV, and title V, or title VI".

(20) Title III is further amended by adding at the end thereof a new section as follows:

"SEC. 306. Notwithstanding any other provision of law, the Commodity Credit Corporation is hereby directed—

"(1) to dispose of its stocks of edible oils or products thereof by donation, upon such terms and conditions as the Secretary of Agriculture deems appropriate, to nonprofit voluntary agencies registered with the Department of State, appropriate agencies of the Federal Government or international organizations, for use in the assistance of needy persons outside the United States;

"(2) to purchase for donation as provided above such quantities of edible oils and the products thereof as the Secretary determines will maintain the support level for cottonseed and soybeans without requiring the acquisition of such commodities under the price support program.

Commodity Credit Corporation may incur such additional costs with respect to commodities to be donated hereunder as it is authorized to incur with respect to food commodities disposed of under section 416 of the Agricultural Act of 1949, and may pay ocean freight charges from United States ports to designated ports of entry abroad."

(21) Such Act is further amended by adding at the end thereof the following new titles:

#### "TITLE IV—LONG-TERM SUPPLY CONTRACTS

"SEC. 401. The purpose of this title is to utilize agricultural commodities and the products thereof produced in the United States, including but not limited to agricultural commodities in surplus supply, to assist the economic development of friendly nations by assuring such nations a stable supply of agricultural commodities on long-term credit for domestic consumption during periods of economic development so that the resources and manpower of such nations may be utilized more effectively for industrial and other domestic economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use.

"SEC. 402. In furtherance of this purpose, the President is authorized to enter into agreements with friendly nations under the terms of which the United States shall undertake to deliver annually (a) certain quantities of wheat, rice, cotton, feed grains, or tobacco, or (b) such other surplus agricultural commodities as may from time to time be available, for periods of not to exceed ten years.

"SEC. 403. Payment for such commodities shall be in dollars or in services or in strategic or other materials of which the United States does not domestically produce its requirements, as the President may from time to time determine, with interest at such rate as the President may determine but not more than 2½ per centum per year. Payment may be made in approximately equal annual amounts over periods of not to exceed forty years from the date of the last delivery of commodities under the agreement and interest shall be computed from the date of such last delivery.

"SEC. 404. Any such agreement shall include the following undertakings on the part of the purchasing nation as conditions of such contract:

"(1) That commodities provided hereunder will not replace any usual imports of the same or similar commodities by such nation from friendly nations;

"(2) That commodities provided hereunder will be used only for domestic consumption and that none of such commodities will be sold outside the purchasing nation either directly or through replacement of domestic production.

"SEC. 405. In entering into such agreements, the President shall endeavor to reach agreement with other exporting nations of such commodities for their participation in the supply and assistance program herein authorized on a proportionate and equitable basis.

"SEC. 406. In carrying out this title, the provisions of sections 101, 102, 103(a), 106, 107, and 108 of this Act shall be applicable to the extent not inconsistent with this title.

#### "TITLE V—NATIONAL FOOD RESERVES

"SEC. 501. The President is authorized to implement the resolution adopted by the United Nations on February 20, 1957 (United Nations Resolution 1025 [XI]),

which was sponsored by the United States, calling for international cooperation in the establishment of national food reserves by making transfers of surplus agricultural commodities for the purpose of establishing such reserves. The Commodity Credit Corporation shall make available to the President out of its stocks such agricultural commodities as he may request for this purpose.

"SEC. 502. In making transfers under this title, the President may provide for delivery f.o.b. vessels in United States ports and, upon a determination by the President that it is necessary to accomplish the purposes of such resolution, for the payment of ocean freight charges from United States ports to designated ports of entry abroad, and for furnishing of technical and other assistance in providing storage facilities for the food reserves so established.

"SEC. 503. (a) No assistance under this title shall be furnished to any nation or organization of nations unless such nation or organization agrees—

"(1) to use the commodities furnished under this title to establish national food reserves;

"(2) to maintain the food reserves so established at agreed levels;

"(3) to consult with and utilize the services of experts and technicians of the United Nations Food and Agriculture Organization with respect to technical problems of storage, management, and operation of national food reserves;

"(4) to maintain and operate such reserves in such manner that they will not interfere with normal commercial trade of the United States or other friendly nations.

"(b) The President is authorized to make transfers of commodities under title II wherever necessary to replenish reserves which are depleted as a result of famine or other urgent or extraordinary relief requirements.

"SEC. 504. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this title. Sums appropriated for such purpose shall be available to reimburse the Commodity Credit Corporation for the Corporation's investment in commodities transferred hereunder and for all costs referred to in section 103(a).

"SEC. 505. No grants or other assistance shall be furnished under this title after June 30, 1964.

#### "TITLE VI—BINATIONAL FOUNDATIONS

"SEC. 601. (a) The President is authorized to negotiate and carry out agreements with friendly nations to provide for the establishment in such countries of nonprofit foundations to foster and promote research, education, health, and public welfare.

"(b) A foundation established under this title shall be under the direction of a board of trustees consisting of—

"(1) a number, to be determined by the agreement between the United States and the country in which the foundation is located, of the nationals of such country appointed by the Government thereof;

"(2) an equal number of nationals of the United States (one of whom shall be the chief of the United States diplomatic mission to such country) appointed by the President; and

"(3) one member, who shall be chairman, who shall be appointed by the Government of such country with the approval of a majority of the members appointed as provided in clauses (1) and (2).

Members of a board of trustees shall serve at the pleasure of the appointing authority, and vacancies shall be filled in the same manner as in the case of the original appointments.

"SEC. 602. Notwithstanding the provisions of section 1415 of the Supplemental Appropriation Act 1953, or any other provision of law, the President is authorized to grant to any foundation established under this title for use in carrying out the purposes specified in section 601(a) any unexpended local currencies which accrue to the United States, as repayments of principal or payment of interest on loans heretofore or hereafter made by the United States under section 104. Any such currencies may be used for direct expenditure, or may be invested and the proceeds used, for carrying out this title.

#### "TITLE VII—ADMINISTRATION

"SEC. 701. (a) There is hereby established in the Executive Office of the President an agency to be known as the Peace Food Administration, which shall be headed by a Peace Food Administrator appointed by the President by and with



the advice and consent of the Senate. The Peace Food Administrator shall serve at the pleasure of the President and shall receive compensation at the rate of \$21,000 per annum.

"(b) (1) The President shall carry out the functions conferred upon him by this Act and section 402 of the Mutual Security Act of 1954, as amended, either directly or through the Peace Food Administrator.

"(2) The President is authorized to transfer to the Peace Food Administrator the functions of any other agency which he determines are related to the functions of, and can be more effectively or economically carried out by, the Peace Food Administrator, together with any personnel or property used primarily in carrying out such functions.

"(c) The Peace Food Administrator is authorized to make such expenditures and appoint and fix the compensation of such personnel as may be necessary to enable him to carry out his functions.

"SEC. 702. (a) There is hereby established a Peace Food Policy Committee which shall consist of an Assistant Secretary, or officer of comparable level, of each of the following departments or agencies: Departments of State, Treasury, Agriculture, Commerce, Health, Education, and Welfare, and the International Cooperation Administration.

"(b) It shall be the duty of the Peace Food Policy Committee to advise and consult with the Peace Food Administrator concerning the administration of this Act. The Committee shall meet from time to time upon request of the Peace Food Administrator and at such other times as it may deem necessary.

"SEC. 703. (a) There is hereby established a Peace Food Advisory Committee which shall consist of representatives of the following and such other groups as the President deems advisable who shall be appointed by the President for terms of two years:

"(1) The major agricultural organizations;

"(2) Exporters of food and fiber;

"(3) Voluntary agencies such as CARE and church groups;

"(4) Educational groups; and

"(5) Voluntary health groups.

"(b) It shall be the duty of the Peace Food Advisory Committee to advise and consult with the Peace Food Administrator, and to make such recommendations as it deems advisable, concerning the administration of this Act. The Committee shall meet from time to time upon request of the Peace Food Administrator and at such other times as it may deem necessary. In carrying out its duties under this Act, the Committee shall invite a representative of the United Nations Food and Agriculture Organization to meet with the Committee in order that, through him, the views of other exporting countries might be heard and their interests taken into account.

"(c) Members of the Advisory Committee shall be entitled, while attending meetings of the Committee, to receive compensation at the rate of \$50 per diem, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons in the Government service employed intermittently.

"SEC. 704. In negotiating agreements under this Act, the President shall give due consideration to the internal and external political and economic conditions of the countries concerned by drawing upon the appropriate title or titles of this Act in such manner as to carry out more effectively the policy set forth in section 2."

[H.R. 6530, 86th Cong., 1st sess.].

A BILL To promote the foreign policy of the United States and help build essential world conditions of peace by the more effective use of United States agricultural commodities for the relief of human hunger and for promoting economic and social development in less developed countries

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That Public Law 480 of the Eight-third Congress, as amended, is further amended as follows:

(1) The first section (which provides the short title) is amended to read as follows:

"That this Act may be cited as 'The International Food for Peace Act of 1959'."

(2) Section 2 (which consists of a statement of policy) is amended to read as follows:

## "CONGRESSIONAL FINDINGS AND POLICY

"SEC. 2. (a) Because of the increased productivity made possible by science and technology, there is now, for the first time in history, no reason in physical scarcity for the continued existence of hunger—anywhere on this earth. It is now possible and practical for mankind to take cooperative steps to abolish human hunger.

"This being so, massive hunger and suffering from want of clothing, existing in the world in the shadow of unused present and potential surpluses of food and fiber, are no longer tolerable, either morally, politically, or economically.

"The Congress, while recognizing the difficult international, political, and economic problems that lie between hunger and want of clothing in many parts of the world and food and fiber surpluses in others, declares it to be the policy of the United States to move as rapidly as possible in cooperation with other friendly nations, toward putting its abundance of food and fiber more effectively in the service of human need.

"(b) Peoples who comprise one-third of the human race have in our generation achieved national independence (or are in the process of doing so) and are in revolt against the poverty, ignorance, disease, inferior status, and lack of opportunity which have always been their lot. They are determined to achieve that economic and social development necessary to national dignity and individual well-being. To mobilize their resources with reasonable speed and develop their economies to a point where they are self-propelled and self-sustaining they require substantial outside aid over a considerable period of years. If that aid is adequately forthcoming from the free world, they have a good chance to accomplish their purposes in freedom, remaining a part of the free world and contributing to its strength and well-being. If it is not forthcoming, their alternative is to seek it in the Communist world, and in the process to surrender both personal and national freedom. Deeply aware of and sympathetic with the aspirations of the world's peoples who seek in freedom greater national dignity and individual well-being, the Congress declares it to be the policy of the United States to help them achieve those aspirations. The Congress recognizes that for this purpose a number of different kinds of aid are required, but that among them food and fiber aid is a highly important form and one whose effectiveness can be greatly increased. The Congress declares that the agricultural abundance of the United States is not an embarrassment but a blessing to be used in the service of mankind, that it should be so used to the maximum extent possible, and that if it is so used it can help build essential conditions of world peace and freedom.

"(c) To achieve these larger purposes, the Congress directs that this Act shall be administered (1) so as to help other countries carry forward their own national or regional plans for development in freedom and independence; (2) so as to support the efforts and programs of the United Nations, its specialized agencies and affiliated organizations, and regional organizations of friendly countries, directed toward the same ends; (3) so as to leave wide latitude in working out details of national agreements and projects to United States Chiefs of Missions in negotiations with the governments concerned; and (4) so as to enlist the cooperation of other countries in putting agricultural surpluses more effectively in the service of human need and the economic and social development of less developed countries.

"(d) It is also declared to be the policy of Congress to expand international trade among the United States and friendly nations, to facilitate the convertibility of currency, to promote the economic stability of American agriculture, and the national welfare, to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment thereof. It is further the policy to use foreign currencies which accrue to the United States under this Act to expand international trade, to encourage economic development to purchase strategic materials, to pay United States obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the United States."

(3) Section 101 (which relates to the negotiation of agreements) is amended by striking out "and" at the end of paragraph (d), by changing the period at



the end of paragraph (e) to a semicolon, and by adding at the end of such section the following new paragraphs:

"(f) seek, insofar as possible, to enter into such agreements for periods in excess of one year; and

"(g) give maximum attention to utilizing the authority and funds provided by this Act to further the economic and social development plans of underdeveloped countries."

(4) Section 103(b) (prescribing limit on appropriations) is amended to read as follows:

"(b) Agreements shall not be entered into under this title during the period beginning July 1, 1959, and ending June 30, 1964, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$2,000,000,000 annually, plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior fiscal years by this Act as in effect during such fiscal years."

(5) Section 103 is further amended by adding at the end thereof the following new subsection:

"(c) In carrying out programs and activities under this title, the President shall, insofar as possible, coordinate such programs and activities with other United States and international programs and activities directed toward the same end."

(6) Section 104(e) (relating to loans for trade expansion) is amended by striking out "Export-Import Bank for loans mutually agreeable to said bank" and inserting in lieu thereof "United States Development Loan Fund created by title II of chapter II of the Mutual Security Act of 1954, as amended, for loans mutually agreeable to said Fund", and by inserting before the semicolon at the end thereof a colon and the following: "Provided further, That funds which have accrued under this section and which are uncommitted may at the discretion of the President, be placed under the administration of the Development Loan Fund".

(7) Section 104(g) (relating to the promotion of trade and economic development) is amended to read as follows:

"(g) For loans and grants to promote multilateral trade and economic development, made through established banking facilities of the friendly nation from which the foreign currency was obtained or in any other manner which the President may deem to be appropriate. Interest on loans made under this subsection shall be at such rate, not to exceed 2½ per centum per annum, as the President shall determine. Strategic materials, services, or foreign currencies may be accepted in payment of such loans;".

(8) Section 104(h) (relating to international educational exchange activities) is amended by striking out the words "in such amounts as may be specified from time to time in appropriation Acts" and by striking out the semicolon at the end thereof and inserting in lieu thereof a period and the following: "Such currencies may also be used for making grants to United States nonprofit organizations and institutions for carrying out such exchange of persons projects under this paragraph between the United States and other countries as may be agreed upon between such organizations and institutions and the Secretary of State, but no such grants shall be made to any organization or institution which does not agree to provide the dollar funds which the Secretary of State deems necessary to carry forward agreed projects to a successful conclusion;".

(9) Section 104(k) (relating to scientific activities) is amended by striking out "but no foreign currencies shall be used for the purposes of this subsection (k) unless specific appropriations be made therefor" and inserting in lieu thereof the following: "and to promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation".

(10) Section 104(o) (relating to assistance to educational facilities sponsored by United States citizens) is amended by striking out so much thereof as follows the semicolon.

(11) Section 104 (relating to uses of foreign currencies) is amended by inserting after paragraph (o) the following new paragraphs:

"(p) For supporting workshops in American studies or American educational techniques, and supporting chairs in American studies.

"(q) For financing technicians and other personnel of the United Nations Food and Agriculture Organization and World Health Organization (including

necessary equipment and supplies) engaged in (i) consulting and advising on, conducting, or administering Government programs designed to relieve chronic hunger and malnutrition, (ii) consulting and advising on programs for the storage, management, and operation of national food reserves, or (iii) training local technical, administrative, and other personnel needed to carry out such programs;

“(r) For financing research, surveys, conferences, publicity, and other activities which the President shall find to be helpful in support of the projected ‘free the world from hunger’ campaign of the United Nations Food and Agriculture Organization; and for such purposes and the purposes of paragraph (q) any currencies of any country available under this Act may be transferred to and used in any other country;

“(s) For financing local currency cost components of projects undertaken by the United Nations Special Fund for which such Fund pays foreign exchange costs;

“(t) For contributions, in addition to United States dollar contributions, to the capital fund of any international development association or organization of which the United States is a member which may be established as an affiliate of the International Bank for Reconstruction and Development for the purpose of making long-term loans for economic development;

“(u) For financing the preparation, distribution, and exhibiting of audiovisual informational and educational materials, including Government materials, abroad;

“(v) For transfer to the International Finance Corporation for the purpose of promoting private investment abroad under such arrangement as may be agreed upon between the President, said Corporation, and the country whose currency is involved;

“(w) For financing the services of technicians, advisers, and administrators who are nationals of any friendly country, which may be needed to further economic and social development programs in other friendly countries;

“(x) For financing relief and rehabilitation projects undertaken following disasters or for assistance to refugees.”

(12) Section 104 is further amended by inserting before the period at the end thereof a comma and the following: “and from time to time release for the general purposes of this title funds that may have accrued in excess of prospective needs for payment of United States obligations”.

(13) Section 106 (which relates to determination of nations with which agreements shall be negotiated) is amended by striking out the words “Secretary of Agriculture” where they appear the second time and inserting in lieu thereof “President”.

(14) Section 107 (which defines “friendly nation”) is amended by inserting before the period at the end thereof a colon and the following: “*Provided*, That such term shall not exclude any nation referred to in clause (2) if the President determines that the making and carrying out of agreements with such nation under this Act will be in the interest of attaining the foreign-policy objectives of the United States”.

(15) Section 109 (which relates to the duration of the program under title I) is amended by striking out “December 31, 1959” and inserting in lieu thereof “June 30, 1964”.

(16) Section 202 (authorizing grants of surplus commodities for famine relief) is amended by striking out “with friendly governments or through voluntary agencies” and inserting in lieu thereof “by or with friendly governments or voluntary relief agencies to carry out the purposes of section 201 and to assist friendly nations in establishing, expanding, or carrying out programs, including programs undertaken with the assistance of experts and technicians of the United Nations Food and Agricultural Organization, and the World Health Organization for the relief of chronic hunger and malnutrition”.

(17) Section 203 (which imposes limits on expenditures under title II) is amended by striking out the first sentence and inserting in lieu thereof the following: “Not more than \$250,000,000, including the Corporation’s investment in the commodities, shall be expended annually for all such transfers and for other costs authorized by this title.”

(18) Section 204 (which relates to the duration of the program under title II) is amended by striking out “December 31, 1959” and inserting in lieu thereof “June 30, 1964”.

(19) Section 304(b) (which prohibits certain transactions with the Union of Soviet Socialist Republics and areas dominated or controlled by the Com-



munist regime in China) is amended by striking out "title I or title III" and inserting in lieu thereof "title I, title III, title IV, title V, or title VI".

(20) Title III is further amended by adding at the end thereof a new section as follows:

"SEC. 306. Notwithstanding any other provision of law, the Commodity Credit Corporation is hereby directed—

"(1) to dispose of its stocks of edible oils or products thereof by donation, upon such terms and conditions as the Secretary of Agriculture deems appropriate, to nonprofit voluntary agencies registered with the Department of State, appropriate agencies of the Federal Government or international organizations, for use in the assistance of needy persons outside the United States;

"(2) to purchase for donation as provided above such quantities of edible oils and the products thereof as the Secretary determines will maintain the support level for cottonseed and soybeans without requiring the acquisition of such commodities under the price support program.

Commodity Credit Corporation may incur such additional costs with respect to commodities to be donated hereunder as it is authorized to incur with respect to food commodities disposed of under section 416 of the Agricultural Act of 1949, and may pay ocean freight charges from United States ports to designated ports of entry abroad."

(21) Such Act is further amended by adding at the end thereof the following new titles:

#### "TITLE IV—LONG-TERM SUPPLY CONTRACTS

"SEC. 401. The purpose of this title is to utilize agricultural commodities and the products thereof produced in the United States, including but not limited to agricultural commodities in surplus supply, to assist the economic development of friendly nations by assuring such nations a stable supply of agricultural commodities on long-term credit for domestic consumption during periods of economic development so that the resources and manpower of such nations may be utilized more effectively for industrial and other domestic economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use.

"SEC. 402. In furtherance of this purpose, the President is authorized to enter into agreements with friendly nations under the terms of which the United States shall undertake to deliver annually (a) certain quantities of wheat, rice, cotton, feed grains, or tobacco, or (b) such other surplus agricultural commodities as may from time to time be available, for periods of not to exceed ten years.

"SEC. 403. Payment for such commodities shall be in dollars or in services or in strategic or other materials of which the United States does not domestically produce its requirements, as the President may from time to time determine, with interest at such rate as the President may determine but not more than 2½ per centum per year. Payment may be made in approximately equal annual amounts over periods of not to exceed forty years from the date of the last delivery of commodities under the agreement and interest shall be computed from the date of such last delivery.

"SEC. 404. Any such agreement shall include the following undertakings on the part of the purchasing nation as conditions of such contract:

"(1) That commodities provided hereunder will not replace any usual imports of the same or similar commodities by such nation from friendly nations;

"(2) That commodities provided hereunder will be used only for domestic consumption and that none of such commodities will be sold outside the purchasing nation either directly or through replacement of domestic production.

"SEC. 405. In entering into such agreements, the President shall endeavor to reach agreement with other exporting nations of such commodities for their participation in the supply and assistance program herein authorized on a proportionate and equitable basis.

"SEC. 406. In carrying out this title, the provisions of sections 101, 102, 103(a), 106, 107, and 108 of this Act shall be applicable to the extent not inconsistent with this title.

#### "TITLE V—NATIONAL FOOD RESERVES

"SEC. 501. The President is authorized to implement the resolution adopted by the United Nations on February 20, 1957 (United Nations Resolution 1025 [XI]),

which was sponsored by the United States, calling for international cooperation in the establishment of national food reserves by making transfers of surplus agricultural commodities for the purpose of establishing such reserves. The Commodity Credit Corporation shall make available to the President out of its stocks such agricultural commodities as he may request for this purpose.

"Sec. 502. In making transfers under this title, the President may provide for delivery f.o.b. vessels in United States ports and, upon a determination by the President that it is necessary to accomplish the purposes of such resolution, for the payment of ocean freight charges from United States ports to designated ports of entry abroad, and for furnishing of technical and other assistance in providing storage facilities for the food reserves so established.

"Sec. 503. (a) No assistance under this title shall be furnished to any nation or organization of nations unless such nation or organization agrees—

"(1) to use the commodities furnished under this title to establish national food reserves;

"(2) to maintain the food reserves so established at agreed levels;

"(3) to consult with and utilize the services of experts and technicians of the United Nations Food and Agriculture Organization with respect to technical problems of storage, management, and operation of national food reserves;

"(4) to maintain and operate such reserves in such manner that they will not interfere with normal commercial trade of the United States or other friendly nations.

"(b) The President is authorized to make transfers of commodities under title II wherever necessary to replenish reserves which are depleted as a result of famine or other urgent or extraordinary relief requirements.

"Sec. 504. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this title. Sums appropriated for such purpose shall be available to reimburse the Commodity Credit Corporation for the Corporation's investment in commodities transferred hereunder and for all costs referred to in section 103(a).

"Sec. 505. No grants or other assistance shall be furnished under this title after June 30, 1964.

#### "TITLE VI—BINATIONAL FOUNDATIONS

"Sec. 601. (a) The President is authorized to negotiate and carry out agreements with friendly nations to provide for the establishment in such countries of nonprofit foundations to foster and promote research, education, health, and public welfare.

"(b) A foundation established under this title shall be under the direction of a board of trustees consisting of—

"(1) a number, to be determined by the agreement between the United States and the country in which the foundation is located, of the nationals of such country appointed by the Government thereof;

"(2) an equal number of nationals of the United States (one of whom shall be the chief of the United States diplomatic mission to such country) appointed by the President; and

"(3) one member, who shall be chairman, who shall be appointed by the Government of such country with the approval of a majority of the members appointed as provided in clauses (1) and (2).

Members of a board of trustees shall serve at the pleasure of the appointing authority, and vacancies shall be filled in the same manner as in the case of the original appointments.

"Sec. 602. Notwithstanding the provisions of section 1415 of the Supplemental Appropriation Act 1953, or any other provision of law, the President is authorized to grant to any foundation established under this title for use in carrying out the purposes specified in section 601(a) any unexpended local currencies which accrue to the United States, as repayments of principal or payment of interest on loans heretofore or hereafter made by the United States under section 104. Any such currencies may be used for direct expenditure, or may be invested and the proceeds used, for carrying out this title.

#### "TITLE VII—ADMINISTRATION

"Sec. 701. (a) There is hereby established in the Executive Office of the President an agency to be known as the Peace Food Administration, which:



shall be headed by a Peace Food Administrator appointed by the President by and with the advice and consent of the Senate. The Peace Food Administrator shall serve at the pleasure of the President and shall receive compensation at the rate of \$21,000 per annum.

"(b) (1) The President shall carry out the functions conferred upon him by this Act and section 402 of the Mutual Security Act of 1954, as amended, either directly or through the Peace Food Administrator.

"(2) The President is authorized to transfer to the Peace Food Administrator the functions of any other agency which he determines are related to the functions of, and can be more effectively or economically carried out by the Peace Food Administrator, together with any personnel or property used primarily in carrying out such functions.

"(c) The Peace Food Administrator is authorized to make such expenditures and appoint and fix the compensation of such personnel as may be necessary to enable him to carry out his functions.

"SEC. 702. (a) There is hereby established a Peace Food Policy Committee which shall consist of an Assistant Secretary, or officer of comparable level, of each of the following departments or agencies: Departments of State, Treasury, Agriculture, Commerce, Health, Education, and Welfare, and the International Cooperation Administration.

"(b) It shall be the duty of the Peace Food Policy Committee to advise and consult with the Peace Food Administrator concerning the administration of this Act. The Committee shall meet from time to time upon request of the Peace Food Administrator and at such other times as it may deem necessary.

"SEC. 703. (a) There is hereby established a Peace Food Advisory Committee which shall consist of representatives of the following and such other groups as the President deems advisable who shall be appointed by the President for terms of two years:

- "(1) The major agricultural organizations;
- "(2) Exporters of food and fiber;
- "(3) Voluntary agencies such as CARE and church groups;
- "(4) Educational groups; and
- "(5) Voluntary health groups.

"(b) It shall be the duty of the Peace Food Advisory Committee to advise and consult with the Peace Food Administrator, and to make such recommendations as it deems advisable, concerning the administration of this Act. The Committee shall meet from time to time upon request of the Peace Food Administrator and at such other times as it may deem necessary. In carrying out its duties under this Act, the Committee shall invite a representative of the United Nations Food and Agriculture Organization to meet with the Committee in order that, through him, the views of other exporting countries might be heard and their interests taken into account.

"(c) Members of the Advisory Committee shall be entitled, while attending meetings of the Committee, to receive compensation at the rate of \$50 per diem, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons in the Government service employed intermittently.

"SEC. 704. In negotiating agreements under this Act, the President shall give due consideration to the internal and external political and economic conditions of the countries concerned by drawing upon the appropriate title or titles of this Act in such manner as to carry out more effectively the policy set forth in section 2."

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[H.R. 6602, 86th Cong., 1st sess.].

A BILL To promote the foreign policy of the United States and help to build essential world conditions of peace, by the more effective use of United States agricultural commodities for the relief of human hunger, and for promoting economic and social development in less developed countries

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Public Law 480 of the Eighty-third Congress, as amended, is further amended as follows:*

(1) The first section (which provides the short title) is amended to read as follows:

"That this Act may be cited as the 'International Food for Peace Act of 1959'."

(2) Section 2 (which consists of a statement of policy) is amended to read as follows:

"CONGRESSIONAL FINDINGS AND POLICY

"SEC. 2. (a) Because of the increased productivity made possible by science and technology, there is now, for the first time in history, no reason in physical scarcity for the continued existence of hunger anywhere on this earth. It is now possible and practical for mankind to take cooperative steps to abolish human hunger.

"This being so, massive hunger and suffering from want of clothing, existing in the world in the shadow of unused present and potential surpluses of food and fiber, are no longer tolerable, either morally, politically, or economically.

"The Congress, while recognizing the difficult international, political, and economic problems that lie between hunger and want of clothing in many parts of the world and food and fiber surpluses in others, declares it to be the policy of the United States to move as rapidly as possible in cooperation with other friendly nations, toward putting its abundance of food and fiber more effectively in the service of human need.

"(b) Peoples who comprise one-third of the human race have in our generation achieved national independence (or are in the process of doing so) and are in revolt against the poverty, ignorance, disease, inferior status, and lack of opportunity which have always been their lot. They are determined to achieve that economic and social development necessary to national dignity and individual well-being. To mobilize their resources with reasonable speed and develop their economies to a point where they are self-propelled and self-sustaining they require substantial outside aid over a considerable period of years. If that aid is adequately forthcoming from the free world, they have a good chance to accomplish their purposes in freedom, remaining a part of the free world and contributing to its strength and well-being. If it is not forthcoming, their alternative is to seek it in the Communist world, and in the process to surrender both personal and national freedom. Deeply aware of and sympathetic with the aspirations of the world's peoples who seek in freedom greater national dignity and individual well-being, the Congress declares it to be the policy of the United States to help them achieve those aspirations. The Congress recognizes that for this purpose a number of different kinds of aid are required, but that among them food and fiber aid is a highly important form and one whose effectiveness can be greatly increased. The Congress declares that the agricultural abundance of the United States is not an embarrassment but a blessing to be used in the service of mankind, that it should be so used to the maximum extent possible, and that if it is so used it can help build essential conditions of world peace and freedom.

"(c) To achieve those larger purposes, the Congress directs that this Act shall be administered (1) so as to help other countries carry forward their own national or regional plans for development in freedom and independence; (2) so as to support the efforts and programs of the United Nations, its specialized agencies and affiliated organizations, and regional organizations of friendly countries, directed toward the same ends; (3) so as to leave wide latitude in working out details of national agreements and projects to United States Chiefs of Missions in negotiations with the governments concerned; and (4) so as to enlist the cooperation of other countries in putting agricultural surpluses more effectively in the service of human need and the economic and social development of less developed countries.

"(d) It is also declared to be the policy of Congress to expand international trade among the United States and friendly nations, to facilitate the convertibility of currency, to promote the economic stability of American agriculture, and the national welfare, to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment thereof. It is further the policy to use foreign currencies which accrue to the United States under this Act to expand international trade, to encourage economic development, to purchase strategic materials, to pay United States obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the United States."



(3) Section 101 (which relates to the negotiation of agreements) is amended by striking out "and" at the end of paragraph (d), by changing the period at the end of paragraph (e) to a semicolon, and by adding at the end of such section the following new paragraphs:

"(f) seek, insofar as possible, to enter into such agreements for periods in excess of one year; and

"(g) give maximum attention to utilizing the authority and funds provided by this Act to further the economic and social development plans of underdeveloped countries."

(4) Section 103(b) (prescribing limit on appropriations) is amended to read as follows:

"(b) Agreements shall not be entered into under this title during the period beginning July 1, 1959, and ending June 30, 1964, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$2,000,000,000 annually, plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior fiscal years by this Act as in effect during such fiscal years."

(5) Section 103 is further amended by adding at the end thereof the following new subsection:

"(c) In carrying out programs and activities under this title, the President shall, insofar as possible, coordinate such programs and activities with other United States and international programs and activities directed toward the same end."

(6) Section 104(e) (relating to loans for trade expansion) is amended by striking out "Export-Import Bank for loans mutually agreeable to said bank" and inserting in lieu thereof "United States Development Loan Fund created by title II of chapter II of the Mutual Security Act of 1954, as amended, for loans mutually agreeable to said Fund", and by inserting before the semicolon at the end thereof a colon and the following: "*Provided further*, That funds which have accrued under this section and which are uncommitted may at the discretion of the President be placed under the administration of the Development Loan Fund".

(7) Section 104(g) (relating to the promotion of trade and economic development) is amended to read as follows:

"(g) For loans and grants to promote multilateral trade and economic development, made through established banking facilities of the friendly nation from which the foreign currency was obtained or in any other manner which the President may deem to be appropriate. Interest on loans made under this subsection shall be at such rate, not to exceed 2½ per centum per annum, as the President shall determine. Strategic materials, services, or foreign currencies may be accepted in payment of such loans;"

(8) Section 104(h) (relating to international educational exchange activities) is amended by striking out the words "in such amounts as may be specified from time to time in appropriation acts" and by striking out the semicolon at the end thereof and inserting in lieu thereof a period and the following: "Such currencies may also be used for making grants to United States nonprofit organizations and institutions for carrying out such exchange of persons projects under this paragraph between the United States and other countries as may be agreed upon between such organizations and institutions and the Secretary of State, but no such grants shall be made to any organization or institution which does not agree to provide the dollar funds which the Secretary of State deems necessary to carry forward agreed projects to a successful conclusion;"

(9) Section 104(k) (relating to scientific activities) is amended by striking out "but no foreign currencies shall be used for the purposes of this subsection (k) unless specific appropriations be made therefor" and inserting in lieu thereof the following: "and to promote and support programs of medical and scientific research, cultural and education development, health, nutrition, and sanitation".

(10) Section 104(o) (relating to assistance to educational facilities sponsored by United States citizens) is amended by striking out so much thereof as follows the semicolon.

(11) Section 104 (relating to uses of foreign currencies) is amended by inserting after paragraph (o) the following new paragraphs:

"(p) For supporting workshops in American studies or American educational techniques, and supporting chairs in American studies.

“(q) For financing technicians and other personnel of the United Nations Food and Agriculture Organization and World Health Organization (including necessary equipment and supplies) engaged in (i) consulting and advising on, conducting, or administering government programs designed to relieve chronic hunger and malnutrition, (ii) consulting and advising on programs for the storage, management, and operation of national food reserves, or (iii) training local technical, administrative, and other personnel needed to carry out such programs;

“(r) For financing research, surveys, conferences, publicity, and other activities which the President shall find to be helpful in support of the projected ‘Free the World From Hunger’ campaign of the United Nations Food and Agriculture Organization; and for such purposes and the purposes of paragraph (q) any currencies of any country available under this Act may be transferred to and used in any other country;

“(s) For financing local currency cost components of projects undertaken by the United Nations Special Fund for which such Fund pays foreign exchange costs;

“(t) For contributions, in addition to United States dollar contributions, to the capital fund of any international development association or organization of which the United States is a member which may be established as an affiliate of the International Bank for Reconstruction and Development for the purpose of making long-term loans for economic development;

“(u) For financing the preparation, distribution, and exhibiting of audiovisual informational and educational materials, including Government materials, abroad;

“(v) For transfer to the International Finance Corporation for the purpose of promoting private investment abroad under such arrangement as may be agreed upon between the President, said Corporation, and the country whose currency is involved;

“(w) For financing the services of technicians, advisers, and administrators who are nationals of any friendly country, which may be needed to further economic and social development programs in other friendly countries.”

(12) Section 104 is further amended by inserting before the period at the end thereof a comma and the following: “and from time to time release for the general purposes of this title funds that may have accrued in excess of prospective needs for payment of United States obligations”.

(13) Section 106 (which relates to determination of nations with which agreements shall be negotiated) is amended by striking out the words “Secretary of Agriculture” where they appear the second time and inserting in lieu thereof “President”.

(14) Section 107 (which defines “friendly nation”) is amended by inserting before the period at the end thereof a colon and the following: “*Provided*, That such term shall not exclude any nation referred to in clause (2) if the President determines that the making and carrying out of agreements with such nation under this Act will be in the interest of attaining the foreign policy objectives of the United States”.

(15) Section 109 (which relates to the duration of the program under title I) is amended by striking out “December 31, 1959” and inserting in lieu thereof “June 30, 1964”.

(16) Section 202 (authorizing grants of surplus commodities for famine relief) is amended by striking out “with friendly governments or through voluntary agencies” and inserting in lieu thereof “by or with friendly governments or voluntary relief agencies to carry out the purposes of section 201 and to assist friendly nations in establishing, expanding, or carrying out programs, including programs undertaken with the assistance of experts and technicians of the United Nations Foods and Agriculture Organization, and the World Health Organization for the relief of chronic hunger and malnutrition”.

(17) Section 203 (which imposes limits on expenditures under title II) is amended by striking out the first sentence and inserting in lieu thereof the following: “Not more than \$250,000,000, including the Corporation’s investment in the commodities, shall be expended annually for all such transfers and for other costs authorized by this title.”

(18) Section 204 (which relates to the duration of the program under title II) is amended by striking out “December 31, 1959” and inserting in lieu thereof “June 30, 1964”.

(19) Section 304(b) (which prohibits certain transactions with the Union of Soviet Socialist Republics and areas dominated or controlled by the Com-



munist regime in China) is amended by striking out "title I or title III" and inserting in lieu thereof "title I, title III, title IV, title V, or title VI".

(20) Title III is further amended by adding at the end thereof a new section as follows:

"SEC. 306. Notwithstanding any other provision of law, the Commodity Credit Corporation is hereby directed—

"(1) to dispose of its stock of edible oils or products thereof by donation upon such terms and conditions as the Secretary of Agriculture deems appropriate, to nonprofit voluntary agencies registered with the Department of State, appropriate agencies of the Federal Government or international organizations, for use in the assistance of needy persons outside the United States;

"(2) to purchase for donation as provided above such quantities of edible oils and the products thereof as the Secretary determines will maintain the support level for cottonseed and soybeans without requiring the acquisition of such commodities under the price support program.

Commodity Credit Corporation may incur such additional costs with respect to commodities to be donated hereunder as it is authorized to incur with respect to food commodities disposed of under section 416 of the Agricultural Act of 1949, and may pay ocean freight charges from United States ports to designated ports of entry abroad."

(21) Such Act is further amended by adding at the end thereof the following new titles:

#### "TITLE IV—LONG-TERM SUPPLY CONTRACTS

"SEC. 401. The purpose of this title is to utilize agricultural commodities and the products thereof produced in the United States, including but not limited to agricultural commodities in surplus supply, to assist the economic development of friendly nations by assuring such nations a stable supply of agricultural commodities on long-term credit for domestic consumption during periods of economic development so that the resources and manpower of such nations may be utilized more effectively for industrial and other domestic economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use.

"SEC. 402. In furtherance of this purpose, the President is authorized to enter into agreements with friendly nations under the terms of which the United States shall undertake to deliver annually (a) certain quantities of wheat, rice, cotton, feed grains, or tobacco, or (b) such other surplus agricultural commodities as may from time to time be available, for periods of not to exceed ten years.

"SEC. 403. Payment for such commodities shall be in dollars or in services or in strategic or other materials of which the United States does not domestically produce its requirements, as the President may from time to time determine, with interest at such rate as the President may determine but not more than 2½ per centum per year. Payment may be made in approximately equal annual amounts over periods of not to exceed forty years from the date of the last delivery of commodities under the agreement and interest shall be computed from the date of such last delivery.

"SEC. 404. Any such agreement shall include the following undertakings on the part of the purchasing nation as conditions of such contract:

"(1) That commodities provided hereunder will not replace any usual imports of the same or similar commodities by such nation from friendly nations;

"(2) That commodities provided hereunder will be used only for domestic consumption and that none of such commodities will be sold outside the purchasing nation either directly or through replacement of domestic production.

"SEC. 405. In entering into such agreements, the President shall endeavor to reach agreement with other exporting nations of such commodities for their participation in the supply and assistance program herein authorized on a proportionate and equitable basis.

"SEC. 406. In carrying out this title, the provisions of sections 101, 102, 103(a), 106, 107, and 108 of this Act shall be applicable to the extent not inconsistent with this title.

#### "TITLE V—NATIONAL FOOD RESERVES

"SEC. 501. The President is authorized to implement the resolution adopted by the United Nations on February 20, 1957 (United Nations Resolution 1025 [XI]), which was sponsored by the United States, calling for international cooperation in the establishment of national food reserves by making transfers of

surplus agricultural commodities for the purpose of establishing such reserves. The Commodity Credit Corporation shall make available to the President out of its stocks such agricultural commodities as he may request for this purpose.

"SEC. 502. In making transfers under this title, the President may provide for delivery free on board vessels in United States ports and upon a determination by the President that it is necessary to accomplish the purposes of such resolution, for the payment of ocean freight charges from United States ports to designated ports of entry abroad, and for the furnishing of technical and other assistance in providing storage facilities for the food reserves to established.

"SEC. 503. (a) No assistance under this title shall be furnished to any nation or organization of nations unless such nation or organization agrees—

"(1) To use the commodities furnished under this title to establish national food reserves;

"(2) To maintain the food reserves so established at agreed levels;

"(3) To consult with and utilize the services of experts and technicians of the United Nations Food and Agriculture Organization with respect to technical problems of storage, management, and operation of national food reserves;

"(4) To maintain and operate such reserves in such manner that they will not interfere with normal commercial trade of the United States or other friendly nations.

"(b) The President is authorized to make transfers of commodities under title II wherever necessary to replenish reserves which are depleted as a result of famine or other urgent or extraordinary relief requirements.

"SEC. 504. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this title. Sums appropriated for such purpose shall be available to reimburse the Commodity Credit Corporation for the Corporation's investment in commodities transferred hereunder and for all costs referred to in section 103 (a).

"SEC. 505. No grants or other assistance shall be furnished under this title after June 30, 1964.

#### "TITLE VI—BINATIONAL FOUNDATIONS

"SEC. 601. (a) The President is authorized to negotiate and carry out agreements with friendly nations to provide for the establishment in such countries of nonprofit foundations to foster and promote research, education, health, and public welfare.

"(b) A foundation established under this title shall be under the direction of a board of trustees consisting of—

"(1) a number, to be determined by the agreement between the United States and the country in which the foundation is located, of the nationals of such country appointed by the Government thereof;

"(2) an equal number of nationals of the United States (one of whom shall be the chief of the United States diplomatic mission to such country) appointed by the President; and

"(3) one member, who shall be chairman, who shall be appointed by the Government of such country with the approval of a majority of the members appointed as provided in clauses (1) and (2).

Members of a board of trustees shall serve at the pleasure of the appointing authority, and vacancies shall be filled in the same manner as in the case of the original appointments.

"SEC. 602. Notwithstanding the provisions of section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President is authorized to grant to any foundation established under this title for use in carrying out the purposes specified in section 601 (a) any unexpended local currencies which accrue to the United States, as repayments of principal or payment of interest on loans heretofore or hereafter made by the United States under section 104. Any such currencies may be used for direct expenditure, or may be invested and the proceeds used, for carrying out this title.

#### "TITLE VII—ADMINISTRATION

"SEC. 701. (a) There is hereby established in the Executive Office of the President an agency to be known as the Peace Food Administration, which shall be headed by a Peace Food Administrator appointed by the President by and with



the advice and consent of the Senate. The Peace Food Administrator shall serve at the pleasure of the President and shall receive compensation at the rate of \$21,000 per annum.

"(b) (1) The President shall carry out the functions conferred upon him by this Act and section 402 of the Mutual Security Act of 1954, as amended, either directly or through the Peace Food Administrator.

"(2) The President is authorized to transfer to the Peace Food Administrator the functions of any other agency which he determines are related to the functions of, and can be more effectively or economically carried out by, the Peace Food Administrator, together with any personnel or property used primarily in carrying out such functions.

"(c) The Peace Food Administrator is authorized to make such expenditures and appoint and fix the compensation of such personnel as may be necessary to enable him to carry out his functions.

"SEC. 702. (a) There is hereby established a Peace Food Policy Committee which shall consist of an Assistant Secretary, or officer of comparable level, of each of the following departments or agencies: Departments of State, Treasury, Agriculture, Commerce, Health, Education, and Welfare, and the International Cooperation Administration.

"(b) It shall be the duty of the Peace Food Policy Committee to advise and consult with the Peace Food Administrator concerning the administration of this Act. The Committee shall meet from time to time upon request of the Peace Food Administrator and at such other times as it may deem necessary.

"SEC. 703. (a) There is hereby established a Peace Food Advisory Committee which shall consist of representatives of the following and such other groups as the President deems advisable who shall be appointed by the President for terms of two years:

- "(1) The major agricultural organizations;
- "(2) Exporters of food and fiber;
- "(3) Voluntary agencies such as CARE and church groups;
- "(4) Educational groups; and
- "(5) Voluntary health groups.

"(b) It shall be the duty of the Peace Food Advisory Committee to advise and consult with the Peace Food Administrator, and to make such recommendations as it deems advisable, concerning the administration of this Act. The Committee shall meet from time to time upon request of the Peace Food Administrator and at such other times as it may deem necessary. In carrying out its duties under this Act, the Committee shall invite a representative of the United Nations Food and Agriculture Organization to meet with the Committee in order that, through him, the views of other exporting countries might be heard and their interests taken into account.

"(c) Members of the Advisory Committee shall be entitled, while attending meetings of the Committee, to receive compensation at the rate of \$50 per diem, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons in the Government service employed intermittently.

"SEC. 704. In negotiating agreements under this Act, the President shall give due consideration to the internal and external political and economic conditions of the countries concerned by drawing upon the appropriate title or titles of this Act in such manner as to carry out more effectively the policy set forth in section 2."

[H.R. 6611, 86th Cong., 1st sess.]

A BILL To promote the foreign policy of the United States and help build essential world conditions of peace by the more effective use of United States agricultural commodities for the relief of human hunger and for promoting economic and social development in less developed countries

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That Public Law 480 of the Eighty-third Congress, as amended, is further amended as follows:

(1) The first section (which provides the short title) is amended to read as follows:

"That this Act may be cited as 'The International Food for Peace Act of 1959'."

(2) Section 2 (which consists of a statement of policy) is amended to read as follows:

"CONGRESSIONAL FINDINGS AND POLICY

"SEC. 2. (a) Because of the increased productivity made possible by science and technology, there is now, for the first time in history, no reason in physical scarcity for the continued existence of hunger—anywhere on this earth. It is now possible and practical for mankind to take cooperative steps to abolish human hunger.

"This being so, massive hunger and suffering from want of clothing, existing in the world in the shadow of unused present and potential surpluses of food and fiber, are no longer tolerable, either morally, politically, or economically.

"The Congress, while recognizing the difficult international, political, and economic problems that lie between hunger and want of clothing in many parts of the world and food and fiber surpluses in others, declares it to be the policy of the United States to move as rapidly as possible in cooperation with other friendly nations, toward putting its abundance of food and fiber more effectively in the service of human need.

"(b) Peoples who comprise one-third of the human race have in our generation achieved national independence (or are in the process of doing so) and are in revolt against the poverty, ignorance, disease, inferior status, and lack of opportunity which have always been their lot. They are determined to achieve that economic and social development necessary to national dignity and individual well-being. To mobilize their resources with reasonable speed and develop their economies to a point where they are self-propelled and self-sustaining they require substantial outside aid over a considerable period of years. If that aid is adequately forthcoming from the free world, they have a good chance to accomplish their purposes in freedom, remaining a part of the free world and contributing to its strength and well-being. If it is not forthcoming, their alternative is to seek it in the Communist world, and in the process to surrender both personal and national freedom. Deeply aware of and sympathetic with the aspirations of the world's peoples who seek in freedom greater national dignity and individual well-being, the Congress declares it to be the policy of the United States to help them achieve those aspirations. The Congress recognizes that for this purpose a number of different kinds of aid are required, but that among them food and fiber aid is a highly important form and one whose effectiveness can be greatly increased. The Congress declares that the agricultural abundance of the United States is not an embarrassment but a blessing to be used in the service of mankind, that it should be so used to the maximum extent possible, and that if it is so used it can help build essential conditions of world peace and freedom.

"(c) To achieve those larger purposes, the Congress directs that this Act shall be administered (1) so as to help other countries carry forward their own national or regional plans for development in freedom and independence; (2) so as to support the efforts and programs of the United Nations, its specialized agencies and affiliated organizations, and regional organizations of friendly countries, directed toward the same ends; (3) so as to leave wide latitude in working out details of national agreements and projects to United States Chiefs of Missions in negotiations with the governments concerned; and (4) so as to enlist the cooperation of other countries in putting agricultural surpluses more effectively in the service of human need and the economic and social development of less developed countries.

"(d) It is also declared to be the policy of Congress to expand international trade among the United States and friendly nations, to facilitate the convertibility of currency, to promote the economic stability of American agriculture, and the national welfare, to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment thereof. It is further the policy to use foreign currencies which accrue to the United States under this Act to expand international trade, to encourage economic development to purchase strategic materials, to pay United States obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the United States."



(3) Section 101 (which relates to the negotiation of agreements) is amended by striking out "and" at the end of paragraph (d), by changing the period at the end of paragraph (e) to a semicolon, and by adding at the end of such section the following new paragraphs:

"(f) seek, insofar as possible, to enter into such agreements for periods in excess of one year; and

"(g) give maximum attention to utilizing the authority and funds provided by this Act to further the economic and social development plans of underdeveloped countries."

(4) Section 103(b) (prescribing limit on appropriations) is amended to read as follows:

"(b) Agreements shall not be entered into under this title during the period beginning July 1, 1959, and ending June 30, 1964, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$2,000,000,000 annually, plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior fiscal years by this Act as in effect during such fiscal years."

(5) Section 103 is further amended by adding at the end thereof the following new subsection:

"(c) In carrying out programs and activities under this title, the President shall, insofar as possible, coordinate such programs and activities with other United States and international programs and activities directed toward the same end."

(6) Section 104(e) (relating to loans for trade expansion) is amended by striking out "Export-Import Bank for loans mutually agreeable to said bank" and inserting in lieu thereof "United States Development Loan Fund created by title II of chapter II of the Mutual Security Act of 1954, as amended, for loans mutually agreeable to said Fund", and by inserting before the semicolon at the end thereof a colon and the following: "*Provided further*, That funds which have accrued under this section and which are uncommitted may at the discretion of the President, be placed under the administration of the Development Loan Fund".

(7) Section 104(g) (relating to the promotion of trade and economic development) is amended to read as follows:

"(g) For loans and grants to promote multilateral trade and economic development, made through established banking facilities of the friendly nation from which the foreign currency was obtained or in any other manner which the President may deem to be appropriate. Interest on loans made under this subsection shall be at such rate, not to exceed 2½ per centum per annum, as the President shall determine. Strategic materials, services, or foreign currencies may be accepted in payment of such loans;"

(8) Section 104(h) (relating to international educational exchange activities) is amended by striking out the words "in such amounts as may be specified from time to time in appropriation Acts" and by striking out the semicolon at the end thereof and inserting in lieu thereof a period and the following: "Such currencies may also be used for making grants to United States nonprofit organizations and institutions for carrying out such exchange of persons projects under this paragraph between the United States and other countries as may be agreed upon between such organizations and institutions and the Secretary of State, but no such grants shall be made to any organization or institution which does not agree to provide the dollar funds which the Secretary of State deems necessary to carry forward agreed projects to a successful conclusion;"

(9) Section 104(k) (relating to scientific activities) is amended by striking out "but no foreign currencies shall be used for the purposes of this subsection (k) unless specific appropriations be made therefor" and inserting in lieu thereof the following: "and to promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation".

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"(r) For financing research, surveys, conferences, publicity, and other activities which the President shall find to be helpful in support of the projected 'free the world from hunger' campaign of the United Nations Food and Agriculture Organization; and for such purposes and the purposes of paragraph (q) any currencies of any country available under this Act may be transferred to and used in any other country;

"(s) For financing local currency cost components of projects undertaken by the United Nations Special Fund for which such Fund pays foreign exchange costs;

"(t) For contributions, in addition to United States dollar contributions, to the capital fund of any international development association or organization of which the United States is a member which may be established as an affiliate of the International Bank for Reconstruction and Development for the purpose of making long-term loans for economic development;

"(u) For financing the preparation, distribution, and exhibiting of audio-visual informational and educational materials, including Government materials, abroad;

"(v) For transfer to the International Finance Corporation for the purpose of promoting private investment abroad under such arrangement as may be agreed upon between the President, said Corporation, and the country whose currency is involved;

"(w) For financing the services of technicians, advisers, and administrators who are nationals of any friendly country, which may be needed to further economic and social development programs in other friendly countries;

"(x) For financing relief and rehabilitation projects undertaken following disasters or for assistance to refugees."

(12) Section 104 is further amended by inserting before the period at the end thereof a comma and the following: "and from time to time release for the general purposes of this title funds that may have accrued in excess of prospective needs for payment of United States obligations".

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"SEC. 401. The purpose of this title is to utilize agricultural commodities and the products thereof produced in the United States, including but not limited to agricultural commodities in surplus supply, to assist the economic development of friendly nations by assuring such nations a stable supply of agricultural commodities on long-term credit for domestic consumption during periods of economic development so that the resources and manpower of such nations may be utilized more effectively for industrial and other domestic economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use.

"SEC. 402. In furtherance of this purpose, the President is authorized to enter into agreements with friendly nations under the terms of which the United States shall undertake to deliver annually (a) certain quantities of wheat, rice, cotton, feed grains, or tobacco, or (b) such other surplus agricultural commodities as may from time to time be available, for periods of not to exceed ten years.

"SEC. 403. Payment for such commodities shall be in dollars or in services or in strategic or other materials of which the United States does not domestically produce its requirements, as the President may from time to time determine, with interest at such rate as the President may determine but not more than 2½ per centum per year. Payment may be made in approximately equal annual amounts over periods of not to exceed forty years from the date of the last delivery of commodities under the agreement and interest shall be computed from the date of such last delivery.

"SEC. 404. Any such agreement shall include the following undertakings on the part of the purchasing nation as conditions of such contract:

"(1) That commodities provided hereunder will not replace any usual imports of the same or similar commodities by such nation from friendly nations;

"(2) That commodities provided hereunder will be used only for domestic consumption and that none of such commodities will be sold outside the purchasing nation either directly or through replacement of domestic production.

"SEC. 405. In entering into such agreements, the President shall endeavor to reach agreement with other exporting nations of such commodities for their participation in the supply and assistance program herein authorized on a proportionate and equitable basis.

"SEC. 406. In carrying out this title, the provisions of sections 101, 102, 103(a), 106, 107, and 108 of this Act shall be applicable to the extent not inconsistent with this title.

#### "TITLE V—NATIONAL FOOD RESERVES

"SEC. 501. The President is authorized to implement the resolution adopted by the United Nations on February 20, 1957 (United Nations Resolution 1025

[XI]), which was sponsored by the United States, calling for international cooperation in the establishment of national food reserves by making transfers of surplus agricultural commodities for the purpose of establishing such reserves. The Commodity Credit Corporation shall make available to the President out of its stocks such agricultural commodities as he may request for this purpose.

"SEC. 502. In making transfers under this title, the President may provide for delivery f.o.b. vessels in United States ports and, upon a determination by the President that it is necessary to accomplish the purposes of such resolution, for the payment of ocean freight charges from United States ports to designated ports of entry abroad, and for furnishing of technical and other assistance in providing storage facilities for the food reserves so established.

"SEC. 503. (a) No assistance under this title shall be furnished to any nation or organization of nations unless such nation or organization agrees—

"(1) to use the commodities furnished under this title to establish national food reserves;

"(2) to maintain the food reserves so established at agreed levels;

"(3) to consult with and utilize the services of experts and technicians of the United Nations Food and Agriculture Organization with respect to technical problems of storage, management, and operation of national food reserves;

"(4) to maintain and operate such reserves in such manner that they will not interfere with normal commercial trade of the United States or other friendly nations.

"(b) The President is authorized to make transfers of commodities under title II wherever necessary to replenish reserves which are depleted as a result of famine or other urgent or extraordinary relief requirements.

"SEC. 504. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this title. Sums appropriated for such purpose shall be available to reimburse the Commodity Credit Corporation for the Corporation's investment in commodities transferred hereunder and for all costs referred to in section 103(a).

"SEC. 505. No grants or other assistance shall be furnished under this title after June 30, 1964.

#### "TITLE VI—BINATIONAL FOUNDATIONS

"SEC. 601. (a) The President is authorized to negotiate and carry out agreements with friendly nations to provide for the establishment in such countries of nonprofit foundations to foster and promote research, education, health, and public welfare.

"(b) A foundation established under this title shall be under the direction of a board of trustees consisting of—

"(1) a number, to be determined by the agreement between the United States and the country in which the foundation is located, of the nationals of such country appointed by the Government thereof;

"(2) an equal number of nationals of the United States (one of whom shall be the chief of the United States diplomatic mission to such country) appointed by the President; and

"(3) one member, who shall be chairman, who shall be appointed by the Government of such country with the approval of a majority of the members appointed as provided in clauses (1) and (2).

Members of a board of trustees shall serve at the pleasure of the appointing authority, and vacancies shall be filled in the same manner as in the case of the original appointments.

"SEC. 602. Notwithstanding the provisions of section 1415 of the Supplemental Appropriation Act 1953, or any other provision of law, the President is authorized to grant to any foundation established under this title for use in carrying out the purposes specified in section 601(a) any unexpended local currencies which accrue to the United States, as repayments of principal or payment of interest on loans heretofore or hereafter made by the United States under section 104. Any such currencies may be used for direct expenditure, or may be invested and the proceeds used, for carrying out this title.

#### "TITLE VII—ADMINISTRATION

"SEC. 701. (a) There is hereby established in the Executive Office of the President an agency to be known as the Peace Food Administration, which shall



be headed by a Peace Food Administrator appointed by the President by and with the advice and consent of the Senate. The Peace Food Administrator shall serve at the pleasure of the President and shall receive compensation at the rate of \$21,000 per annum.

"(b) (1) The President shall carry out the functions conferred upon him by this Act and section 402 of the Mutual Security Act of 1954, as amended, either directly or through the Peace Food Administrator.

"(2) The President is authorized to transfer to the Peace Food Administrator the functions of any other agency which he determines are related to the functions of, and can be more effectively or economically carried out by, the Peace Food Administrator, together with any personnel or property used primarily in carrying out such functions.

"(c) The Peace Food Administrator is authorized to make such expenditures and appoint and fix the compensation of such personnel as may be necessary to enable him to carry out his functions.

"SEC. 702. (a) There is hereby established a Peace Food Policy Committee which shall consist of an Assistant Secretary, or officer of comparable level, of each of the following departments or agencies: Departments of State, Treasury, Agriculture, Commerce, Health, Education, and Welfare, and the International Cooperation Administration.

"(b) It shall be the duty of the Peace Food Policy Committee to advise and consult with the Peace Food Administrator concerning the administration of this Act. The Committee shall meet from time to time upon request of the Peace Food Administrator and at such other times as it may deem necessary.

"SEC. 703. (a) There is hereby established a Peace Food Advisory Committee which shall consist of representatives of the following and such other groups as the President deems advisable who shall be appointed by the President for terms of two years:

"(1) The major agricultural organizations;

"(2) Exporters of food and fiber;

"(3) Voluntary agencies such as CARE and church groups;

"(4) Educational groups; and

"(5) Voluntary health groups.

"(b) It shall be the duty of the Peace Food Advisory Committee to advise and consult with the Peace Food Administrator, and to make such recommendations as it deems advisable, concerning the administration of this Act. The Committee shall meet from time to time upon request of the Peace Food Administrator and at such other times as it may deem necessary. In carrying out its duties under this Act, the Committee shall invite a representative of the United Nations Food and Agriculture Organization to meet with the Committee in order that, through him, the views of other exporting countries might be heard and their interests taken into account.

"(c) Members of the Advisory Committee shall be entitled, while attending meetings of the Committee, to receive compensation at the rate of \$50 per diem, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons in the Government service employed intermittently.

"SEC. 704. In negotiating agreements under this Act, the President shall give due consideration to the internal and external political and economic conditions of the countries concerned by drawing upon the appropriate title or titles of this Act in such manner as to carry out more effectively the policy set forth in section 2."

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[H.R. 6637, 86th Cong., 1st sess.].

A BILL To promote the foreign policy of the United States and help to build essential world conditions of peace, by the more effective use of United States agricultural commodities for the relief of human hunger, and for promoting economic and social development in less developed countries

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Public Law 480 of the Eighty-third Congress, as amended, is further amended as follows:*

(1) The first section (which provides the short title) is amended to read as follows:

"That this Act may be cited as the 'International Food for Peace Act of 1959'."

(2) Section 2 (which consists of a statement of policy) is amended to read as follows:

"CONGRESSIONAL FINDINGS AND POLICY

"SEC. 2. (a) Because of the increased productivity made possible by science and technology, there is now, for the first time in history, no reason in physical scarcity for the continued existence of hunger, anywhere on this earth. It is now possible and practical for mankind to take cooperative steps to abolish human hunger.

"This being so, massive hunger and suffering from want of clothing, existing in the world in the shadow of unused present and potential surpluses of food and fiber, are no longer tolerable, either morally, politically, or economically.

"The Congress, while recognizing the difficult international, political and economic problems that lie between hunger and want of clothing in many parts of the world and food and fiber surpluses in others, declares it to be the policy of the United States to move as rapidly as possible in cooperation with other friendly nations, toward putting its abundance of food and fiber more effectively in the service of human need.

"(b) Peoples who comprise one-third of the human race have in our generation achieved national independence (or are in the process of doing so) and are in revolt against the poverty, ignorance, disease, inferior status, and lack of opportunity which have always been their lot. They are determined to achieve that economic and social development necessary to national dignity and individual well-being. To mobilize their resources with reasonable speed and develop their economies to a point where they are self-propelled and self-sustaining they require substantial outside aid over a considerable period of years. If that aid is adequately forthcoming from the free world, they have a good chance to accomplish their purposes in freedom, remaining a part of the free world and contributing to its strength and well-being. If it is not forthcoming, their alternative is to seek it in the Communist world, and in the process to surrender both personal and national freedom. Deeply aware of and sympathetic with the aspirations of the world's peoples who seek in freedom greater national dignity and individual well-being, the Congress declares it to be the policy of the United States to help them achieve those aspirations. The Congress recognizes that for this purpose a number of different kinds of aid are required, but that among them food and fiber aid is a highly important form and one whose effectiveness can be greatly increased. The Congress declares that the agricultural abundance of the United States is not an embarrassment but a blessing to be used in the service of mankind, that it should be so used to the maximum extent possible, and that if it is so used it can help build essential conditions of world peace and freedom.

"(c) To achieve those larger purposes, the Congress directs that this Act shall be administered (1) so as to help other countries carry forward their own national or regional plans for development in freedom and independence; (2) so as to support the efforts and programs of the United Nations, its specialized agencies and affiliated organizations, and regional organizations of friendly countries, directed toward the same ends; (3) so as to leave wide latitude in working out details of national agreements and projects to United States Chiefs of Missions in negotiations with the governments concerned; and (4) so as to enlist the cooperation of other countries in putting agricultural surpluses more effectively in the service of human need and the economic and social development of less developed countries.

"(d) It is also declared to be the policy of Congress to expand international trade among the United States and friendly nations, to facilitate the convertibility of currency, to promote the economic stability of American agriculture and the national welfare, to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment thereof. It is further the policy to use foreign currencies which accrue to the United States under this Act to expand international trade, to encourage economic development, to purchase strategic materials, to pay United States obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the United States."



(3) Section 101 (which relates to the negotiation of agreements) is amended by striking out "and" at the end of paragraph (d), by changing the period at the end of paragraph (e) to a semicolon, and by adding at the end of such section the following new paragraphs:

"(f) seek, insofar as possible, to enter into such agreement for periods in excess of one year; and

"(g) give maximum attention to utilizing the authority and funds provided by this Act to further the economic and social development plans of underdeveloped countries."

(4) Section 103(b) (prescribing limit on appropriations) is amended to read as follows:

"(b) Agreements shall not be entered into under this title during the period beginning July 1, 1959, and ending June 30, 1964, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$2,000,000,000 annually, plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior fiscal years by this Act as in effect during such fiscal years."

(5) Section 103 is further amended by adding at the end thereof the following new subsection:

"(c) In carrying out programs and activities under this title, the President shall, insofar as possible, coordinate such programs and activities with other United States and international programs and activities directed toward the same end."

(6) Section 104(e) (relating to loans for trade expansion) is amended by striking out "Export-Import Bank for loans mutually agreeable to said bank" and inserting in lieu thereof "United States Development Loan Fund created by title II of chapter II of the Mutual Security Act of 1954, as amended, for loans mutually agreeable to said Fund", and by inserting before the semicolon at the end thereof a colon and the following: "*Provided further, That funds which have accrued under this section and which are uncommitted may, at the discretion of the President, be placed under the administration of the Development Loan Fund*".

(7) Section 104(g) (relating to the promotion of trade and economic development) is amended to read as follows:

"(g) For loans and grants to promote multilateral trade and economic development, made through established banking facilities of the friendly nation from which the foreign currency was obtained or in any other manner which the President may deem to be appropriate. Interest on loans made under this subsection shall be at such rate, not to exceed 2½ per centum per annum, as the President shall determine. Strategic materials, services, or foreign currencies may be accepted in payment of such loans;".

(8) Section 104(h) (relating to international educational exchange activities) is amended by striking out the words "in such amounts as may be specified from time to time in appropriation acts" and by striking out the semicolon at the end thereof and inserting in lieu thereof a period and the following: "Such currencies may also be used for making grants to United States nonprofit organizations and institutions for carrying out such exchange of persons projects under this paragraph between the United States and other countries as may be agreed upon between such organizations and institutions and the Secretary of State, but no such grants shall be made to any organization or institution which does not agree to provide the dollar funds which the Secretary of State deems necessary to carry forward agreed projects to a successful conclusion;".

(9) Section 104(k) (relating to scientific activities) is amended by striking out "but no foreign currencies shall be used for the purposes of this subsection (k) unless specific appropriations be made therefor" and inserting in lieu thereof the following: "and to promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation".

(10) Section 104(o) (relating to assistance to educational facilities sponsored by United States citizens) is amended by striking out so much thereof as follows the semicolon.

(11) Section 104 (relating to uses of foreign currencies) is amended by inserting after paragraph (o) the following new paragraphs:

"(p) For supporting workshops in American studies or American educational techniques, and supporting chairs in American studies.

“(q) For financing technicians and other personnel of the United Nations Food and Agriculture Organization and World Health Organization (including necessary equipment and supplies) engaged in (i) consulting and advising on, conducting, or administering government programs designed to relieve chronic hunger and malnutrition, (ii) consulting and advising on programs for the storage, management, and operation of national food reserves, or (iii) training local technical, administrative, and other personnel needed to carry out such programs;

“(r) For financing research, surveys, conferences, publicity, and other activities which the President shall find to be helpful in support of the projected ‘Free the World From Hunger’ campaign of the United Nations Food and Agriculture Organization; and for such purposes and the purposes of paragraph (q) any currencies of any country available under this Act may be transferred to and used in any other country;

“(s) For financing local currency cost components of projects undertaken by the United Nations Special Fund for which such Fund pays foreign exchange costs;

“(t) For contributions, in addition to United States dollar contributions, to the capital fund of any international development association or organization of which the United States is a member which may be established as an affiliate of the International Bank for Reconstruction and Development for the purpose of making long-term loans for economic development;

“(u) For financing the preparation, distribution, and exhibiting of audiovisual informational and educational materials, including Government materials, abroad;

“(v) For transfer to the International Finance Corporation for the purpose of promoting private investment abroad under such arrangement as may be agreed upon between the President, said Corporation, and the country whose currency is involved;

“(w) For financing the services of technicians, advisers, and administrators who are nationals of any friendly country, which may be needed to further economic and social development programs in other friendly countries;

“(x) For financing relief and rehabilitation projects undertaken following disasters or for assistance to refugees.”

(12) Section 104 is further amended by inserting before the period at the end thereof a comma and the following: “and from time to time release for the general purposes of this title funds that may have accrued in excess of prospective needs for payment of United States obligations”.

(13) Section 106 (which relates to determination of nations with which agreements shall be negotiated) is amended by striking out the words “Secretary of Agriculture” where they appear the second time and inserting in lieu thereof “President”.

(14) Section 107 (which defines “friendly nation”) is amended by inserting before the period at the end thereof a colon and the following: “*Provided*, That such term shall not exclude any nation referred to in clause (2) if the President determines that the making and carrying out of agreements with such nation under this Act will be in the interest of attaining the foreign policy objectives of the United States”.

(15) Section 109 (which relates to the duration of the program under title I) is amended by striking out “December 31, 1959” and inserting in lieu thereof “June 30, 1964”.

(16) Section 202 (authorizing grants of surplus commodities for famine relief) is amended by striking out “with friendly governments or through voluntary agencies” and inserting in lieu thereof “by or with friendly governments or voluntary relief agencies to carry out the purposes of section 201 and to assist friendly nations in establishing, expanding, or carrying out programs, including programs undertaken with the assistance of experts and technicians of the United Nations Food and Agriculture Organization, and the World Health Organization for the relief of chronic hunger and malnutrition”.

(17) Section 203 (which imposes limits on expenditures under title II) is amended by striking out the first sentence and inserting in lieu thereof the following: “Not more than \$250,000,000, including the Corporation’s investment in the commodities, shall be expended annually for all such transfers and for other costs authorized by this title.”

(18) Section 204 (which relates to the duration of the program under title II) is amended by striking out “December 31, 1959” and inserting in lieu thereof “June 30, 1964”.



(19) Section 304(b) (which prohibits certain transactions with the Union of Soviet Socialist Republics and areas dominated or controlled by the Communist regime in China) is amended by striking out "title I or title III" and inserting in lieu thereof "title I, title III, title IV, title V, or title VI".

(20) Title III is further amended by adding at the end thereof a new section as follows:

"SEC. 306. Notwithstanding any other provision of law, the Commodity Credit Corporation is hereby directed—

"(1) to dispose of its stocks of edible oils or products thereof by donation, upon such terms and conditions as the Secretary of Agriculture deems appropriate, to nonprofit voluntary agencies registered with the Department of State, appropriate agencies of the Federal Government or international organizations, for use in the assistance of needy persons outside the United States;

"(2) to purchase for donation as provided above such quantities of edible oils and the products thereof as the Secretary determines will maintain the support level for cottonseed and soybeans without requiring the acquisition of such commodities under the price support program.

Commodity Credit Corporation may incur such additional costs with respect to commodities to be donated hereunder as it is authorized to incur with respect to food commodities disposed of under section 416 of the Agricultural Act of 1949, and may pay ocean freight charges from United States ports to designated ports of entry abroad."

(21) Such Act is further amended by adding at the end thereof the following new titles:

#### "TITLE IV—LONG TERM SUPPLY CONTRACTS

"SEC. 401. The purpose of this title is to utilize agricultural commodities and the products thereof produced in the United States, including but not limited to agricultural commodities in surplus supply, to assist the economic development of friendly nations by assuring such nations a stable supply of agricultural commodities on long-term credit for domestic consumption during periods of economic development so that the resources and manpower of such nations may be utilized more effectively for industrial and other domestic economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use.

"SEC. 402. In furtherance of this purpose, the President is authorized to enter into agreements with friendly nations under the terms of which the United States shall undertake to deliver annually (a) certain quantities of wheat, rice, cotton, feed grains, or tobacco, or (b) such other surplus agricultural commodities as may from time to time be available, for periods of not to exceed ten years.

"SEC. 403. Payment for such commodities shall be in dollars or in services or in strategic or other materials of which the United States does not domestically produce its requirements, as the President may from time to time determine, with interest at such rate as the President may determine but not more than 2½ per centum per year. Payment may be made in approximately equal annual amounts over periods of not to exceed forty years from the date of the last delivery of commodities under the agreement and interest shall be computed from the date of such last delivery.

"SEC. 404. Any such agreement shall include the following undertakings on the part of the purchasing nation as conditions of such contract:

"(1) That commodities provided hereunder will not replace any usual imports of the same or similar commodities by such nation from friendly nations;

"(2) That commodities provided hereunder will be used only for domestic consumption and that none of such commodities will be sold outside the purchasing nation either directly or through replacement of domestic production.

"SEC. 405. In entering into such agreements, the President shall endeavor to reach agreement with other exporting nations of such commodities for their participation in the supply and assistance program herein authorized on a proportionate and equitable basis.

"SEC. 406. In carrying out this title, the provisions of sections 101, 102, 103(a), 106, 107, and 108 of this Act shall be applicable to the extent not inconsistent with this title.

#### "TITLE V—NATIONAL FOOD RESERVES

"SEC. 501. The President is authorized to implement the resolution adopted by the United Nations on February 20, 1957 (United Nations Resolution 1025

[XI]), which was sponsored by the United States, calling for international cooperation in the establishment of national food reserves by making transfers of surplus agricultural commodities for the purpose of establishing such reserves. The Commodity Credit Corporation shall make available to the President out of its stocks such agricultural commodities as he may request for this purpose.

"SEC. 502. In making transfers under this title, the President may provide for delivery free on board vessels in United States ports and, upon a determination by the President that it is necessary to accomplish the purposes of such resolution, for the payment of ocean freight charges from United States ports to designated ports of entry abroad, and for the furnishing of technical and other assistance in providing storage facilities for the food reserves so established.

"SEC. 503. (a) No assistance under this title shall be furnished to any nation or organization of nations unless such nation or organization agrees—

"(1) to use the commodities furnished under this title to establish national food reserves;

"(2) to maintain the food reserves so established at agreed levels;

"(3) to consult with and utilize the services of experts and technicians of the United Nations Food and Agricultural Organization with respect to technical problems of storage, management, and operation of national food reserves;

"(4) to maintain and operate such reserves in such manner that they will not interfere with normal commercial trade of the United States or other friendly nations.

"(b) The President is authorized to make transfers of commodities under title II wherever necessary to replenish reserves which are depleted as a result of famine or other urgent or extraordinary relief requirements.

"SEC. 504. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this title. Sums appropriated for such purpose shall be available to reimburse the Commodity Credit Corporation for the Corporation's investment in commodities transferred hereunder and for all costs referred to in section 103(a).

"SEC. 505. No grants or other assistance shall be furnished under this title after June 30, 1964.

#### "TITLE VI—BINATIONAL FOUNDATIONS

"SEC. 601. (a) The President is authorized to negotiate and carry out agreements with friendly nations to provide for the establishment in such countries of nonprofit foundations to foster and promote research, education, health, and public welfare.

"(b) A foundation established under this title shall be under the direction of a board of trustees consisting of—

"(1) a number, to be determined by the agreement between the United States and the country in which the foundation is located, of the nationals of such country appointed by the Government thereof;

"(2) an equal number of nationals of the United States (one of whom shall be the chief of the United States diplomatic mission to such country) appointed by the President; and

"(3) one member, who shall be chairman, who shall be appointed by the government of such country with the approval of a majority of the members appointed as provided in clauses (1) and (2).

Members of a board of trustees shall serve at the pleasure of the appointing authority, and vacancies shall be filled in the same manner as in the case of the original appointments.

"SEC. 602. Notwithstanding the provisions of section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President is authorized to grant to any foundation established under this title for use in carrying out the purposes specified in section 601(a) any unexpended local currencies which accrue to the United States, as repayments of principal or payment of interest on loans heretofore or here after made by the United States under section 104. Any such currencies may be used for direct expenditure, or may be invested and the proceeds used, for carrying out this title.

#### "TITLE VIII—ADMINISTRATION

"SEC. 701. (a) There is hereby established in the Executive Office of the President an agency to be known as the Peace Food Administration, which shall be



headed by a Peace Food Administrator appointed by the President by and with the advice and consent of the Senate. The Peace Food Administrator shall serve at the pleasure of the President and shall receive compensation at the rate of \$21,000 per annum.

"(b) (1) The President shall carry out the functions conferred upon him by this Act and section 402 of the Mutual Security Act of 1954, as amended, either directly or through the Peace Food Administrator.

"(2) The President is authorized to transfer to the Peace Food Administrator the functions of any other agency which he determines are related to the functions of, and can be more effectively or economically carried out by, the Peace Food Administrator, together with any personnel or property used primarily in carrying out such functions.

"(c) The Peace Food Administrator is authorized to make such expenditures and appoint and fix the compensation of such personnel as may be necessary to enable him to carry out his functions.

"SEC. 702. (a) There is hereby established a Peace Food Policy Committee which shall consist of an Assistant Secretary, or officer of comparable level, of each of the following departments or agencies: Departments of State, Treasury, Agriculture, Commerce, Health, Education, and Welfare, and the International Cooperation Administration.

"(b) It shall be the duty of the Peace Food Policy Committee to advise and consult with the Peace Food Administrator concerning the administration of this Act. The Committee shall meet from time to time upon request of the Peace Food Administrator and at such other times as it may deem necessary.

"SEC. 703. (a) There is hereby established a Peace Food Advisory Committee which shall consist of representatives of the following and such other groups as the President deems advisable who shall be appointed by the President for terms of two years:

"(1) The major agricultural organizations;

"(2) Exporters of food and fiber;

"(3) Voluntary agencies such as Cooperative for American Remittances to Europe (CARE) and church groups;

"(4) Educational groups; and

"(5) Voluntary health groups.

"(b) It shall be the duty of the Peace Food Advisory Committee to advise and consult with the Peace Food Administrator, and to make such recommendations as it deems advisable, concerning the administration of this Act. The Committee shall meet from time to time upon request of the Peace Food Administrator and at such other times as it may deem necessary. In carrying out its duties under this Act, the Committee shall invite a representative of the United Nations Food and Agriculture Organization to meet with the Committee in order that, through him, the views of other exporting countries might be heard and their interests taken into account.

"(c) Members of the Advisory Committee shall be entitled, while attending meetings of the Committee, to receive compensation at the rate of \$50 per diem, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons in the Government service employed intermittently.

"SEC. 704. In negotiating agreements under this Act, the President shall give due consideration to the internal and external political and economic conditions of the countries concerned by drawing upon the appropriate title or titles of this Act in such manner as to carry out more effectively the policy set forth in section 2."

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[H.R. 6655, 86th Cong., 1st sess.]

A BILL To promote the foreign policy of the United States and help to build essential world conditions of peace, by the more effective use of United States agricultural commodities for the relief of human hunger, and for promoting economic and social development in less developed countries

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Public Law 480 of the Eighty-third Congress, as amended, is further amended as follows:*

(1) The first section (which provides the short title) is amended to read as follows:

"That this Act may be cited as the 'International Food for Peace Act of 1959.'"

(2) Section 2 (which consists of a statement of policy) is amended to read as follows:

"CONGRESSIONAL FINDINGS AND POLICY

"SEC. 2. (a) Because of the increased productivity made possible by science and technology, there is now, for the first time in history, no reason in physical scarcity for the continued existence of hunger, anywhere on this earth. It is now possible and practical for mankind to take cooperative steps to abolish human hunger.

"This being so, massive hunger and suffering from want of clothing, existing in the world in the shadow of unused present and potential surpluses of food and fiber, are no longer tolerable, either morally, politically, or economically.

"The Congress, while recognizing the difficult international, political and economic problems that lie between hunger and want of clothing in many parts of the world and food and fiber surpluses in others, declares it to be the policy of the United States to move as rapidly as possible in cooperation with other friendly nations, toward putting its abundance of food and fiber more effectively in the service of human need.

"(b) Peoples who comprise one-third of the human race have in our generation achieved national independence (or are in the process of doing so) and are in revolt against the poverty, ignorance, disease, inferior status, and lack of opportunity which have always been their lot. They are determined to achieve that economic and social development necessary to national dignity and individual well-being. To mobilize their resources with reasonable speed and develop their economies to a point where they are self-propelled and self-sustaining they require substantial outside aid over a considerable period of years. If that aid is adequately forthcoming from the free world, they have a good chance to accomplish their purposes in freedom, remaining a part of the free world and contributing to its strength and well-being. If it is not forthcoming, their alternative is to seek it in the Communist world, and in the process to surrender both personal and national freedom. Deeply aware of and sympathetic with the aspirations of the world's peoples who seek in freedom greater national dignity and individual well-being, the Congress declares it to be the policy of the United States to help them achieve those aspirations. The Congress recognizes that for this purpose a number of different kinds of aid are required, but that among them food and fiber aid is a highly important form and one whose effectiveness can be greatly increased. The Congress declares that the agricultural abundance of the United States is not an embarrassment but a blessing to be used in the service of mankind, that it should be so used to the maximum extent possible, and that if it is so used it can help build essential conditions of world peace and freedom.

"(c) To achieve those larger purposes, the Congress directs that this Act shall be administered (1) so as to help other countries carry forward their own national or regional plans for development in freedom and independence; (2) so as to support the efforts and programs of the United Nations, its specialized agencies and affiliated organizations, and regional organizations of friendly countries, directed toward the same ends; (3) so as to leave wide latitude in working out details of national agreements and projects to United States Chiefs of Missions in negotiations with the governments concerned; and (4) so as to enlist the cooperation of other countries in putting agricultural surpluses more effectively in the service of human need and the economic and social development of less developed countries.

"(d) It is also declared to be the policy of Congress to expand international trade among the United States and friendly nations, to facilitate the convertibility of currency, to promote the economic stability of American agriculture and the national welfare, to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment thereof. It is further the policy to use foreign currencies which accrue to the United States under this Act to expand international trade, to encourage economic development, to purchase strategic materials, to pay United States obligations abroad, to promote collective strength, and to foster in other way the foreign policy of the United States."



(3) Section 101 (which relates to the negotiation of agreements) is amended by striking out "and" at the end of paragraph (d), by changing the period at the end of paragraph (e) to a semicolon, and by adding at the end of such section the following new paragraphs:

"(f) seek, insofar as possible, to enter into such agreement for periods in excess of one year; and

"(g) give maximum attention to utilizing the authority and funds provided by this Act to further the economic and social development plans of underdeveloped countries."

(4) Section 103(b) (prescribing limit on appropriations) is amended to read as follows:

"(b) Agreements shall not be entered into under this title during the period beginning July 1, 1959, and ending June 30, 1964, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$2,000,000,000 annually, plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior fiscal years by this Act as in effect during such fiscal years."

(5) Section 103 is further amended by adding at the end thereof the following new subsection:

"(c) In carrying out programs and activities under this title, the President shall, insofar as possible, coordinate such programs and activities with other United States and international programs and activities directed toward the same end."

(6) Section 104(e) (relating to loans for trade expansion) is amended by striking out "Export-Import Bank for loans mutually agreeable to said bank" and inserting in lieu thereof "United States Development Loan Fund created by title II of chapter II of the Mutual Security Act of 1954, as amended, for loans mutually agreeable to said Fund", and by inserting before the semicolon at the end thereof a colon and the following: "Provided further, That funds which have accrued under this section and which are uncommitted may at the discretion of the President, be placed under the administration of the Development Loan Fund".

(7) Section 104(g) (relating to the promotion of trade and economic development) is amended to read as follows:

"(g) For loans and grants to promote multilateral trade and economic development, made through established banking facilities of the friendly nation from which the foreign currency was obtained or in any other manner which the President may deem to be appropriate. Interest on loans made under this subsection shall be at such rate, not to exceed 2½ per centum per annum, as the President shall determine. Strategic materials, services, or foreign currencies may be accepted in payment of such loans;".

(8) Section 104(h) (relating to international educational exchange activities) is amended by striking out the words "in such amounts as may be specified from time to time in appropriation acts" and by striking out the semicolon at the end thereof and inserting in lieu thereof a period and the following: "Such currencies may also be used for making grants to United States nonprofit organizations and institutions for carrying out such exchange of persons projects under this paragraph between the United States and other countries as may be agreed upon between such organizations and institutions and the Secretary of State, but no such grants shall be made to any organization or institution which does not agree to provide the dollar funds which the Secretary of State deems necessary to carry forward agreed projects to a successful conclusion;".

(9) Section 104(k) (relating to scientific activities) is amended by striking out "but no foreign currencies shall be used for the purposes of this subsection (k) unless specific appropriations be made therefor" and inserting in lieu thereof the following: "and to promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation".

(10) Section 104(o) (relating to assistance to educational facilities sponsored by United States citizens) is amended by striking out so much thereof as follows the semicolon.

(11) Section 104 (relating to uses of foreign currencies) is amended by inserting after paragraph (o) the following new paragraphs:

"(p) For supporting workshops in American studies or American educational techniques, and supporting chairs in American studies.

"(q) For financing technicians and other personnel of the United Nations Food and Agriculture Organization and World Health Organization (including necessary equipment and supplies) engaged in (i) consulting and advising on, conducting, or administering government programs designed to relieve chronic hunger and malnutrition, (ii) consulting and advising on programs for the storage, management, and operation of national food reserves, or (iii) training local technical, administrative, and other personnel needed to carry out such programs;

"(r) For financing research, surveys, conferences, publicity, and other activities which the President shall find to be helpful in support of the projected ties which the President shall find to be helpful in support of the projected 'Free the World From Hunger' campaign of the United Nations Food and Agriculture Organizations; and for such purposes and the purposes of paragraph (q) any currencies of any country available under this Act may be transferred to and used in any other country;

"(s) For financing local currency cost components of projects undertaken by the United Nations Special Fund for which such Fund pays foreign exchange costs;

"(t) For contributions, in addition to United States dollar contributions, to the capital fund of any international development association or organization of which the United States is a member which may be established as an affiliate of the International Bank for Reconstruction and Development for the purpose of making long-term loans for economic development;

"(u) For financing the preparation, distribution, and exhibiting of audiovisual informational and educational materials, including Government materials, abroad;

"(v) For transfer to the International Finance Corporation for the purpose of promoting private investment abroad under such arrangement as may be agreed upon between the President, said Corporation, and the country whose currency is involved;

"(w) For financing the services of technicians, advisers, and administrators who are nationals of any friendly country, which may be needed to further economic and social development programs in other friendly countries;

"(x) For financing relief and rehabilitation projects undertaken following disasters or for assistance to refugees."

(12) Section 104 is further amended by inserting before the period at the end thereof a comma and the following: "and from time to time release for the general purposes of this title funds that may have accrued in excess of prospective needs for payment of United States obligations".

(13) Section 106 (which relates to determination of nations with which agreements shall be negotiated) is amended by striking out the words "Secretary of Agriculture" where they appear the second time and inserting in lieu thereof "President".

(14) Section 107 (which defines "friendly nation") is amended by inserting before the period at the end thereof a colon and the following: "Provided, That such term shall not exclude any nation referred to in clause (2) if the President determines that the making and carrying out of agreements with such nation under this Act will be in the interest of attaining the foreign policy objectives of the United States".

(15) Section 109 (which relates to the duration of the program under title I) is amended by striking out "December 31, 1959" and inserting in lieu thereof "June 30, 1964".

(16) Section 202 (authorizing grants of surplus commodities for famine relief) is amended by striking out "with friendly governments or through voluntary agencies" and inserting in lieu thereof "by or with friendly governments or voluntary relief agencies to carry out the purposes of section 201 and to assist friendly nations in establishing, expanding, or carrying out programs, including programs undertaken with the assistance of experts and technicians of the United Nations Food and Agriculture Organization, and the World Health Organization for the relief of chronic hunger and malnutrition".

(17) Section 203 (which imposes limits on expenditures under title II) is amended by striking out the first sentence and inserting in lieu thereof the following: "Not more than \$250,000,000, including the Corporation's investment in the commodities, shall be expended annually for all such transfers and for other costs authorized by this title."



(18) Section 204 (which relates to the duration of the program under title II) is amended by striking out "December 31, 1959" and inserting in lieu thereof "June 30, 1964".

(19) Section 304(b) (which prohibits certain transactions with the Union of Soviet Socialist Republics and areas dominated or controlled by the Communist regime in China) is amended by striking out "title I or title III" and inserting in lieu thereof "title I, title III, title IV, title V, or title VI".

(20) Title III is further amended by adding at the end thereof a new section as follows:

"SEC. 306. Notwithstanding any other provision of law, the Commodity Credit Corporation is hereby directed—

"(1) to dispose of its stocks of edible oils or products thereof by donation, upon such terms and conditions as the Secretary of Agriculture deems appropriate, to nonprofit voluntary agencies registered with the Department of State, appropriate agencies of the Federal Government or international organizations, for use in the assistance of needy persons outside the United States;

"(2) to purchase for donation as provided above such quantities of edible oils and the products thereof as the Secretary determines will maintain the support level for cottonseed and soybeans without requiring the acquisition of such commodities under the price support program.

Commodity Credit Corporation may incur such additional costs with respect to commodities to be donated hereunder as it is authorized to incur with respect to food commodities disposed of under section 416 of the Agricultural Act of 1949, and may pay ocean freight charges from United States ports to designated ports of entry abroad."

(21) Such Act is further amended by adding at the end thereof the following new titles:

#### "TITLE IV—LONG TERM SUPPLY CONTRACTS

"SEC. 401. The purpose of this title is to utilize agricultural commodities and the products thereof produced in the United States, including but not limited to agricultural commodities in surplus supply, to assist the economic development of friendly nations by assuring such nations a stable supply of agricultural commodities on long-term credit for domestic consumption during periods of economic development so that the resources and manpower of such nations may be utilized more effectively for industrial and other domestic economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use.

"SEC. 402. In furtherance of this purpose, the President is authorized to enter into agreements with friendly nations under the terms of which the United States shall undertake to deliver annually (a) certain quantities of wheat, rice, cotton, feed grains, or tobacco, or (b) such other surplus agricultural commodities as may from time to time be available, for periods of not to exceed ten years.

"SEC. 403. Payment for such commodities shall be in dollars or in services or in strategic or other materials of which the United States does not domestically produce its requirements, as the President may from time to time determine, with interest at such rate as the President may determine but not more than 2½ per centum per year. Payment may be made in approximately equal annual amounts over periods of not to exceed forty years from the date of the last delivery of commodities under the agreement and interest shall be computed from the date of such last delivery.

"SEC. 404. Any such agreement shall include the following undertakings on the part of the purchasing nation as conditions of such contract:

"(1) That commodities provided hereunder will not replace any usual imports of the same or similar commodities by such nation from friendly nations;

"(2) That commodities provided hereunder will be used only for domestic consumption and that none of such commodities will be sold outside the purchasing nation either directly or through replacement of domestic production.

"SEC. 405. In entering into such agreements, the President shall endeavor to reach agreement with other exporting nations of such commodities for their participation in the supply and assistance program herein authorized on a proportionate and equitable basis.

"SEC. 406. In carrying out this title, the provisions of sections 101, 102, 103 (a), 106, 107, and 108 of this Act shall be applicable to the extent not inconsistent with this title.

#### "TITLE V—NATIONAL FOOD RESERVES

"SEC. 501. The President is authorized to implement the resolution adopted by the United Nations on February 20, 1957 (United Nations Resolution 1025 [XI]), which was sponsored by the United States, calling for international co-operation in the establishment of national food reserves by making transfers of surplus agricultural commodities for the purpose of establishing such reserves. The Commodity Credit Corporation shall make available to the President out of its stocks such agricultural commodities as he may request for this purpose.

"SEC. 502. In making transfers under this title, the President may provide for delivery free on board vessels in United States ports and, upon a determination by the President that it is necessary to accomplish the purposes of such resolution, for the payment of ocean freight charges from United States ports to designated ports of entry abroad, and for the furnishing of technical and other assistance in providing storage facilities for the food reserves so established.

"SEC. 503. (a) No assistance under this title shall be furnished to any nation or organization of nations unless such nation or organization agrees—

"(1) to use the commodities furnished under this title to establish national food reserves;

"(2) to maintain the food reserves so established at agreed levels;

"(3) to consult with and utilize the services of experts and technicians of the United Nations Food and Agriculture Organization with respect to technical problems of storage, management, and operation of national food reserves;

"(4) to maintain and operate such reserves in such manner that they will not interfere with normal commercial trade of the United States or other friendly nations.

"(b) The President is authorized to make transfers of commodities under title II wherever necessary to replenish reserves which are depleted as a result of famine or other urgent or extraordinary relief requirements.

"SEC. 504. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this title. Sums appropriated for such purpose shall be available to reimburse the Commodity Credit Corporation for the Corporation's investment in commodities transferred hereunder and for all costs referred to in section 103 (a).

"SEC. 505. No grants or other assistance shall be furnished under this title after June 30, 1964.

#### "TITLE VI—BINATIONAL FOUNDATIONS

"SEC. 601. (a) The President is authorized to negotiate and carry out agreements with friendly nations to provide for the establishment in such countries of nonprofit foundations to foster and promote research, education, health, and public welfare.

"(b) A foundation established under this title shall be under the direction of a board of trustees consisting of—

"(1) a number to be determined by the agreement between the United States and the country in which the foundation is located, of the nationals of such country appointed by the Government thereof;

"(2) an equal number of nationals of the United States (one of whom shall be the chief of the United States diplomatic mission to such country) appointed by the President; and

"(3) one member, who shall be chairman, who shall be appointed by the government of such country with the approval of a majority of the members appointed as provided in clauses (1) and (2).

Members of a board of trustees shall serve at the pleasure of the appointing authority, and vacancies shall be filled in the same manner as in the case of the original appointments.

"SEC. 602. Notwithstanding the provisions of section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President is au-



thorized to grant to any foundation established under this title for use in carrying out the purposes specified in section 601(a) any unexpended local currencies which accrue to the United States, as repayments of principal or payment of interest on loans heretofore or hereafter made by the United States under section 104. Any such currencies may be used for direct expenditure, or may be invested and the proceeds used, for carrying out this title.

#### "TITLE VII—ADMINISTRATION

"SEC. 701. (a) There is hereby established in the Executive Office of the President an agency to be known as the Peace Food Administration, which shall be headed by a Peace Food Administrator appointed by the President by and with the advice and consent of the Senate. The Peace Food Administrator shall serve at the pleasure of the President and shall receive compensation at the rate of \$21,000 per annum.

"(b) (1) The President shall carry out the functions conferred upon him by this Act and section 402 of the Mutual Security Act of 1954, as amended, either directly or through the Peace Food Administrator.

"(2) The President is authorized to transfer to the Peace Food Administrator the functions of any other agency which he determines are related to the functions of, and can be more effectively or economically carried out by, the Peace Food Administrator, together with any personnel or property used primarily in carrying out such functions.

"(c) The Peace Food Administrator is authorized to make such expenditures and appoint and fix the compensation of such personnel as may be necessary to enable him to carry out his functions.

"SEC. 702. (a) There is hereby established a Peace Food Policy Committee which shall consist of an Assistant Secretary, or officer of comparable level, of each of the following departments or agencies: Departments of State, Treasury, Agriculture, Commerce, Health, Education, and Welfare, and the International Cooperation Administration.

"(b) It shall be the duty of the Peace Food Policy Committee to advise and consult with the Peace Food Administrator concerning the administration of this Act. The Committee shall meet from time to time upon request of the Peace Food Administrator and at such other times as it may deem necessary.

"SEC. 703. (a) There is hereby established a Peace Food Advisory Committee which shall consist of representatives of the following and such other groups as the President deems advisable who shall be appointed by the President for terms of two years:

- "(1) The major agricultural organizations;
- "(2) Exporters of food and fiber;
- "(3) Voluntary agencies such as Cooperative for American Remittances to Europe (CARE) and church groups;
- "(4) Educational groups; and
- "(5) Voluntary health groups.

"(b) It shall be the duty of the Peace Food Advisory Committee to advise and consult with the Peace Food Administrator, and to make such recommendations as it deems advisable, concerning the administration of this Act. The Committee shall meet from time to time upon request of the Peace Food Administrator and at such other times as it may deem necessary. In carrying out its duties under this Act, the Committee shall invite a representative of the United Nations Food and Agriculture Organization to meet with the Committee in order that, through him, the views of other exporting countries might be heard and their interests taken into account.

"(c) Members of the Advisory Committee shall be entitled, while attending meetings of the Committee, to receive compensation at the rate of \$50 per diem, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons in the Government service employed intermittently.

"SEC. 704. In negotiating agreements under this Act, the President shall give due consideration to the internal and external political and economic conditions of the countries concerned by drawing upon the appropriate title or titles of this Act in such manner as to carry out more effectively the policy set forth in section 2."

[H.R. 6749, 86th Cong., 1st sess.]

A BILL To promote the foreign policy of the United States and help build essential world conditions of peace by the more effective use of United States agricultural commodities for the relief of human hunger and for promoting economic and social development in less developed countries

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That Public Law 480 of the Eighty-third Congress, as amended, is further amended as follows:

(1) The first section (which provides the short title) is amended to read as follows:

"That this Act may be cited as 'The International Food for Peace Act of 1959'."

(2) Section 2 (which consists of a statement of policy) is amended to read as follows:

"CONGRESSIONAL FINDINGS AND POLICY

"SEC. 2. (a) Because of the increased productivity made possible by science and technology, there is now, for the first time in history, no reason in physical scarcity for the continued existence of hunger—anywhere on this earth. It is now possible and practical for mankind to take cooperative steps to abolish human hunger.

"This being so, massive hunger and suffering from want of clothing, existing in the world in the shadow of unused present and potential surpluses of food and fiber, are no longer tolerable, either morally, politically, or economically.

"The Congress, while recognizing the difficult international, political, and economic problems that lie between hunger and want of clothing in many parts of the world and food and fiber surpluses in others, declares it to be the policy of the United States to move as rapidly as possible in cooperation with other friendly nations, toward putting its abundance of food and fiber more effectively in the service of human need.

"(b) Peoples who comprise one-third of the human race have in our generation achieved national independence (or are in the process of doing so) and are in revolt against the poverty, ignorance, disease, inferior status, and lack of opportunity which have always been their lot. They are determined to achieve that economic and social development necessary to national dignity and individual well-being. To mobilize their resources with reasonable speed and develop their economies to a point where they are self-propelled and self-sustaining they require substantial outside aid over a considerable period of years. If that aid is adequately forthcoming from the free world, they have a good chance to accomplish their purposes in freedom, remaining a part of the free world and contributing to its strength and well-being. If it is not forthcoming, their alternative is to seek it in the Communist world, and in the process to surrender both personal and national freedom. Deeply aware of and sympathetic with the aspirations of the world's peoples who seek in freedom greater national dignity and individual well-being, the Congress declares it to be the policy of the United States to help them achieve those aspirations. The Congress recognizes that for this purpose a number of different kinds of aid are required, but that among them food and fiber aid is a highly important form and one whose effectiveness can be greatly increased. The Congress declares that the agricultural abundance of the United States is not an embarrassment but a blessing to be used in the service of mankind, that it should be so used to the maximum extent possible, and that if it is so used it can help build essential conditions of world peace and freedom.

"(c) To achieve those larger purposes, the Congress directs that this Act shall be administered (1) so as to help other countries carry forward their own national or regional plans for development in freedom and independence; (2) so as to support the efforts and programs of the United Nations, its specialized agencies and affiliated organizations, and regional organizations of friendly countries, directed toward the same ends; (3) so as to leave wide latitude in working out details of national agreements and projects to United States Chiefs of Missions in negotiations with the governments concerned; and (4) so as to enlist the cooperation of other countries in putting agricultural surpluses more effectively in the service of human need and the economic and social development of less developed countries.

"(d) It is also declared to be the policy of Congress to expand international trade among the United States and friendly nations, to facilitate the converti-



bility of currency, to promote the economic stability of American agriculture, and the national welfare, to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment thereof. It is further the policy to use foreign currencies which accrue to the United States under this Act to expand international trade, to encourage economic development to purchase strategic materials, to pay United States obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the United States."

(3) Section 101 (which relates to the negotiation of agreements) is amended by striking out "and" at the end of paragraph (d), by changing the period at the end of paragraph (e) to a semicolon, and by adding at the end of such section the following new paragraphs:

"(f) seek, insofar as possible, to enter into such agreements for periods in excess of one year; and

"(g) give maximum attention to utilizing the authority and funds provided by this Act to further the economic and social development plans of underdeveloped countries."

(4) Section 103(b) (prescribing limit on appropriations) is amended to read as follows:

"(b) Agreements shall not be entered into under this title during the period beginning July 1, 1959, and ending June 30, 1964, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$2,000,000,000 annually, plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior fiscal years by this Act as in effect during such fiscal years."

(5) Section 103 is further amended by adding at the end thereof the following new subsection:

"(c) In carrying out programs and activities under this title, the President shall, insofar as possible, coordinate such programs and activities with other United States and international programs and activities directed toward the same end."

(6) Section 104(e) (relating to loans for trade expansion) is amended by striking out "Export-Import Bank for loans mutually agreeable to said bank" and inserting in lieu thereof "United States Development Loan Fund created by title II of chapter II of the Mutual Security Act of 1954, as amended, for loans mutually agreeable to said Fund", and by inserting before the semicolon at the end thereof a colon and the following: "Provided further, That funds which have accrued under this section and which are uncommitted may at the discretion of the President, be placed under the administration of the Development Loan Fund".

(7) Section 104(g) (relating to the promotion of trade and economic development) is amended to read as follows:

"(g) For loans and grants to promote multilateral trade and economic development, made through established banking facilities of the friendly nation from which the foreign currency was obtained or in any other manner which the President may deem to be appropriate. Interest on loans made under this subsection shall be at such rate, not to exceed 2½ per centum per annum, as the President shall determine. Strategic materials, services, or foreign currencies may be accepted in payment of such loans;".

(8) Section 104(h) (relating to international educational exchange activities) is amended by striking out the words "in such amounts as may be specified from time to time in appropriation Acts" and by striking out the semicolon at the end thereof and inserting in lieu thereof a period and the following: "Such currencies may also be used for making grants to United States nonprofit organizations and institutions for carrying out such exchange of persons projects under this paragraph between the United States and other countries as may be agreed upon between such organizations and institutions and the Secretary of State, but no such grants shall be made to any organization or institution which does not agree to provide the dollar funds which the Secretary of State deems necessary to carry forward agreed projects to a successful conclusion;".

(9) Section 104(k) (relating to scientific activities) is amended by striking out "but no foreign currencies shall be used for the purposes of this subsection (k) unless specific appropriations be made therefor" and inserting in lieu thereof the following: "and to promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation".

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(11) Section 104 (relating to uses of foreign currencies) is amended by inserting after paragraph (o) the following new paragraphs:

"(p) For supporting workshops in American studies or American educational techniques, and supporting chairs in American studies.

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"(r) For financing research, surveys, conferences, publicity, and other activities which the President shall find to be helpful in support of the projected 'free the world from hunger' campaign of the United Nations Food and Agriculture Organization; and for such purposes and the purposes of paragraph (q) any currencies of any country available under this Act may be transferred to and used in any other country;

"(s) For financing local currency cost components of projects undertaken by the United Nations Special Fund for which such Fund pays foreign exchange costs;

"(t) For contributions, in addition to United States dollar contributions, to the capital fund of any international development association or organization of which the United States is a member which may be established as an affiliate of the International Bank for Reconstruction and Development for the purpose of making long-term loans for economic development;

"(u) For financing the preparation, distribution, and exhibiting of audiovisual informational and educational materials, including Government materials, abroad;

"(v) For transfer to the International Finance Corporation for the purpose of promoting private investment abroad under such arrangement as may be agreed upon between the President, said Corporation, and the country whose currency is involved;

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"(x) For financing relief and rehabilitation projects undertaken following disasters or for assistance to refugees."

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"(2) to purchase for donation as provided above such quantities of edible oils and the products thereof as the Secretary determines will maintain the support level for cottonseed and soybeans without requiring the acquisition of such commodities under the price support program.

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#### "TITLE IV—LONG-TERM SUPPLY CONTRACTS

"SEC. 401. The purpose of this title is to utilize agricultural commodities and the products thereof produced in the United States, including but not limited to agricultural commodities in surplus supply, to assist the economic development of friendly nations by assuring such nations a stable supply of agricultural commodities on long-term credit for domestic consumption during periods of economic development so that the resources and manpower of such nations may be utilized more effectively for industrial and other domestic economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use.

"SEC. 402. In furtherance of this purpose, the President is authorized to enter into agreements with friendly nations under the terms of which the United States shall undertake to deliver annually (a) certain quantities of wheat, rice, cotton, feed grains, or tobacco, or (b) such other surplus agricultural commodities as may from time to time be available, for periods of not to exceed ten years.

"SEC. 403. Payment for such commodities shall be in dollars or in services or in strategic or other materials of which the United States does not domestically produce its requirements, as the President may from time to time determine, with interest at such rate as the President may determine but not more than 2½ per centum per year. Payment may be made in approximately equal annual amounts over periods of not to exceed forty years from the date of the last delivery of commodities under the agreement and interest shall be computed from the date of such last delivery.

"SEC. 404. Any such agreement shall include the following undertakings on the part of the purchasing nation as conditions of such contract:

"(1) That commodities provided hereunder will not replace any usual imports of the same or similar commodities by such nation from friendly nations;

"(2) That commodities provided hereunder will be used only for domestic consumption and that none of such commodities will be sold outside the purchasing nation either directly or through replacement of domestic production.

"SEC. 405. In entering into such agreements, the President shall endeavor to reach agreement with other exporting nations of such commodities for their participation in the supply and assistance program herein authorized on a proportionate and equitable basis.

"SEC. 406. In carrying out this title, the provisions of sections 101, 102, 103 (a), 106, 107, and 108 of this Act shall be applicable to the extent not inconsistent with this title.

#### "TITLE V—NATIONAL FOOD RESERVES

"SEC. 501. The President is authorized to implement the resolution adopted by the United Nations on February 20, 1957 (United Nations Resolution 1025 [XI]), which was sponsored by the United States, calling for international cooperation in the establishment of national food reserves by making transfers of surplus agricultural commodities for the purpose of establishing such reserves. The Commodity Credit Corporation shall make available to the President out of its stocks such agricultural commodities as he may request for this purpose.

"SEC. 502. In making transfers under this title, the President may provide for delivery f.o.b. vessels in United States ports and, upon a determination by the President that it is necessary to accomplish the purposes of such resolution, for the payment of ocean freight charges from United States ports to designated ports of entry abroad, and for furnishing of technical and other assistance in providing storage facilities for the food reserves so established.

"SEC. 503. (a) No assistance under this title shall be furnished to any nation or organization of nations unless such nation or organization agrees—

"(1) to use the commodities furnished under this title to establish national food reserves;

"(2) to maintain the food reserves so established at agreed levels;

"(3) to consult with and utilize the services of experts and technicians of the United Nations Food and Agriculture Organization with respect to technical problems of storage, management, and operation of national food reserves;

"(4) to maintain and operate such reserves in such manner that they will not interfere with normal commercial trade of the United States or other friendly nations.

"(b) The President is authorized to make transfers of commodities under title II wherever necessary to replenish reserves which are depleted as a result of famine or other urgent or extraordinary relief requirements.

"SEC. 504. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this title. Sums appropriated for such purpose shall be available to reimburse the Commodity Credit Corporation for the Corporation's investment in commodities transferred hereunder and for all costs referred to in section 103 (a).

"SEC. 505. No grants or other assistance shall be furnished under this title after June 30, 1964.

#### "TITLE VI—BINATIONAL FOUNDATIONS

"SEC. 601. (a) The President is authorized to negotiate and carry out agreements with friendly nations to provide for the establishment in such countries of nonprofit foundations to foster and promote research, education, health, and public welfare.

"(b) A foundation established under this title shall be under the direction of a board of trustees consisting of—

"(1) a number, to be determined by the agreement between the United States and the country in which the foundation is located, of the nationals of such country appointed by the Government thereof;

"(2) an equal number of nationals of the United States (one of whom shall be the chief of the United States diplomatic mission to such country) appointed by the President; and

"(3) one member, who shall be chairman, who shall be appointed by the Government of such country with the approval of a majority of the members appointed as provided in clauses (1) and (2).



Members of a board of trustees shall serve at the pleasure of the appointing authority, and vacancies shall be filled in the same manner as in the case of the original appointments.

"SEC. 602. Notwithstanding the provisions of section 1415 of the Supplemental Appropriation Act 1953, or any other provision of law, the President is authorized to grant to any foundation established under this title for use in carrying out the purposes specified in section 601(a) any unexpended local currencies which accrue to the United States, as repayments of principal or payment of interest on loans heretofore or hereafter made by the United States under section 104. Any such currencies may be used for direct expenditure, or may be invested and the proceeds used, for carrying out this title.

#### "TITLE VII—ADMINISTRATION

"SEC. 701. (a) There is hereby established in the Executive Office of the President an agency to be known as the Peace Food Administration, which shall be headed by a Peace Food Administrator appointed by the President by and with the advice and consent of the Senate. The Peace Food Administrator shall serve at the pleasure of the President and shall receive compensation at the rate of \$21,000 per annum.

"(b) (1) The President shall carry out the functions conferred upon him by this Act and section 402 of the Mutual Security Act of 1954, as amended, either directly or through the Peace Food Administrator.

"(2) The President is authorized to transfer to the Peace Food Administrator the functions of any other agency which he determines are related to the functions of, and can be more effectively or economically carried out by, the Peace Food Administrator, together with any personnel or property used primarily in carrying out such functions.

"(c) The Peace Food Administrator is authorized to make such expenditures and appoint and fix the compensation of such personnel as may be necessary to enable him to carry out his functions.

"SEC. 702. (a) There is hereby established a Peace Food Policy Committee which shall consist of an Assistant Secretary, or officer of comparable level, of each of the following departments or agencies: Departments of State, Treasury, Agriculture, Commerce, Health, Education, and Welfare, and the International Cooperation Administration.

"(b) It shall be the duty of the Peace Food Policy Committee to advise and consult with the Peace Food Administrator concerning the administration of this Act. The Committee shall meet from time to time upon request of the Peace Food Administrator and at such other times as it may deem necessary.

"SEC. 703. (a) There is hereby established a Peace Food Advisory Committee which shall consist of representatives of the following and such other groups as the President deems advisable who shall be appointed by the President for terms of two years:

"(1) The major agricultural organizations;

"(2) Exporters of food and fiber;

"(3) Voluntary agencies such as CARE and church groups;

"(4) Educational groups; and

"(5) Voluntary health groups.

"(b) It shall be the duty of the Peace Food Advisory Committee to advise and consult with the Peace Food Administrator, and to make such recommendations as it deems advisable, concerning the administration of this Act. The Committee shall meet from time to time upon request of the Peace Food Administrator and at such other times as it may deem necessary. In carrying out its duties under this Act, the Committee shall invite a representative of the United Nations Food and Agriculture Organization to meet with the Committee in order that, through him, the views of other exporting countries might be heard and their interests taken into account.

"(c) Members of the Advisory Committee shall be entitled, while attending meetings of the Committee, to receive compensation at the rate of \$50 per diem, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons in the Government service employed intermittently.

"SEC. 704. In negotiation agreements under this Act, the President shall give due consideration to the internal and external political and economic conditions of the countries concerned by drawing upon the appropriate title or titles of this Act in such manner as to carry out more effectively the policy set forth in section 2."

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[H.R. 7146, 86th Cong., 1st sess.]

A BILL To amend the Agricultural Trade Development and Assistance Act of 1954, as amended

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That the Agricultural Trade Development and Assistance Act of 1954 is amended by adding at the end of title III thereof the following:

"SEC. 306. (a) No dairy commodity produced in the United States shall be sold or disposed of pursuant to this Act, or with the assistance of the Secretary of Agriculture under any other Act, for use outside the United States for the manufacturing, blending, or compounding of filled milk or filled cheese.

"(b) The sale or disposition outside the United States of any dairy commodity under this Act, or with the assistance of the Secretary of Agriculture under any other Act, irrespective of whether the commodity is acquired by the Commodity Credit Corporation pursuant to a price support or surplus removal program, shall be accomplished by sale from stocks of the Commodity Credit Corporation, or by payment to exporters at the export rate determined by the Secretary, or in lieu of payment in cash the Secretary of Agriculture may transfer to the exporter of any dairy commodity, at the option of the exporter, any dairy commodity from CCC stocks.

"(c) Except as limited by paragraphs (a) and (d) hereof, the Secretary may establish different export rates applicable to dairy commodities produced in the United States and sold or disposed of in different countries, if he finds such different rates necessary to maintain or expand markets for dairy commodities in competition with filled milk or filled cheese.

"(d) No dairy commodity produced in the United States shall be sold or disposed of pursuant to this Act, or with the assistance of the Secretary of Agriculture under any other Act, if the Secretary finds that such sale or disposition will have the effect of disrupting or displacing any usual marketings of, or any normal patterns of commercial trade in, any dairy commodity produced in the United States.

"(e) As used in this section—

"(1) The term 'dairy commodity' includes any dairy commodity or product thereof, class, kind, type, or other specification thereof;

"(2) The term 'United States' includes the District of Columbia, and any Territory, Commonwealth, and possession of the United States;

"(3) The term 'filled milk' means filled milk as defined in the Filled Milk Act of March 4, 1923 (21 U.S.C., sec. 61-64);

"(4) The term 'export rate' means the rate or rates of payment determined by the Secretary of Agriculture to be applicable to any dairy commodity, and to be necessary to maintain, or to encourage and assist in the development of, foreign markets for any dairy commodity produced in the United States."

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[H.R. 7202, 86th Cong., 1st sess.]

A BILL To promote the foreign policy of the United States and help to build essential world conditions of peace, by the more effective use of United States agricultural commodities for the relief of human hunger, and for promoting economic and social development in less developed countries

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That Public Law 480 of the Eighty-third Congress, as amended, is further amended as follows:

(1) The first section (which provides the short title) is amended to read as follows:

"That this Act may be cited as the 'International Food for Peace Act of 1959'."



(2) Section 2 (which consists of a statement of policy) is amended to read as follows:

"CONGRESSIONAL FINDINGS AND POLICY

"SEC. 2. (a) Because of the increased productivity made possible by science and technology, there is now, for the first time in history, no reason in physical scarcity for the continued existence of hunger, anywhere on this earth. It is now possible and practical for mankind to take cooperative steps to abolish human hunger.

"This being so, massive hunger and suffering from want of clothing, existing in the world in the shadow of unused present and potential surpluses of food and fiber, are no longer tolerable, either morally, politically, or economically.

"The Congress, while recognizing the difficult international, political and economic problems that lie between hunger and want of clothing in many parts of the world and food and fiber surpluses in others, declares it to be the policy of the United States to move as rapidly as possible in cooperation with other friendly nations, toward putting its abundance of food and fiber more effectively in the service of human need.

"(b) Peoples who comprise one-third of the human race have in our generation achieved national independent (or are in the process of doing so) and are in revolt against the poverty, ignorance, disease, inferior status, and lack of opportunity which have always been their lot. They are determined to achieve that economic and social development necessary to national dignity and individual well-being. To mobilize their resources with reasonable speed and develop their economies to a point where they are self-propelled and self-sustaining they require substantial outside aid over a considerable period of years. If that aid is adequately forthcoming from the free world, they have a good chance to accomplish their purposes in freedom, remaining a part of the free world and contributing to its strength and well-being. If it is not forthcoming, their alternative is to seek it in the Communist world, and in the process to surrender both personal and national freedom. Deeply aware of and sympathetic with the aspirations of the world's peoples who seek in freedom greater national dignity and individual well-being, the Congress declares it to be the policy of the United States to help them achieve those aspirations. The Congress recognizes that for this purpose a number of different kinds of aid are required, but that among them food and fiber aid is a highly important form and one whose effectiveness can be greatly increased. The Congress declares that the agricultural abundance of the United States is not an embarrassment but is a blessing to be used in the service of mankind, that it should be so used to the maximum extent possible, and that if it is so used it can help build essential conditions of world peace and freedom.

"(c) To achieve those larger purposes, the Congress directs that this Act shall be administered (1) so as to help other countries carry forward their own national or regional plans for development in freedom and independence; (2) so as to support the efforts and programs of the United Nations, its specialized agencies and affiliated organizations, and regional organizations of friendly countries, directed toward the same ends; (3) so as to leave wide latitude in working out details of national agreements and projects to United States Chiefs of Missions in negotiations with the governments concerned; and (4) so as to enlist the cooperation of other countries in putting agricultural surpluses more effectively in the service of human need and the economic and social development of less developed countries.

"(d) It is also declared to be the policy of Congress to expand international trade among the United States and friendly nations, to facilitate the convertibility of currency, to promote the economic stability of American agriculture and the national welfare, to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment thereof. It is further the policy to use foreign currencies which accrue to the United States under this Act to expand international trade, to encourage economic development, to purchase strategic materials, to pay United States obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the United States."

(3) Section 101 (which relates to the negotiation of agreements) is amended by striking out "and" at the end of paragraph (d), by changing the period at the end of paragraph (e) to a semicolon, and by adding at the end of such section the following new paragraphs:

"(f) seek, insofar as possible, to enter into such agreement for periods in excess of one year; and

"(g) give maximum attention to utilizing the authority and funds provided by this Act to further the economic and social development plans of underdeveloped countries."

(4) Section 103(b) (prescribing limit on appropriations) is amended to read as follows:

"(b) Agreements shall not be entered into under this title during the period beginning July 1, 1959, and ending June 30, 1964, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$2,000,000,000 annually, plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior fiscal years by this Act as in effect during such fiscal years."

(5) Section 103 is further amended by adding at the end thereof the following new subsection:

"(c) In carrying out programs and activities under this title, the President shall, insofar as possible, coordinate such programs and activities with other United States and international programs and activities directed toward the same end."

(6) Section 104(e) (relating to loans for trade expansion) is amended by striking out "Export-Import Bank for loans mutually agreeable to said bank" and inserting in lieu thereof "United States Development Loan Fund created by title II of chapter II of the Mutual Security Act of 1954, as amended, for loans mutually agreeable to said Fund," and by inserting before the semicolon at the end thereof a colon and the following: "Provided further, That funds which have accrued under this section and which are uncommitted may at the discretion of the President, be placed under the administration of the Development Loan Fund."

(7) Section 104(g) (relating to the promotion of trade and economic development) is amended to read as follows:

"(g) For loans and grants to promote multilateral trade and economic development, made through established banking facilities of the friendly nation from which the foreign currency was obtained or in any other manner which the President may deem to be appropriate. Interest on loans made under this subsection shall be at such rate, not to exceed 2½ per centum per annum, as the President shall determine. Strategic materials, services, or foreign currencies may be accepted in payment of such loans;"

(8) Section 104(h) (relating to international educational exchange activities) is amended by striking out the words "in such amounts as may be specified from time to time in appropriation acts" and by striking out the semicolon at the end thereof and inserting in lieu thereof a period and the following: "Such currencies may also be used for making grants to United States nonprofit organizations and institutions for carrying out such exchange of persons projects under this paragraph between the United States and other countries as may be agreed upon between such organizations and institutions and the Secretary of State, but no such grants shall be made to any organization or institution which does not agree to provide the dollar funds which the Secretary of State deems necessary to carry forward agreed projects to a successful conclusion;"

(9) Section 104(k) (relating to scientific activities) is amended by striking out "but no foreign currencies shall be used for the purposes of this subsection (k) unless specific appropriations be made therefor" and inserting in lieu thereof the following: "and to promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation."

(10) Section 104(o) (relating to assistance to educational facilities sponsored by United States citizens) is amended by striking out so much thereof as follows the semicolon.

(11) Section 104 (relating to uses of foreign currencies) is amended by inserting after paragraph (o) the following new paragraphs:

"(p) For supporting workshops in American studies or American educational techniques, and supporting chairs in American studies.



“(q) For financing technicians and other personnel of the United Nations Food and Agriculture Organization and World Health Organization (including necessary equipment and supplies) engaged in (i) consulting and advising on, conducting, or administering government programs designed to relieve chronic hunger and malnutrition, (ii) consulting and advising on programs for the storage, management, and operation of national food reserves, or (iii) training local technical, administrative, and other personnel needed to carry out such programs;

“(r) For financing research, surveys, conferences, publicity, and other activities which the President shall find to be helpful in support of the projected ‘Free the World From Hunger’ campaign of the United Nations Food and Agriculture Organization; and for such purposes and the purposes of paragraph (q) any currencies of any country available under this Act may be transferred to and used in any other country;

“(s) For financing local currency cost components of projects undertaken by the United Nations Special Fund for which such Fund pays foreign exchange costs;

“(t) For contributions, in addition to United States dollar contributions, to the capital fund of any international development association or organization of which the United States is a member which may be established as an affiliate of the International Bank for Reconstruction and Development for the purpose of making long-term loans for economic development;

“(u) For financing the preparation, distribution, and exhibiting of audiovisual informational and educational materials, including Government materials, abroad;

“(v) For transfer to the International Finance Corporation for the purpose of promoting private investment abroad under such arrangement as may be agreed upon between the President, said Corporation, and the country whose currency is involved;

“(w) For financing the services of technicians, advisers, and administrators who are nationals of any friendly country, which may be needed to further economic and social development programs in other friendly countries;

“(x) For financing relief and rehabilitation projects undertaken following disasters or for assistance to refugees.”

(12) Section 104 is further amended by inserting before the period at the end thereof a comma and the following: “and from time to time release for the general purposes of this title funds that may have accrued in excess of prospective needs for payment of United States obligations”.

(13) Section 106 (which relates to determination of nations with which agreements shall be negotiated) is amended by striking out the words “Secretary of Agriculture” where they appear the second time and inserting in lieu thereof “President”.

(14) Section 107 (which defines “friendly nation”) is amended by inserting before the period at the end thereof a colon and the following: “*Provided*, That such term shall not exclude any nation referred to in clause (2) if the President determines that the making and carrying out of agreements with such nation under this Act will be in the interest of attaining the foreign policy objectives of the United States”.

(15) Section 109 (which relates to the duration of the program under title I) is amended by striking out “December 31, 1959” and inserting in lieu thereof “June 30, 1964”.

(16) Section 202 (authorizing grants of surplus commodities for famine relief) is amended by striking out “with friendly governments or through voluntary agencies” and inserting in lieu thereof “by or with friendly governments or voluntary relief agencies to carry out the purposes of section 201 and to assist friendly nations in establishing, expanding, or carrying out programs, including programs undertaken with the assistance of experts and technicians of the United Nations Food and Agriculture Organization, and the World Health Organization for the relief of chronic hunger and malnutrition”.

(17) Section 203 (which imposes limits on expenditures under title II) is amended by striking out the first sentence and inserting in lieu thereof the following: “Not more than \$250,000,000, including the Corporation’s investment in the commodities, shall be expended annually for all such transfers and for other costs authorized by this title.”

(18) Section 204 (which relates to the duration of the program under title II) is amended by striking out “December 31, 1959” and inserting in lieu thereof “June 30, 1964”.

(19) Section 304(b) (which prohibits certain transactions with the Union of Soviet Socialist Republics and areas dominated or controlled by the Communists regime in China) is amended by striking out "title I or title III" and inserting in lieu thereof "title I, title III, title IV, title V, or title VI".

(20) Title III is further amended by adding at the end thereof a new section as follows:

"SEC. 306. Notwithstanding any other provision of law, the Commodity Credit Corporation is hereby directed—

"(1) to dispose of its stocks of edible oils or products thereof by donation, upon such terms and conditions as the Secretary of Agriculture deems appropriate, to nonprofit voluntary agencies registered with the Department of State, appropriate agencies of the Federal Government or international organizations, for use in the assistance of needy persons outside the United States;

"(2) to purchase for donation as provided above such quantities of edible oils and the products thereof as the Secretary determines will maintain the support level for cottonseed and soybeans without requiring the acquisition of such commodities under the price support program.

Commodity Credit Corporation may incur such additional costs with respect to commodities to be donated hereunder as it is authorized to incur with respect to food commodities disposed of under section 416 of the Agricultural Act of 1949, and may pay ocean freight charges from United States ports to designated ports of entry abroad."

(21) Such Act is further amended by adding at the end thereof the following new titles:

#### "TITLE IV—LONG TERM SUPPLY CONTRACTS

"SEC. 401. The purpose of this title is to utilize agricultural commodities and the products thereof produced in the United States, including but not limited to agricultural commodities in surplus supply, to assist the economic development of friendly nations by assuring such nations a stable supply of agricultural commodities on long-term credit for domestic consumption during periods of economic development so that the resources and manpower of such nations may be utilized more effectively for industrial and other domestic economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use.

"SEC. 402. In furtherance of this purpose, the President is authorized to enter into agreements with friendly nations under the terms of which the United States shall undertake to deliver annually (a) certain quantities of wheat, rice, cotton, feed grains, or tobacco, or (b) such other surplus agricultural commodities as may from time to time be available, for periods of not to exceed ten years.

"SEC. 403. Payment for such commodities shall be in dollars or in services or in strategic or other materials of which the United States does not domestically produce its requirements, as the President may from time to time determine, with interest at such rate as the President may determine but not more than 2½ per centum per year. Payment may be made in approximately equal annual amounts over periods of not to exceed forty years from the date of the last delivery of commodities under the agreement and interest shall be computed from the date of such last delivery.

"SEC. 404. Any such agreement shall include the following undertakings on the part of the purchasing nation as conditions of such contract:

"(1) That commodities provided hereunder will not replace any usual imports of the same or similar commodities by such nation from friendly nations;

"(2) That commodities provided hereunder will be used only for domestic consumption and that none of such commodities will be sold outside the purchasing nation either directly or through replacement of domestic production.

"SEC. 405. In entering into such agreements, the President shall endeavor to reach agreement with other exporting nations of such commodities for their participation in the supply and assistance program herein authorized on a proportionate and equitable basis.

"SEC. 406. In carrying out this title, the provisions of sections 101, 102, 103(a), 106, 107, and 108 of this Act shall be applicable to the extent not inconsistent with this title.



### "TITLE V—NATIONAL FOOD RESERVES

"SEC. 501. The President is authorized to implement the resolution adopted by the United Nations on February 20, 1957 (United Nations Resolution 1025 [XI]), which was sponsored by the United States, calling for international cooperation in the establishment of national food reserves by making transfers of surplus agricultural commodities for the purpose of establishing such reserves. The Commodity Credit Corporation shall make available to the President out of its stocks such agricultural commodities as he may request for this purpose.

"SEC. 502. In making transfers under this title, the President may provide for delivery free on board vessels in United States ports and, upon a determination by the President that it is necessary to accomplish the purposes of such resolution, for the payment of ocean freight charges from United States ports to designated ports of entry abroad, and for the furnishing of technical and other assistance in providing storage facilities for the food reserves so established.

"SEC. 503. (a) No assistance under this title shall be furnished to any nation or organization of nations unless such nation or organization agrees—

"(1) to use the commodities furnished under this title to establish national food reserves;

"(2) to maintain the food reserves so established at agreed levels;

"(3) to consult with and utilize the services of experts and technicians of the United Nations Food and Agriculture Organization with respect to technical problems of storage, management, and operation of national food reserves;

"(4) to maintain and operate such reserves in such manner that they will not interfere with normal commercial trade of the United States or other friendly nations.

"(b) The President is authorized to make transfers of commodities under title II wherever necessary to replenish reserves which are depleted as a result of famine or other urgent or extraordinary relief requirements.

"SEC. 504. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this title. Sums appropriated for such purpose shall be available to reimburse the Commodity Credit Corporation for the Corporation's investment in commodities transferred hereunder and for all costs referred to in section 103(a).

"SEC. 505. No grants or other assistance shall be furnished under this title after June 30, 1964.

### "TITLE VI—BINATIONAL FOUNDATIONS

"SEC. 601. (a) The President is authorized to negotiate and carry out agreements with friendly nations to provide for the establishment in such countries of nonprofit foundations to foster and promote research, education, health, and public welfare.

"(b) A foundation established under this title shall be under the direction of a board of trustees consisting of—

"(1) a number, to be determined by the agreement between the United States and the country in which the foundation is located, of the nationals of such country appointed by the Government thereof;

"(2) an equal number of nationals of the United States (one of whom shall be the chief of the United States diplomatic mission to such country) appointed by the President; and

"(3) one member, who shall be chairman, who shall be appointed by the government of such country with the approval of a majority of the members appointed as provided in clauses (1) and (2).

Members of a board of trustees shall serve at the pleasure of the appointing authority, and vacancies shall be filled in the same manner as in the case of the original appointments.

"SEC. 602. Notwithstanding the provisions of section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President is authorized to grant to any foundation established under this title for use in carrying out the purposes specified in section 601(a) any unexpended local currencies which accrue to the United States, as repayments of principal or payment of

interest on loans heretofore or hereafter made by the United States under section 104. Any such currencies may be used for direct expenditure, or may be invested and the proceeds used, for carrying out this title.

#### "TITLE VII—ADMINISTRATION

"SEC. 701. (a) There is hereby established in the Executive Office of the President an agency to be known as the Peace Food Administration, which shall be headed by a Peace Food Administrator appointed by the President by and with the advice and consent of the Senate. The Peace Food Administrator shall serve at the pleasure of the President and shall receive compensation at the rate of \$21,000 per annum.

"(b) (1) The President shall carry out the functions conferred upon him by this Act and section 402 of the Mutual Security Act of 1954, as amended, either directly or through the Peace Food Administrator.

"(2) The President is authorized to transfer to the Peace Food Administrator the functions of any other agency which he determines are related to the functions of, and can be more effectively or economically carried out by, the Peace Food Administrator, together with any personnel or property used primarily in carrying out such functions.

"(c) The Peace Food Administrator is authorized to make such expenditures and appoint and fix the compensation of such personnel as may be necessary to enable him to carry out his functions.

"SEC. 702. (a) There is hereby established a Peace Food Policy Committee which shall consist of an Assistant Secretary, or officer of comparable level, of each of the following departments or agencies: Departments of State, Treasury, Agriculture, Commerce, Health, Education, and Welfare, and the International Cooperation Administration.

"(b) It shall be the duty of the Peace Food Policy Committee to advise and consult with the Peace Food Administrator concerning the administration of this Act. The Committee shall meet from time to time upon request of the Peace Food Administrator and at such other times as it may deem necessary.

"SEC. 703. (a) There is hereby established a Peace Food Advisory Committee which shall consist of representatives of the following and such other groups as the President deems advisable who shall be appointed by the President for terms of two years:

"(1) The major agricultural organizations;

"(2) Exporters of food and fiber;

"(3) Voluntary agencies such as Cooperative for American Remittances to Europe (CARE) and church groups;

"(4) Educational groups; and

"(5) Voluntary health groups.

"(b) It shall be the duty of the Peace Food Advisory Committee to advise and consult with the Peace Food Administrator, and to make such recommendations as it deems advisable, concerning the administration of this Act. The Committee shall meet from time to time upon request of the Peace Food Administrator and at such other times as it may deem necessary. In carrying out its duties under this Act, the Committee shall invite a representative of the United Nations Food and Agriculture Organization to meet with the Committee in order that, through him, the views of other exporting countries might be heard and their interests taken into account.

"(c) Members of the Advisory Committee shall be entitled, while attending meetings of the Committee, to receive compensation at the rate of \$50 per diem, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons in the Government service employed intermittently.

"SEC. 704. In negotiating agreements under this Act, the President shall give due consideration to the internal and external political and economic conditions of the countries concerned by drawing upon the appropriate title or titles of this Act in such manner as to carry out more effectively the policy set forth in section 2."



[H.R. 7353, 86th Cong., 1st sess.]

A BILL To promote the foreign policy of the United States and help to build essential world conditions of peace, by the more effective use of United States agricultural commodities for the relief of human hunger, and for promoting economic and social development in less developed countries

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That Public Law 480 of the Eighty-third Congress, as amended, is further amended as follows:

(1) The first section (which provides the short title) is amended to read as follows:

"That this Act may be cited as the 'International Food for Peace Act of 1959'."

(2) Section 2 (which consists of a statement of policy) is amended to read as follows:

"CONGRESSIONAL FINDINGS AND POLICY

"SEC. 2. (a) Because of the increased productivity, made possible by science and technology, there is now, for the first time in history, no reason in physical scarcity for the continued existence of hunger, anywhere on this earth. It is now possible and practical for mankind to take cooperative steps to abolish human hunger.

"This being so, massive hunger and suffering from want of clothing, existing in the world in the shadow of unused present and potential surpluses of food and fiber, are no longer tolerable, either morally, politically, or economically.

"The Congress, while recognizing the difficult international, political, and economic problems that lie between hunger and want of clothing in many parts of the world and food and fiber surpluses in others, declares it to be the policy of the United States to move as rapidly as possible in cooperation with other friendly nations, toward putting its abundance of food and fiber more effectively in the service of human need.

"(b) Peoples who comprise one-third of the human race have in our generation achieved national independence (or are in the process of doing so) and are in revolt against the poverty, ignorance, disease, inferior status, and lack of opportunity which have always been their lot. They are determined to achieve that economic and social development necessary to national dignity and individual well-being. To mobilize their resources with reasonable speed and develop their economies to a point where they are self-propelled and self-sustaining they require substantial outside aid over a considerable period of years. If that aid is adequately forthcoming from the free world, they have a good chance to accomplish their purposes in freedom, remaining a part of the free world and contributing to its strength and well-being. It is not forthcoming, their alternative is to seek it in the Communist world, and in the process to surrender both personal and national freedom. Deeply aware of and sympathetic with the aspirations of the world's peoples who seek in freedom greater national dignity and individual well-being, the Congress declares it to be the policy of the United States to help them achieve those aspirations. The Congress recognizes that for this purpose a number of different kinds of aid are required, but that among them food and fiber aid is a highly important form and one whose effectiveness can be greatly increased. The Congress declares that the agricultural abundance of the United States is not an embarrassment but a blessing to be used in the service of mankind, that it should be so used to the maximum extent possible, and that if it is so used it can help build essential conditions of world peace and freedom.

"(c) To achieve those larger purposes, the Congress directs that this Act shall be administered (1) so as to help other countries carry forward their own national or regional plans for development in freedom and independence; (2) so as to support the efforts and programs of the United Nations, its specialized agencies and affiliated organizations, and regional organizations of friendly countries, directed toward the same ends; (3) so as to leave wide latitude in working out details of national agreements and projects to United States Chiefs of Missions in negotiations with the governments concerned; and (4) so as to enlist the cooperation of other countries in putting agricultural surpluses more effectively in the service of human need and the economic and social development of less developed countries.

"(d) It is also declared to be the policy of Congress to expand international trade among the United States and friendly nations, to facilitate the convertibility of currency, to promote the economic stability of American agriculture and the national welfare, to make maximum efficient use of surplus agricultural

commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment thereof. It is further the policy to use foreign currencies which accrue to the United States under this Act to expand international trade, to encourage economic development, to purchase strategic materials, to pay United States obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the United States."

(3) Section 101 (which relates to the negotiation of agreements) is amended by striking out "and" at the end of paragraph (d), by changing the period at the end of paragraph (e) to a semicolon, and by adding at the end of such section the following new paragraphs:

"(f) seek, insofar as possible, to enter into such agreement for periods in excess of one year; and

"(g) give maximum attention to utilizing the authority and funds provided by this Act to further the economic and social development plans of underdeveloped countries."

(4) Section 103(b) (prescribing limit on appropriations) is amended to read as follows:

"(b) Agreements shall not be entered into under this title during the period beginning July 1, 1959, and ending June 30, 1964, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$200,000,000 annually, plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior fiscal years by this Act as in effect during such fiscal years."

(5) Section 103 is further amended by adding at the end thereof the following new subsection:

"(c) In carrying out programs and activities under this title, the President shall, insofar as possible, coordinate such programs and activities with other United States and international programs and activities directed toward the same end."

(6) Section 104(e) (relating to loans for trade expansion) is amended by striking out "Export-Import Bank for loans mutually agreeable to said bank" and inserting in lieu thereof "United States Development Loan Fund created by title II of chapter II of the Mutual Security Act of 1954, as amended, for loans mutually agreeable to said Fund", and by inserting before the semicolon at the end thereof a colon and the following: "*Provided further*, That funds which have accrued under this section and which are uncommitted may at the discretion of the President, be placed under the administration of the Development Loan Fund".

(7) Section 104(g) (relating to the promotion of trade and economic development) is amended to read as follows:

"(g) For loans and grants to promote multilateral trade and economic development, made through established banking facilities of the friendly nation from which the foreign currency was obtained or in any other manner which the President may deem to be appropriate. Interest on loans made under this subsection shall be at such rate, not to exceed 2½ per centum per annum, as the President shall determine. Strategic materials, services, or foreign currencies may be accepted in payment of such loans;"

(8) Section 104(h) (relating to international educational exchange activities) is amended by striking out the words "in such amounts as may be specified from time to time in appropriation acts" and by striking out the semicolon at the end thereof and inserting in lieu thereof a period and the following: "Such currencies may also be used for making grants to United States nonprofit organizations and institutions for carrying out such exchange of persons projects under this paragraph between the United States and other countries as may be agreed upon between such organizations and institutions and the Secretary of State, but no such grants shall be made to any organization or institution which does not agree to provide the dollar funds which the Secretary of State deems necessary to carry forward agreed projects to a successful conclusion;"

(9) Section 104(k) (relating to scientific activities) is amended by striking out "but no foreign currencies shall be used for the purposes of this subsection (k) unless specific appropriations be made therefor" and inserting in lieu



thereof the following: "and to promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation".

(10) Section 104(o) (relating to assistance to educational facilities sponsored by United States citizens) is amended by striking out so much thereof as follows the semicolon.

(11) Section 104 (relating to uses of foreign currencies) is amended by inserting after paragraph (o) the following new paragraphs:

"(p) For supporting workshops in American studies or American educational techniques, and supporting chairs in American studies.

"(q) For financing technicians and other personnel of the United Nations Food and Agriculture Organization and World Health Organization (including necessary equipment and supplies) engaged in (i) consulting and advising on, conducting, or administering government programs designed to relieve chronic hunger and malnutrition, (ii) consulting and advising on programs for the storage, management, and operation of national food reserves, or (iii) training local technical, administrative, and other personnel needed to carry out such programs;

"(r) For financing research, surveys, conferences, publicity, and other activities which the President shall find to be helpful in support of the projected 'Free the World From Hunger' campaign of the United Nations Food and Agriculture Organization; and for such purposes and the purposes of paragraph (q) any currencies of any country available under this Act may be transferred to and used in any other country;

"(s) For financing local currency cost components of projects undertaken by the United Nations Special Fund for which such Fund pays foreign exchange costs;

"(t) For contributions, in addition to United States dollar contributions, to the capital fund of any international development association or organization of which the United States is a member which may be established as an affiliate of the International Bank for Reconstruction and Development for the purpose of making long-term loans for economic development;

"(u) For financing the preparation, distribution, and exhibiting of audiovisual informational and educational materials, including Government materials, abroad;

"(v) For transfer to the International Finance Corporation for the purpose of promoting private investment abroad under such arrangement as may be agreed upon between the President, said Corporation, and the country whose currency is involved;

"(w) For financing the services of technicians, advisers, and administrators who are nationals of any friendly country, which may be needed to further economic and social development programs in other friendly countries;

"(x) For financing relief and rehabilitation projects undertaken following disasters or for assistance to refugees."

(12) Section 104 is further amended by inserting before the period at the end thereof a comma and the following: "and from time to time release for the general purposes of this title funds that may have accrued in excess of prospective needs for payment of United States obligations".

(13) Section 106 (which relates to determination of nations with which agreements shall be negotiated) is amended by striking out the words "Secretary of Agriculture" where they appear the second time and inserting in lieu thereof "President".

(14) Section 107 (which defines "friendly nation") is amended by inserting before the period at the end thereof a colon and the following: "Provided, That such term shall not exclude any nation referred to in clause (2) if the President determines that the making and carrying out of agreements with such nation under this Act will be in the interest of attaining the foreign policy objectives of the United States".

(15) Section 109 (which relates to the duration of the program under title I) is amended by striking out "December 31, 1959" and inserting in lieu thereof "June 30, 1964".

(16) Section 202 (authorizing grants of surplus commodities for famine relief) is amended by striking out "with friendly governments or through voluntary agencies" and inserting in lieu thereof "by or with friendly governments or voluntary relief agencies to carry out the purposes of section 201 and to assist friendly nations in establishing, expanding, or carrying out programs, including programs undertaken with the assistance of experts and technicians of the

United Nations Food and Agriculture Organization, and the World Health Organization for the relief of chronic hunger and malnutrition".

(17) Section 203 (which imposes limits on expenditures under title II) is amended by striking out the first sentence and inserting in lieu thereof the following: "Not more than \$250,000,000, including the Corporation's investment in the commodities, shall be expended annually for all such transfers and for other costs authorized by this title."

(18) Section 204 (which relates to the duration of the program under title II) is amended by striking out "December 31, 1959" and inserting in lieu thereof "June 30, 1964".

(19) Section 304(b) (which prohibits certain transactions with the Union of Soviet Socialist Republics and areas dominated or controlled by the Communist regime in China) is amended by striking out "title I or title III" and inserting in lieu thereof "title I, title III, title IV, title V, or title VI".

(20) Title III is further amended by adding at the end thereof a new section as follows:

"SEC. 306. Notwithstanding any other provision of law, the Commodity Credit Corporation is hereby directed—

"(1) to dispose of its stocks of edible oils or products thereof by donation, upon such terms and conditions as the Secretary of Agriculture deems appropriate, to nonprofit voluntary agencies registered with the Department of State, appropriate agencies of the Federal Government or international organizations, for use in the assistance of needy persons outside the United States;

"(2) to purchase for donation as provided above such quantities of edible oils and the products thereof as the Secretary determines will maintain the support level for cottonseed and soybeans without requiring the acquisition of such commodities under the price support program.

Commodity Credit Corporation may incur such additional costs with respect to commodities to be donated hereunder as it is authorized to incur with respect to food commodities disposed of under section 416 of the Agricultural Act of 1949, and may pay ocean freight charges from United States ports to designated ports of entry abroad."

(21) Such Act is further amended by adding at the end thereof the following new titles:

#### "TITLE IV—LONG-TERM SUPPLY CONTRACTS

"SEC. 401. The purpose of this title is to utilize agricultural commodities and the products thereof produced in the United States, including but not limited to agricultural commodities in surplus supply, to assist the economic development of friendly nations by assuring such nations a stable supply of agricultural commodities on long-term credit for domestic consumption during periods of economic development so that the resources and manpower of such nations may be utilized more effectively for industrial and other domestic economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use.

"SEC. 402. In furtherance of this purpose, the President is authorized to enter into agreements with friendly nations under the terms of which the United States shall undertake to deliver annually (a) certain quantities of wheat, rice, cotton, feed grains, or tobacco, or (b) such other surplus agricultural commodities as may from time to time be available, for periods of not to exceed ten years.

"SEC. 403. Payment for such commodities shall be in dollars or in services or in strategic or other materials of which the United States does not domestically produce its requirements, as the President may from time to time determine, with interest at such rate as the President may determine but not more than 2½ per centum per year. Payment may be made in approximately equal annual amounts over periods of not to exceed 40 years from the date of the last delivery of commodities under the agreement and interest shall be computed from the date of such last delivery.

"SEC. 404. Any such agreement shall include the following undertakings on the part of the purchasing nation as conditions of such contract:

"(1) That commodities provided hereunder will not replace any usual imports of the same or similar commodities by such nation from friendly nations;

"(2) That commodities provided hereunder will be used only for domestic consumption and that none of such commodities will be sold outside the purchasing nation either directly or through replacement of domestic production.



"SEC. 405. In entering into such agreements, the President shall endeavor to reach agreement with other exporting nations of such commodities for their participation in the supply and assistance program herein authorized on a proportionate and equitable basis.

"SEC. 406. In carrying out this title, the provisions of sections 101, 102, 103(a), 106, 107, and 108 of this Act shall be applicable to the extent not inconsistent with this title.

#### "TITLE V—NATIONAL FOOD RESERVES

"SEC. 501. The President is authorized to implement the resolution adopted by the United Nations on February 20, 1957 (United Nations Resolution 1025 [XI]), which was sponsored by the United States, calling for international cooperation in the establishment of national food reserves by making transfers of surplus agricultural commodities for the purpose of establishing such reserves. The Commodity Credit Corporation shall make available to the President out of its stocks such agricultural commodities as he may request for this purpose.

"SEC. 502. In making transfers under this title, the President may provide for delivery free on board vessels in United States ports and, upon a determination by the President that it is necessary to accomplish the purposes of such resolution, for the payment of ocean freight charges from United States ports to designated ports of entry abroad, and for the furnishing of technical and other assistance in providing storage facilities for the food reserves so established.

"SEC. 503 (a) No assistance under this title shall be furnished to any nation or organization of nations unless such nation or organization agrees—

"(1) to use the commodities furnished under this title to establish national food reserves;

"(2) to maintain the food reserves so established at agreed levels;

"(3) to consult with and utilize the services of experts and technicians of the United Nations Food and Agriculture Organization with respect to technical problems of storage, management, and operation of national food reserves;

"(4) to maintain and operate such reserves in such manner that they will not interfere with normal commercial trade of the United States or other friendly nations.

"(b) The President is authorized to make transfers of commodities under title II wherever necessary to replenish reserves which are depleted as a result of famine or other urgent or extraordinary relief requirements.

"SEC. 504. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this title. Sums appropriated for such purpose shall be available to reimburse the Commodity Credit Corporation for the Corporation's investment in commodities transferred hereunder and for all costs referred to in section 103(a).

"SEC. 505. No grants or other assistance shall be furnished under this title after June 30, 1964.

#### "TITLE VI—BINATIONAL FOUNDATIONS

"SEC. 601. (a) The President is authorized to negotiate and carry out agreements with friendly nations to provide for the establishment in such countries of nonprofit foundations to foster and promote research, education, health, and public welfare.

"(b) A foundation established under this title shall be under the direction of a board of trustees consisting of—

"(1) a number, to be determined by the agreement between the United States and the country in which the foundation is located, of the nationals of such country appointed by the Government thereof;

"(2) an equal number of nationals of the United States (one of whom shall be the chief of the United States diplomatic mission to such country) appointed by the President; and

"(3) one member, who shall be chairman, who shall be appointed by the government of such country with the approval of a majority of the members appointed as provided in clauses (1) and (2).

Members of a board of trustees shall serve at the pleasure of the appointing authority, and vacancies shall be filled in the same manner as in the case of the original appointments.

"SEC. 602. Notwithstanding the provisions of section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President is authorized to grant to any foundation established under this title for use in carrying out the purposes specified in section 601(a) any unexpended local currencies which accrue to the United States, as repayments of principal or payment of interest on loans heretofore or hereafter made by the United States under section 104. Any such currencies may be used for direct expenditure, or may be invested and the proceeds used, for carrying out this title.

#### "TITLE VII—ADMINISTRATION

"SEC. 701. (a) There is hereby established in the Executive Office of the President an agency to be known as the Peace Food Administration, which shall be headed by a Peace Food Administrator appointed by the President by and with the advice and consent of the Senate. The Peace Food Administrator shall serve at the pleasure of the President and shall receive compensation at the rate of \$21,000 per annum.

"(b) (1) The President shall carry out the functions conferred upon him by this Act and section 402 of the Mutual Security Act of 1954, as amended, either directly or through the Peace Food Administrator.

"(2) The President is authorized to transfer to the Peace Food Administrator the functions of any other agency which he determines are related to the functions of, and can be more effectively or economically carried out by, the Peace Food Administrator, together with any personnel or property used primarily in carrying out such functions.

"(c) The Peace Food Administrator is authorized to make such expenditures and appoint and fix the compensation of such personnel as may be necessary to enable him to carry out his functions.

"SEC. 702. (a) There is hereby established a Peace Food Policy Committee which shall consist of an Assistant Secretary, or officer of comparable level, of each of the following departments or agencies: Departments of State, Treasury, Agriculture, Commerce, Health, Education, and Welfare, and the International Cooperation Administration.

"(b) It shall be the duty of the Peace Food Policy Committee to advise and consult with the Peace Food Administrator concerning the administration of this Act. The Committee shall meet from time to time upon request of the Peace Food Administrator and at such other times as it may deem necessary.

"SEC. 703. (a) There is hereby established a Peace Food Advisory Committee which shall consist of representatives of the following and such other groups as the President deems advisable who shall be appointed by the President for terms of two years:

"(1) The major agricultural organizations;

"(2) Exporters of food and fiber;

"(3) Voluntary agencies such as Cooperative for American Remittances to Europe (CARE) and church groups;

"(4) Educational groups; and

"(5) Voluntary health groups.

"(b) It shall be the duty of the Peace Food Advisory Committee to advise and consult with the Peace Food Administrator, and to make such recommendations as it deems advisable, concerning the administration of this Act. The Committee shall meet from time to time upon request of the Peace Food Administrator and at such other times as it may deem necessary. In carrying out its duties under this Act, the Committee shall invite a representative of the United Nations Food and Agriculture Organization to meet with the Committee in order that, through him, the views of other exporting countries might be heard and their interests taken into account.

"(c) Members of the Advisory Committee shall be entitled, while attending meetings of the Committee, to receive compensation at the rate of \$50 per diem, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons in the Government service employed intermittently.

"SEC. 704. In negotiating agreements under this Act, the President shall give due consideration to the internal and external political and economic conditions of the countries concerned by drawing upon the appropriate title or titles of this Act in such manner as to carry out more effectively the policy set forth in section 2."



[H.R. 7983, 86th Cong., 1st sess.]

A BILL To amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 103(b) of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended to read as follows:

"(b) Agreements shall not be entered into under this title during the period beginning January 1, 1960, and ending December 31, 1960, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$1,500,000,000, plus any amount by which agreements entered into in prior fiscal years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior fiscal years by this Act as in effect during such fiscal years: *Provided, however,* That it is specifically directed that disposals resulting from transactions authorized by section 303 of this Act shall have priority over disposals under this title and that agreements under this title shall be entered into only in those cases and to the extent that the Secretary shall determine that countries requesting assistance under the provisions of this title are unable to meet their requirements through commodities made available for export under section 303 of this Act."

SEC. 2. Section 109 of such Act is amended by striking out "December 31, 1959" and inserting "December 31, 1960".

SEC. 3. Section 204 of such Act is hereby repealed.

SEC. 4. Section 303 of such Act is amended to read as follows:

"SEC. 303. The Secretary shall, unless he determines that any such action is not in the best interest of the United States, barter or exchange agricultural commodities owned by the Commodity Credit Corporation for (a) any materials included within the national stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98-98h) which entail less risk of loss through deterioration or substantially less storage charges, or (b) strategic and other materials, goods, or equipment important to the economy or the security programs of the United States as designated by the Secretary, including but not limited to those requested by the Atomic Energy Commission, the Department of Defense, and the Office of Civil and Defense Mobilization, or (c) materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, or (d) materials or equipment required in substantial quantities for offshore construction programs. He is hereby directed to use every practicable means, in cooperation with other Government agencies, to arrange and make, through private channels, such barters or exchanges or to utilize the authority conferred on him by section 4(h) of the Commodity Credit Corporation Charter Act, as amended, to make such barters or exchanges. In carrying out barters or exchanges authorized by this section, no restrictions shall be placed on the countries of the free world into which surplus agricultural commodities may be exported. The Secretary shall endeavor to consummate agreements for disposals authorized herein at a rate of not less than \$350,000,000 for each fiscal year. The Secretary shall permit and encourage the barter for materials processed in the United States from raw material originating in friendly foreign countries. Agencies of the United States Government procuring such materials, goods, or equipment contemplated herein are hereby directed to endeavor to obtain such materials, goods, or equipment through the Commodity Credit Corporation by means of barter or exchanges as directed by this section. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchanges of agricultural commodities in their possession for such materials, goods, or equipment."

SEC. 4. Section 206(a) of the Agricultural Act of 1956 is amended by inserting before the period at the end thereof a comma and the following: "or strategic or other materials required by other Government agencies".

The CHAIRMAN. After a conference with Mr. Heimburger, counsel for the committee, I decided to have a committee print made which is before the members now containing information regarding the subject we will discuss in these hearings.

(The committee print referred to follows:)

SELECTED DATA RELATING TO  
AGRICULTURAL EXPORTS AND OPERATION  
OF PUBLIC LAW 480

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COMMITTEE ON AGRICULTURE  
HOUSE OF REPRESENTATIVES  
EIGHTY-SIXTH CONGRESS  
FIRST SESSION



JULY 13, 1959

Printed for the use of the Committee on Agriculture

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SELECTED DATA RELATING TO AGRICULTURAL EXPORTS  
AND OPERATION OF PUBLIC LAW 480

EXPORTS GENERALLY

The following five tables present a summary of U.S. agricultural exports for the past 2½ years. Table 1 compares the value of exports by major commodity groups for the calendar years 1957 and 1958, showing an overall decrease of 14 percent in 1958. Table 2 carries this comparison forward through the first 4 months of 1959, showing a 7 percent decrease in exports compared to the same period in the fiscal year 1958. Table 3 shows exports in 1957 and 1958 by country of destination. Table 4 shows exports by commodities for the first 10 months of fiscal years 1958 and 1959. Table 5 shows exports under specified Government programs.

TABLE 1.—U.S. agricultural exports, calendar years 1957 and 1958

Commodity	1957	1958	Charge, increase (+) or de- crease (—)
	<i>Millions</i>	<i>Millions</i>	<i>Percent</i>
Cotton.....	\$1,049	\$656	—37
Grains and feeds <sup>1</sup> .....	1,485	1,412	—5
Wheat and flour <sup>1</sup> .....	888	733	—17
Feed grains <sup>1 2</sup> .....	389	501	+29
Rice, milled <sup>1</sup> .....	131	99	—24
Tobacco, unmanufactured.....	359	354	—1
Vegetable oils, seeds <sup>1</sup> .....	452	390	—14
Fruits and vegetables <sup>1</sup> .....	360	381	+5
Animals and products <sup>1</sup> .....	667	549	—18
Other <sup>1</sup> .....	134	112	—16
Total.....	4,506	3,854	—14

<sup>1</sup> Includes private shipments for relief and charity, mostly CCC surpluses donated to welfare agencies under sec. 416 of the Agricultural Act of 1949, as amended, and other legislation.

<sup>2</sup> Including major products.



TABLE 2.—U.S. agricultural exports, July–April

Commodity	1957–58 <sup>1</sup>	1958–59 <sup>2</sup>	Change, increase (+) or de- crease (–)
	Millions	Millions	Percent
Cotton.....	\$780	\$385	–51
Grains and feeds <sup>3</sup> .....	1,140	1,330	+17
Wheat and flour <sup>3</sup> .....	611	660	+8
Feed grains <sup>3 4</sup> .....	361	480	+33
Rice, milled <sup>5</sup> .....	84	85	+1
Tobacco, unmanufactured.....	320	330	+3
Vegetable oils and seeds <sup>2</sup> .....	382	385	–1
Soybeans.....	201	215	+7
Edible vegetable oils <sup>2 6</sup> .....	124	120	–3
Fruits and preparations <sup>3</sup> .....	239	205	–14
Vegetables and preparations <sup>3</sup> .....	106	115	+8
Animals and products <sup>3</sup> .....	447	430	–4
Fats and oils.....	149	145	–3
Meats and products.....	76	85	+12
Hides and skins.....	61	45	–26
Dairy products <sup>3</sup> .....	103	75	–27
Private relief <sup>6</sup> .....	151	115	–24
Other <sup>3</sup> .....	109	105	–4
Total.....	3,674	3,400	–7

<sup>1</sup> Partly revised.<sup>2</sup> Partly estimated.<sup>3</sup> Excludes private relief.<sup>4</sup> Excludes products.<sup>5</sup> Cotton and soybean.<sup>6</sup> Mostly CCC donations.

TABLE 3.—U.S. agricultural exports by country of destination, calendar years 1957 and 1958

Country	1957	1958	Change, increase (+) or de- crease (–)
	Millions	Millions	Percent
United Kingdom.....	\$501	\$409	–18
Japan.....	454	361	–20
Canada.....	355	344	–3
West Germany.....	411	285	–31
Netherlands.....	238	205	–14
India.....	253	175	–30
Cuba.....	147	145	–1
Spain.....	100	144	+44
Italy.....	214	142	–34
Republic of Korea.....	123	111	–10
Mexico.....	104	106	+2
Belgium.....	145	103	–29
Yugoslavia.....	129	95	–26
France.....	85	87	+2
Venezuela.....	82	84	+2
Other.....	1,165	1,057	–9
Total.....	4,506	3,854	–14

TABLE 4.—Domestic exports: July-April 1957-58 and 1958-59 <sup>1</sup>

Commodity exported	Unit	Quantity		Value	
		1957-58	1958-59	1957-58	1958-59
		<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>
Cheese.....	Pound.....	20, 523	10, 551	\$3, 072	\$4, 043
Milk, evaporated.....	do.....	117, 179	92, 272	18, 500	14, 733
Milk, whole, dried.....	do.....	35, 714	29, 807	15, 925	11, 899
Nonfat dry milk.....	do.....	207, 596	152, 883	25, 332	18, 895
Eggs, in the shell.....	Dozen.....	18, 323	25, 802	9, 854	13, 830
Beef and veal, total <sup>2</sup> .....	Pound.....	30, 591	20, 521	10, 567	8, 253
Pork, total <sup>2</sup> .....	do.....	46, 120	49, 160	17, 073	16, 967
Lard.....	do.....	331, 310	371, 565	45, 845	45, 504
Tallow, edible and inedible.....	do.....	921. 821	916, 633	81, 577	76, 921
Cotton, unmanufactured, excluding linters (running bales).....	Bale.....	4, 698	2, 645	703, 578	352, 809
Apples, fresh.....	Pound.....	238, 967	99, 771	18, 147	8, 195
Oranges and tangerines, fresh.....	do.....	417, 319	365, 369	28, 933	27, 258
Prunes, dried.....	do.....	107, 574	59, 123	16, 496	13, 512
Raisins and currants.....	do.....	56, 720	41, 940	10, 276	10, 480
Fruits, canned <sup>3</sup> .....	do.....	267, 212	244, 355	38, 438	37, 807
Orange juice.....	Gallon.....	13, 593	9, 950	17, 983	19, 098
Barley, grain (48 pounds).....	Bushel.....	67, 627	97, 053	67, 306	110, 398
Corn, grain (56 pounds).....	do.....	159, 759	161, 706	214, 454	211, 731
Grain sorghums (56 pounds).....	do.....	29, 596	81, 053	32, 200	96, 353
Oats, grain (32 pounds).....	do.....	18, 994	23, 435	10, 713	16, 635
Rice, milled, excludes paddy.....	Pound.....	984, 417	1, 018, 894	80, 582	76, 892
Rye, grain (56 pounds).....	Bushel.....	3, 262	8, 044	3, 823	9, 929
Wheat, grain (60 pounds).....	do.....	262, 134	297, 144	462, 735	511, 517
Flour, wholly of U.S. wheat (100 pounds).....	Bag.....	22, 022	20, 549	95, 539	82, 346
Flaxseed (56 pounds).....	Bushel.....	9, 035	4, 636	21, 539	13, 635
Soybeans, except canned (60 pounds).....	do.....	76, 202	84, 729	185, 193	195, 521
Soybean oil, crude, refined, etc.....	Pound.....	337, 238	628, 950	49, 355	80, 131
Cottonseed oil, crude, refined, etc.....	do.....	279, 002	206, 592	44, 193	25, 907
Tobacco, unmanufactured.....	do.....	416, 522	422, 611	302, 249	312, 799
Beans, dried.....	do.....	174, 533	238, 409	12, 972	19, 097
Peas, dried (except cowpeas and chickpeas).....	do.....	83, 461	137, 116	4, 721	8, 873
Potatoes, white.....	do.....	171, 547	224, 416	4, 845	5, 564
Vegetables, canned <sup>3</sup> .....	do.....	113, 973	78, 865	14, 766	11, 875
Food exported for relief, etc.....				133, 168	106, 272
Other agricultural commodities.....				522, 698	514, 737
Total agricultural.....				3, 329, 647	3, 090, 416
Total all commodities.....				15, 707, 621	14, 342, 180

<sup>1</sup> Preliminary.<sup>2</sup> Product weight.<sup>3</sup> Includes only those classes which are shown separately in table 2 of the monthly issues of Foreign Agricultural Trade.

Compiled from official records, Bureau of the Census.

TABLE 5.—U.S. agricultural exports under specified Government-financed programs and total agricultural exports, calendar years 1957 and 1958

Program	1957	1958	Change, increase (+) or decrease (—)
	<i>Millions</i>	<i>Millions</i>	<i>Percent</i> <sup>1</sup>
Sales for foreign currencies (title I, Public Law 480).....	\$764	\$752	—1
Famine and emergency relief (title II, Public Law 480).....	71	84	+17
Foreign donations (sec. 416, Agricultural Act of 1949 and sec. 302, Public Law 480).....	166	162	—2
Barter (CCC Charter Act; sec. 303, Public Law 480; etc.).....	244	65	—73
Public Law 665, sec. 402, and economic aid (ICA).....	318	214	—33
Total under programs.....	1, 562	1, 277	—15
Total outside programs.....	2, 944	2, 577	—12
Total agricultural exports.....	4, 506	3, 854	—14

<sup>1</sup> Computed from unrounded data.



## SALES FOR FOREIGN CURRENCY

The following seven tables summarize operations under title I of Public Law 480. Table 6 summarizes by countries all the agreements made through May 31, 1959, showing the market value of the commodities covered by the agreements and the quantity actually shipped. Table 7 breaks this summary down by commodities. Table 8 shows the commodity composition of agreements signed during fiscal year 1959 with cumulative totals from the start of the program through June 30, 1959. This table shows, also, the cost of ocean transportation and the market value of the commodities compared to the cost of the commodities to the CCC. Table 9 shows the quantities of commodities programed under agreements signed in fiscal year 1959 and table 10 shows the planned uses of the foreign currency under these agreements. Table 11 shows actual receipts of foreign currency under each Public Law 480 agreement and its status in Treasury accounts. Of interest is the December 1958 exchange rate of the currency, as shown in the third column, compared to the rate of exchange stipulated in the agreements. In the last column any difference in exchange rate is applied to the Treasury balance, computations by the General Accounting Office. Table 12 is a composite of all exports under Public Law 480 to March 31, 1959, showing the program under which exported.

TABLE 6.—*Title I, Public Law 480: Amount programed under agreements signed through May 31, 1959, and estimated market value of commodities shipped from beginning of program through May 31, 1959*

Country	Amount programed (export market value excluding ocean transportation)	Estimated market value of shipments <sup>1</sup>	Country	Amount programed (export market value excluding ocean transportation)	Estimated market value of shipments <sup>1</sup>
Argentina.....	\$28,681,000	\$28,681,000	Korea.....	\$116,458,000	\$115,102,000
Austria.....	40,155,000	38,489,000	Mexico.....	26,600,000	24,644,000
Brazil.....	155,381,000	89,055,000	Netherlands.....	247,000	247,000
Burma.....	38,752,000	22,388,000	Pakistan.....	242,646,000	194,580,000
Ceylon.....	17,799,000	6,775,000	Paraguay.....	2,598,000	2,598,000
Chile.....	36,723,000	36,723,000	Peru.....	20,312,000	20,280,000
China (Taiwan).....	19,911,000	19,654,000	Philippines.....	13,097,000	12,586,000
Colombia.....	35,019,000	29,559,000	Poland.....	128,631,000	128,818,000
Ecuador.....	8,549,000	7,396,000	Portugal.....	6,282,000	6,282,000
Finland.....	36,242,000	31,776,000	Spain.....	367,730,000	316,913,000
France.....	57,148,000	30,323,000	Thailand.....	4,394,000	4,083,000
Germany.....	1,197,000	1,197,000	Turkey.....	175,350,000	145,055,000
Greece.....	59,258,000	58,467,000	United Arab Re- public.....	60,341,000	33,953,000
Iceland.....	7,763,000	5,155,000	United Kingdom.....	48,150,000	48,067,000
India.....	544,039,000	493,482,000	Uruguay.....	11,800,000	3,726,000
Indonesia.....	128,149,000	89,844,000	Vietnam.....	5,800,000	5,330,000
Iran.....	9,963,000	9,963,000	Yugoslavia.....	343,005,000	313,433,000
Israel.....	117,055,000	103,222,000			
Italy.....	146,825,000	131,814,000			
Japan.....	135,064,000	135,064,000	Total.....	3,197,114,000	2,744,724,000

<sup>1</sup> Value is estimated export market value, f.o.b. U.S. ports, of tonnage shown on ocean bills of lading. Estimates are revised to reflect actual amounts financed when this information is obtained for completed authorizations.

TABLE 7.—Status of agreements and shipments, Title I, Public Law 480, July 1, 1954, through May 31, 1959

[Market value in millions of dollars]

Country	Wheat and flour		Feed grains		Rice		Cotton		Tobacco		Dairy products		Fats and oils		Other		Total		Percent shipped
	P <sup>1</sup>	S <sup>1</sup>	P <sup>1</sup>	S <sup>1</sup>	P <sup>1</sup>	S <sup>1</sup>	P <sup>1</sup>	S <sup>1</sup>	P <sup>1</sup>	S <sup>1</sup>	P <sup>1</sup>	S <sup>1</sup>	P <sup>1</sup>	S <sup>1</sup>	P <sup>1</sup>	S <sup>1</sup>	P <sup>1</sup>	S <sup>1</sup>	
Argentina.....																	\$28.7	\$28.7	100
Austria.....	\$7.0	\$6.9	\$15.3	\$15.2			\$10.5	\$9.0	\$4.8	\$4.8	\$2.2	\$1.9	\$28.7	2.4	\$0.2		40.2	38.5	96
Brazil.....	144.2	82.3	4.3	.6					3.1	5	2.1	2.0	4.1	3.8	.1		155.4	89.1	58
Burma.....																	38.8	22.4	58
Ceylon.....	5.9	1.3			\$11.9	\$5.5											17.8	6.8	38
Chile.....	14.1	14.1					7.1	7.1	2	2			14.9	14.9	.4		36.7	36.7	100
China (Taiwan).....	8.1	7.8					4.7	4.7	3.4	3.4	1.4	1.4	2.3	2.3			19.9	19.6	98
Colombia.....	16.2	13.3					12.0	12.0	.5	.5	.2	.2	6.1	3.6			35.0	29.6	84
Ecuador.....	3.1	2.6					4	4	.7	.3			4.3	4.1			8.5	7.4	87
Finland.....	10.7	10.5	2.3	2.3			8.6	7.7	12.3	9.1			4.3		2.3	2.2	36.2	31.8	88
France.....							47.1	23.8	10.0	6.5							57.1	30.3	53
Germany.....	27.2	26.9	14.1	13.8							4.4	4.2			1.2	1.2	1.2	1.2	100
Greece.....	1.9	1.3	2.2	1.5			.9	.3	1.3	.9			13.7	13.6			59.4	58.5	98
Iceland.....																			65
India.....	453.3	409.8	13.1	9.9	26.4	26.4	41.8	39.7	6.0	5.5	3.5	2.2	.3	.2	1.0	.9	7.8	5.1	91
Indonesia.....	10.0	5.0			48.5	41.3	52.7	29.4	15.0	14.1	2.0						544.1	493.5	91
Iran.....	9.2	9.2									8						128.2	89.8	70
Israel.....	38.9	35.1	38.0	29.5	.6	.3	4.4	4.3	8	6	16.2	15.9	7.5	6.8	10.7	10.7	10.0	10.0	100
Italy.....	1.5	1.5	6.3	4.0			82.4	76.5	17.9	13.4			37.7	36.4	1.0	.012	117.1	103.2	88
Japan.....	47.9	47.8	13.3	13.3	13.7	13.7	52.5	52.5	7.6	7.6					1.0		146.8	131.8	89
Korea.....	35.6	34.9	31.4	30.7	24.3	24.3	9.8	9.8	6.6	6.6	.3		.5	.5	8.0	8.0	135.0	134.9	99
Mexico.....			26.6	24.6													116.5	115.1	99
Netherlands.....																	26.6	24.6	92
Pakistan.....	124.2	90.0			65.1	61.3	30.3	28.9	4.8	4.8	4.9	4.6	13.3	5.1			242.6	194.7	80
Paraguay.....	1.7	1.7															2.6	2.6	100
Peru.....	14.7	14.7			4.4	4.4					.4	.4	.5	.5			20.3	20.3	100
Philippines.....					6.1	6.1	4.9	4.9			1.7	1.7	1.0	1.0	(?)		13.1	13.1	100
Poland.....							54.3	54.3			1.0	1.0	11.7	11.7			128.6	128.6	100
Portugal.....	42.4	42.4	19.2	19.2													6.3	6.3	100
Spain.....	6.3	6.3															367.8	316.9	86
Thailand.....	4.5	4.5	25.9	19.2			75.9	75.8	20.3	14.5	1.5	.2	219.5	185.2	20.2	17.7	4.4	4.1	93
Turkey.....	72.8	72.8	17.8	17.8	2.1	2.1			3.9	3.9	.5	.5	72.9	43.7	7.1	6.5	175.3	145.1	83
United Arab Republic.....	38.5	33.9	3.3	5.3					9.0	38.0	2.6	2.2	3.2		.5		60.3	33.9	56
United Kingdom.....											.5						48.2	48.1	99
Uruguay.....			2.2				3.5	2.8	6.1	.9							11.8	3.7	31
Vietnam.....									5.8	5.3							5.8	5.3	91
Yugoslavia.....	228.4	206.9					64.3	63.2					48.4	41.5	1.8	1.8	342.9	313.4	91
Total.....	1,368.3	1,183.5	235.3	201.6	208.6	185.4	600.0	525.9	178.7	143.1	46.4	39.2	495.2	406.4	64.7	59.8	3,197.2	2,744.9	
Percentage shipped.....		86		85		89		88		80		84		82		92		86	

<sup>1</sup> Code:

P—Programmed under sales agreements.

S—Shipped under sales agreements.

<sup>2</sup> Less than \$50,000.

USDA Foreign Agricultural Service, July 6, 1959.



TABLE 8.—Commodity composition of programs under title I, Public Law 480 agreements signed through June 30, 1959

[In millions of dollars]

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Total			
									Market value	Ocean transportation <sup>1</sup>	Market value including ocean transportation	
FISCAL YEAR 1959												
Argentina			4.6				25.6		30.2	2.8	33.0	35.6
Ceylon	4.2		8.3						12.5	2.2	14.7	21.8
China (Taiwan)	7.6				2.6	1.0	.7		11.9	1.5	13.4	17.5
Finland				1.0	2.8			0.1	3.9	.1	4.0	4.2
France				24.0	3.5				27.5	.8	28.3	44.3
Iceland	.6	0.5	.1	.4	.4		.1		2.1	.2	2.3	2.8
India	191.3	4.1							195.4	45.2	240.6	336.7
Indonesia	5.0		7.2	23.0		2.0			37.2	3.1	40.3	58.3
Israel	11.5	15.7	.5	1.0	.2	1.5	2.4	.3	33.1	5.2	38.3	49.5
Korea	20.3	.5		7.5					28.3	4.7	33.0	48.3
Pakistan	53.7		7.2	1.7		.2	10.4		73.2	12.7	85.9	117.2
Poland	14.1	11.6		8.8		.8	4.7		40.0	4.0	44.0	58.3
Spain		11.5		17.0	8.8	.5	62.7		102.5	6.5	109.0	115.3
Turkey			.7			.4	30.2	.5	31.8	2.9	34.7	35.6
United Arab Republic	21.5	3.3	5.3		9.0	.5	3.2	.5	43.3	5.0	48.3	62.3
Uruguay		2.2		3.5	6.1				11.8	.7	12.5	13.5
Yugoslavia	55.8			18.2			9.9	1.8	85.7	10.6	96.3	134.7
Total agreements July 1, 1958, to June 30, 1959												
Total agreements through June 30, 1959												
	385.6	149.4	33.9	106.1	33.4	46.9	149.9	5.2	770.4	108.2	878.6	1,155.9
	1,410.3	247.3	213.2	616.3	181.3	48.2	526.2	64.7	3,307.5	393.7	3,701.2	5,078.5

\* Includes only ocean transportation to be financed by CCC.

\* Extra-long staple.

\* See the following:

Corn  
Grain sorghums  
Barley

Million  
dollars

\* Cottonseed and/or soybean oil.

\* See the following:

Finland: Fresh lemons  
Israel, Turkey, and Yugoslavia: Dry edible beans  
Spain:  
Dry edible beans  
Poultry  
United Arab Republic: Poultry

Million  
dollars

Total

\* See the following:

Dry whole milk  
Nonfat dry milk  
Butter oil

Million  
dollars

Total

TABLE 9.—Approximate quantities of commodities under title I, Public Law 480 agreements signed through June 30, 1959

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Poultry	Dry edible beans	Fruits and vegetables	Meat	Hay and pasture seeds
FISCAL YEAR 1959	1,000 bushels	1,000 bushels	1,000 hun- dredweight	1,000 bales	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 hun- dredweight	1,000 pounds	1,000 pounds	1,000 hun- dredweight
Argentina.....	2,688		1,366									
Ceylon.....	4,596											
China (Taiwan).....												
Finland.....				5.9	3,059	4,509	4,965					
France.....				200.0	5,333					1,102		
Iceland.....		325	17	2.4	400							
India.....	113,106	3,075										
Indonesia.....	3,201		1,200	153.3		28,571						
Israel.....	6,726	13,768	88	6.0	264	16,884	18,106		41			
Korea.....	12,030	418		65.2								
Pakistan.....	31,232		1,200	15.0		2,143	68,162					
Poland.....	8,151	9,824		70.4		11,429	33,069					
Spain.....		9,484		103.0	12,572	2,400	534,485	1,787	206			
Turkey.....			110			3,418	207,947		66			
United Arab Republic.....	12,590	2,540	833		10,888	1,323	26,667	1,323				
Uruguay.....		1,768		20.6	6,778							
Yugoslavia.....	33,304			125.5			79,200		235			
Total agreements, July 1, 1958-June 30, 1959.....	227,938	241,202	5,586	767.3	43,379	70,677	1,138,662	3,110	548	1,102	120,872	
Total agreements through June 30, 1959.....	842,635	210,054	33,465	3,985.8	250,100	285,526	3,631,270	17,410	591	176,159		10

1 Extra-long staple.

2 See the following:

Corn.....

Grain sorghums.....

Barley.....

Total.....

3 See the following:

Dry whole milk.....

Nonfat dry milk.....

Butter oil.....

Total.....

4 Cottonseed and/or soybean oil.

Bushels

12,507,000

9,739,000

18,956,000

41,202,000

Pounds

740,000

67,638,000

2,299,000

70,677,000



TABLE 10.—Planned uses of foreign currency under title I, Public Law 480 agreements signed through June 30, 1959<sup>1</sup>

[Amounts are in millions of dollar equivalents at the deposit rate of exchange]

	104(a)	104(b)	104(c)	104(d)	104(e)	104(e)	104(f)	104(g)	104(h)	104(i)	104(j)
	Market de- velopment	Purchase of strategic materials	Military procure- ment	Purchase of goods for other coun- tries	Grants for multiple trade and economic develop- ment	Loans to private enterprise	Payment of U.S. obli- gations *	Loans to foreign govern- ments	Internat- ional edu- cational exchange	Transla- tion and publica- tion	Informa- tion and education
							</				

<sup>1</sup> Amounts shown are subject to adjustment when actual purchases and allocations have been made.<sup>2</sup> In order to provide flexibility in the use of funds, agreements concluded July 1958-June 1959 provide that a specified amount of foreign currency proceeds may be used under various U.S. use categories including the new currency uses which are limited to amounts as may be specified in appropriation acts. Distribution among these uses will be made when allocations have been completed.<sup>3</sup> Amounts shown in this column may differ from amounts on table I, which reflects purchase authorization transactions.

Table 11

TRANSACTIONS IN PUBLIC LAW 480 TREASURY ACCOUNTS  
CUMULATIVE FROM INCEPTION THROUGH DECEMBER 31, 1958

COUNTRY CURRENCY	AGREEMENT DATE TYPE AC-SYMBOL	DEC. MARKET RATE B	COLLEC- TION RATE C	TRANSACTIONS REPORTED ON DISBURSING OFFICERS' ACCOUNT CURRENT										U. S. DOLLAR AT MARKET RATE B/ (COMPUTED BY EAO)	
				TOTAL COLLECTIONS TO DATE		WITHDRAWALS TO TREASURY SALES ACCOUNTS		WITHDRAWALS TO AGENCY ACCOUNTS		BALANCES AS OF DECEMBER 31, 1958					
				UNITS OF	U. S. DOLLAR	UNITS OF	U. S. DOLLAR	UNITS OF	U. S. DOLLAR	UNITS OF	U. S. DOLLAR	UNITS OF	U. S. DOLLAR		
				FOREIGN CURRENCY	EQUIVALENT D/	FOREIGN CURRENCY	EQUIVALENT	FOREIGN CURRENCY	EQUIVALENT	FOREIGN CURRENCY	EQUIVALENT	FOREIGN CURRENCY	EQUIVALENT		
ARGENTINA PESO	4-25-55 B 20FT580 G	69.70	13.9525	85,446,860.26	\$ 5,759,984.06	41,857,500.00	\$ 3,000,000.00	7,423,293.45	\$ 167,899.00	36,166,066.81	\$ 2,592,085.06	2,592,085.06			
ARGENTINA PESO	12-21-55 C 20FT580.2	69.70	18.00	424,271,655.18	23,570,647.51	111,780,000.00	6,210,000.00	5,260,308.00	292,239.33	307,231,347.18	17,068,418.18	4,407,910.28			
AUSTRIA SCHILLING	6-14-55 A 20FT580 G	25.83	26.08	154,906,361.50	5,939,646.19	46,553,790.45	1,796,056.73	44,106,182.28	1,694,007.33	64,246,388.77	2,449,582.13	2,449,582.13			
AUSTRIA SCHILLING	E/ 2-7-56 C 20FT580.2	25.83	* 26.0711	529,501,774.94	20,309,908.81	20,000,000.00	766,871.17	404,043,975.28	15,520,412.62	104,857,799.66	4,022,625.02	4,059,535.40			
AUSTRIA SCHILLING	5-10-57 C 20FT580.3	25.83	26.05	316,726,968.81	12,158,424.91	33,630,550.00	1,291,000.00	60,862,896.12	2,336,387.57	222,233,522.69	8,531,032.34	8,603,698.12			
BRAZIL CRUZEIRO	11-16-55 C 20FT580	141.50	50.06	1,987,914,673.91	39,710,640.72	369,179,000.00	7,374,738.32	1,588,449,575.20	31,730,914.40	30,286,098.70	604,996.00	214,036.03			
BRAZIL CRUZEIRO	E/ 12-31-56 C 20FT580.2	141.50	* 76.9623	4,096,567,075.70	53,228,244.78	350,000,000.00	5,131,645.89	60,635,000.00	862,977.87	3,685,932,075.70	47,233,621.02	26,048,959.92			
BURMA KYAT	2-8-56 C 20FT580	47.75	* 4.7953	105,667,102.88	22,035,618.91	14,585,000.00	3,039,622.96	826,719.00	172,398.11	90,255,383.88	18,823,597.84	19,132,036.95			
CEYLON RUPEE	6-18-58 C 20FT580	4.73	* 4.7615	24,380,404.47	5,120,353.70	—	—	—	—	24,380,404.47	5,120,353.70	5,154,419.54			
CHILE PESO	1-27-55 B 20FT580 G	1110.00	20300 } 303.00 }	1,596,771,912.00	4,908,173.10	141,000,000.00	310,476.28	1,420,578,460.00	4,272,076.60	35,193,452.00	324,789.22	324,789.22			
CHILE PESO	3-13-56 C 20FT580.2	1110.00	* 554.0968	18,814,039,852.00	33,954,430.72	2,300,000,000.00	4,273,358.43	8,840,463,913.00	15,844,974.72	7,673,575,739.00	13,836,097.57	6,913,131.47			
CHINA N.T. DOLLAR	8-18-56 C 20FT580	36.08	* 24.78	230,938,206.71	9,319,540.20	102,837,000.00	4,150,000.00	111,124,749.17	4,480,417.62	17,076,457.54	689,122.58	473,294.28			
CHINA N.T. DOLLAR	4-18-58 C 20FT580.2	36.08	* 27.2314	320,076,886.74	11,753,945.40	64,428,000.00	2,365,941.51	61,558,478.10	2,260,566.20	194,090,408.64	7,127,437.69	5,379,445.91			
COLOMBIA PESO	6-23-55 A 20FT580 G	8.22	2.51	11,210,271.55	4,466,243.65	3,246,000.00	900,000.00	6,044,417.57	2,345,847.76	1,919,853.98	1,220,395.89	1,220,395.89			
COLOMBIA PESO	12-20-55 C 20FT580.2	8.22	2.51	28,657,429.12	11,417,302.44	9,534,800.00	3,798,738.95	19,031,562.80	7,582,306.83	91,000.32	36,256.66	11,070.59			





TRANSACTIONS IN PUBLIC LAW 480 TREASURY ACCOUNTS  
 CUMULATIVE FROM INCEPTION THROUGH DECEMBER 31, 1958

COUNTRY CURRENCY	AGREEMENT DATE TYPE AC-SYMBOL	DEC. MARKET RATE B	COLLEC- TION RATE C	TOTAL COLLECTIONS TO DATE		TRANSACTIONS REPORTED ON DISBURSING OFFICERS' ACCOUNT CURRENT				BALANCES AS OF DECEMBER 31, 1958		U. S. DOLLAR AT MARKET RATE B (COMPUTED BY GAO)
				UNITS OF FOREIGN CURRENCY	U. S. DOLLAR EQUIVALENT D	WITHDRAWALS TO TREASURY SALES ACCOUNTS		WITHDRAWALS TO AGENCY ACCOUNTS		UNITS OF FOREIGN CURRENCY	U. S. DOLLAR EQUIVALENT	
						UNITS OF FOREIGN CURRENCY	U. S. DOLLAR EQUIVALENT	UNITS OF FOREIGN CURRENCY	U. S. DOLLAR EQUIVALENT			
				FC % <sup>10</sup>	FC % <sup>10</sup>							
				*	*							
COLOMBIA PESO	4-16-57 C 20FT580.3	8.22	5.4452	39,850,242.21	\$ 7,318,374.58			39,109,194.65	\$ 7,195,341.13	741,052.56	\$ 123,033.45	90,152 38
COLOMBIA PESO	3-14-58 C 20FT580.4	8.22	7.0422	23,771,724.37	3,375,606.57	5,959,500.00	\$ 855,436.86	2,256,000.00	319,873.38	15,556,224.37	2,200,296.33	1,892,484 47
ECUADOR SUCRE	10-7-55 A 20FT580.6	16.60	15.15	51,894,314.29	3,425,367.28	6,060,000.00	400,000.00	42,033,199.29	2,774,468.63	3,801,115.00	250,898.65	250,898 65
ECUADOR SUCRE	2-15-57 C 20FT580.2	16.60	15.15	50,397,110.14	3,326,541.93	6,211,500.00	410,000.00	38,748,685.71	2,557,669.02	5,436,924.43	358,872.91	327,525 59
ECUADOR SUCRE	6-30-58 C 20FT580.3	16.60	15.15	11,348,269.75	749,060.70					11,348,269.75	749,060.70	683,630 71
EGYPT POUND	12-14-55 C 20FT580	4.0322	3.4824	6,673,042.072	19,162,082.98	1,664,912.000	4,780,905.22	7,904.000	22,696.86	5,000,226.072	14,358,483.82	12,186,102 79
FINLAND MARKKA	5-6-55 C 20FT580	319.00	230.00	5,072,263,563.00	22,053,319.89	703,000,000.00	3,056,521.73	4,308,981,334.00	18,734,701.50	60,282,229.00	262,076.66	188,972 50
FINLAND MARKKA	5-10-57 C 20FT580.2	319.00	261.2739	934,083,346.00	3,575,111.43	76,774,516.00	293,373.58	853,384,050.00	3,267,306.54	3,924,780.00	14,431.31	12,303 39
FINLAND MARKKA	2-21-58 C 20FT580.3	319.00	321.00	2,203,052,112.00	6,863,090.73	45,164,000.00	140,692.82	9,580,240.00	298,449.87	2,062,085,705.00	6,423,943.04	6,464,218 51
FRANCE FRANC	8-11-55 C 20FT580	490.55	350.00	227,497,641.00	649,993.26	22,750,000.00	65,000.00	204,747,641.00	584,993.20			
FRANCE FRANC	11-8-56 C 20FT580.2	490.55	350.00	489,997,555.00	1,399,993.02	49,000,000.00	140,000.00	440,997,555.00	1,259,993.02			
FRANCE FRANC	12-27-57 C 20FT580.3	490.55	419.6908	1,908,335,147.00	4,547,002.65	235,200,000.00	560,289.72	710,930,710.00	1,694,333.92	962,204,437.00	2,292,379.01	1,961,480 86
FRANCE FRANC	2-28-58 C 20FT580.4	490.55	419.4775	9,595,939,485.00	22,875,934.07	1,470,000,000.00	3,504,146.88	2,646,000,000.00	6,307,915.04	5,479,939,485.00	13,063,872.15	11,171,011 07
GERMANY DEUTSCHE MARK	12-23-55 C 20FT580	4.20	4.20	5,025,547.08	1,196,558.83	504,000.00	120,000.00	4,450,000.00	1,059,523.81	71,547.08	17,035.02	17,035 02
GREECE DRACHMA	6-24-55 G-24-55 A 20FT580G	30.00	30.10	614,039,944.50	20,399,998.17	118,292,944.90	39,299,998.17	489,030,278.00	16,246,853.11	6,716,721.60	223,146.89	223,146 89





TRANSACTIONS IN PUBLIC LAW 480 TREASURY ACCOUNTS  
 CUMULATIVE FROM INCEPTION THROUGH DECEMBER 31, 1958

COUNTRY CURRENCY	AGREEMENT DATE TYPE AC-SYMBOL	DEC. MARKET RATE B	COLLEC- TION RATE C	TOTAL COLLECTIONS TO DATE		WITHDRAWALS TO TREASURY SALES ACCOUNTS		WITHDRAWALS TO AGENCY ACCOUNTS		BALANCES AS OF DECEMBER 31, 1958		PAGE 3	
				UNITS OF FOREIGN CURRENCY	U. S. DOLLAR EQUIVALENT D/	UNITS OF FOREIGN CURRENCY	U. S. DOLLAR EQUIVALENT	UNITS OF FOREIGN CURRENCY	U. S. DOLLAR EQUIVALENT	UNITS OF FOREIGN CURRENCY	U. S. DOLLAR EQUIVALENT	U. S. DOLLAR AT MARKET RATE B/ COMPUTED BY GAO	
GREECE DRACHMA	8-9-56 C 20FT580.2	30.00	30.10	775,253,509.25	25,755,930.57	197,472,000.00	6,560,531.55	474,214,064.00	15,754,620.54	103,567,445.25	3,440,778.48	3,452,248	17
GREECE DRACHMA	12-18-57 C 20FT580.3	30.00	30.10	321,923,031.55	10,695,117.33	100,000,000.00	3,322,259.14	2,326,307.00	77,285.95	219,596,724.55	7,215,572.24	7,319,890	81
ICELAND KRONUR	4-11-57 C 20FT580	25.295	16.5698	438,534,74.30	2,646,583.84	5,418,240.00	332,000.02	33,931,463.55	2,079,133.80	4,503,770.75	235,456.02	178,370	69
ICELAND KRONUR	5-3-58 C 20FT580.2	25.295	25.296	36,625,633.45	1,447,882.35	9,743,040.00	385,161.27	10,000,000.00	395,319.40	16,882,593.45	667,461.68	668,630	08
INDIA RUPEE	8-29-56 C 20FT580	4.74	4.7964	1,590,414,667.60	331,587,078.44	110,000,000.00	22,914,024.24	52,147,698.00	10,873,065.77	1,428,266,767.60	237,777,988.43	301,322,145	30
INDIA RUPEE	6-23-58 C 20FT580.2	4.74	4.7739	213,481,867.46	44,718,919.30	—	—	—	—	213,481,867.46	44,718,919.30	45,038,368	60
INDIA RUPEE	9-26-58 C 20FT580.3	4.74	4.7742	111,674,836.89	23,391,157.88	—	—	—	—	111,674,836.89	23,391,157.88	23,560,092	10
INDONESIA RUPIAH	3-2-56 C 20FT580	30.28	14.0073	1,350,990,478.03	96,448,711.90	43,000,000.00	3,564,793.04	451,379.00	37,451.73	1,307,539,099.03	72,846,462.13	43,181,608	28
IRAN RIAL	12-20-56 C 20FT580	76.00	76.50	949,777,312.80	12,415,389.71	215,254,801.10	2,813,788.25	370,218,412.00	4,839,456.36	364,304,099.70	4,765,145.10	4,793,474	79
ISRAEL POUNDO	4-29-55 B 20FT580 G	1.80	1.80	22,864,204.082	12,702,335.60	—	—	20,447,311.202	11,359,617.32	2,416,872.883	1,342,712.28	1,342,718	28
ISRAEL POUNDO	11-10-55 C 20FT580.2	1.80	1.80	49,737,656.308	27,632,031.10	3,000,000.000	1,666,666.68	45,819,308.000	25,455,171.11	918,348.308	510,193.31	510,193	31
ISRAEL POUNDO	9-11-56 C 20FT580.3	1.80	1.80	20,349,756.468	11,305,420.26	—	—	17,414,780.000	9,674,872.78	2,934,976.468	1,630,542.48	1,630,542	48
ISRAEL POUNDO	11-7-57 C 20FT580.4	1.80	1.80	73,016,611.272	40,564,784.04	—	—	41,098,500.000	22,832,500.00	31,918,111.272	17,732,284.04	17,732,284	04
ITALY LIRA	5-23-55 C 20FT580	625.00	625.00	34,064,874,237.50	54,503,798.77	6,539,062,000.00	10,462,499.20	26,055,360,312.50	41,688,576.49	1,470,451,925.00	2,352,723.08	2,352,723	08
ITALY LIRA	10-30-56 C 20FT580.2	625.00	625.00	40,180,855,117.00	64,289,368.19	4,187,500,000.00	6,700,000.00	23,110,497,521.50	35,376,796.03	13,882,857,595.50	22,212,572.16	22,212,572	16





TRANSACTIONS IN PUBLIC LAW 480 TREASURY ACCOUNTS  
CUMULATIVE FROM INCEPTION THROUGH DECEMBER 31, 1958

TRANSACTIONS REPORTED ON DISBURSING OFFICERS' ACCOUNT CURRENT

PAGE 4

COUNTRY CURRENCY	AC- SYMBOL	DEC. DATE TYPE MARKET RATE B	COLLEC- TION RATE C	TOTAL COLLECTIONS TO DATE		WITHDRAWALS TO TREASURY SALES ACCOUNTS		WITHDRAWALS TO AGENCY ACCOUNTS		BALANCES AS OF DECEMBER 31, 1958		U. S. DOLLAR AT MARKET RATE B/ (COMPUTED BY 6A0)	
				UNITS OF FOREIGN CURRENCY	U. S. DOLLAR EQUIVALENT D	UNITS OF FOREIGN CURRENCY	U. S. DOLLAR EQUIVALENT	UNITS OF FOREIGN CURRENCY	U. S. DOLLAR EQUIVALENT	UNITS OF FOREIGN CURRENCY	U. S. DOLLAR EQUIVALENT		
ITALY LIRA	3-7-58 C	625.00	625.00	7,250,379,419.00	\$ 11,600,607.06	1,562,500,000.00	\$ 2,500,000.00	791,478,259.00	\$ 1,266,366.01	4,896,400,660.00	\$ 7,834,241.05	7,834,241	05
JAPAN YEN	I/5-31-55 C	360.00	360.00	30,010,989,619.00	83,363,860.04	1,085,362,498.80	3,014,895.83	28,700,663,475.00	79,724,065.22	224,963,645.20	624,898.99	624,898	99
JAPAN YEN	I/5-29-56 C	360.00	360.00	22,668,656,540.00	62,968,490.41	222,480,000.00	618,000.60	18,704,711,042.00	51,957,530.60	3,741,465,498.00	10,392,959.81	10,392,959	81
KOREA HWAN	5-31-55 A	500.00	500.00	7,420,425,510.00	14,840,851.02	3,500,000,000.00	7,000,000.00	3,026,925,476.00	6,053,850.94	893,500,034.00	1,787,000.08	1,787,000	08
KOREA HWAN	3-13-56 C	500.00	500.00	23,428,271,440.00	46,856,542.89	2,400,000,000.00	4,800,000.00	21,008,271,430.00	42,016,542.87	20,000,010.00	40,000.02	40,000	02
KOREA HWAN	1-30-57 C	500.00	500.00	9,377,258,370.00	18,754,516.73	900,000,000.00	1,800,000.00	8,127,258,370.00	16,054,516.74	450,000,000.00	899,999.99	899,999	99
KOREA HWAN	2-5-58 C	500.00	500.00	22,083,011,989.00	44,166,023.90	2,500,000,000.00	4,999,999.98	11,985,772,994.00	23,971,545.98	7,597,238,995.00	15,194,477.94	15,194,477	94
MEXICO PESO	10-23-57 C	12.49	12.49125	292,468,455.20	23,413,866.20	36,224,625.00	2,900,000.00	104,301,000.00	8,349,924.95	151,942,830.20	12,163,941.25	12,163,941	25
NETHERLANDS GUILDER	8-7-56 C	3.77125	3.82883	971,133.83	253,637.22	97,113.38	25,363.45	136,856.77	35,746.05	737,163.68	192,527.72	192,527	72
PAKISTAN RUPEE	K/1-18-55 C	4.7325	4.764	134,616,910.51561	28,257,030.74	14,000,000.00000	2,956,355.64	70,509,664.71875	14,914,466.37	50,107,245.99686	10,386,208.73	10,386,208	73
PAKISTAN RUPEE	3-2-56 C	4.7325	4.80	81,120,000.00000	16,900,000.00	—	—	53,805,900.00000	11,209,562.49	27,314,100.00000	5,690,437.51	5,690,437	51
PAKISTAN RUPEE	K/8-7-56 C	4.7325	4.79727	349,919,459.51331	72,941,384.65	20,000,000.00000	4,167,293.39	96,717,419.28225	20,177,992.83	233,202,040.30206	48,596,098.43	48,596,098	43
PAKISTAN RUPEE	K/11-15-57 C	4.7325	4.7626	273,718,962.34373	57,472,847.83	—	—	—	—	273,718,962.34373	57,472,847.83	57,472,847	83
PARAGUAY GUARANI	5-2-56 C	112.50	60.00	173,839,189.80	2,897,319.83	33,522,000.00	558,700.00	131,839,189.80	2,197,319.83	8,478,000.00	141,300.00	141,300	00
PERU SOL	2-7-55 A	24.55	19.00	141,558,002.42	7,450,421.18	25,652,171.08	1,336,102.58	112,216,486.06	5,843,567.56	3,689,345.28	270,745.04	270,745	04





TRANSACTIONS IN PUBLIC LAW 480 TREASURY ACCOUNTS  
 CUMULATIVE FROM INCEPTION THROUGH DECEMBER 31, 1958  
 TRANSACTIONS REPORTED ON DISBURSING OFFICERS' ACCOUNT CURRENT

PAGE 5

COUNTRY CURRENCY	AGREEMENT DATE TYPE MARKET AC-SYMBOL RATE B/	DEC. COLLEC- TION RATE C/	TOTAL COLLECTIONS TO DATE		WITHDRAWALS TO TREASURY SALES ACCOUNTS		WITHDRAWALS TO AGENCY ACCOUNTS		BALANCES AS OF DECEMBER 31, 1958		U. S. DOLLAR AT MARKET RATE B/ (COMPUTED BY GAO)
			UNITS OF FOREIGN CURRENCY	U. S. DOLLAR EQUIVALENT D/	UNITS OF FOREIGN CURRENCY	U. S. DOLLAR EQUIVALENT	UNITS OF FOREIGN CURRENCY	U. S. DOLLAR EQUIVALENT	UNITS OF FOREIGN CURRENCY	U. S. DOLLAR EQUIVALENT	
PERU SOL	5-7-56 C 20FT580.2	24.55 19.00	50,379,917.78	* 2651,574.62	10,069,000.00	* 529,947.37	38,889,917.00	* 2,046,837.73	1,421,000.78	* 74,789.52	57,881.91
PERU SOL	5-2-57 C 20FT580.3	24.55 21.0934	72,549,798.01	* 3,439,149.06	7,410,000.00	390,000.00	44,766,253.89	2,146,699.68	20,373,544.12	902,449.38	829,579.60
PERU SOL	4-9-58 C 20FT580.4	24.55 24.07	151,272,042.79	* 6,284,324.26	22,800,000.00	959,504.50	46,950,000.00	1,957,235.37	81,522,042.79	3,367,584.39	3,320,653.47
PHILIPPINES PESO	6-25-57 C 20FT580	20.75 2.008	20,087,984.83	* 10,003,976.64	3,500,000.00	1,736,972.76	4,885,343.82	2,425,813.17	11,702,641.01	5,841,194.71	5,829,460.02
PHILIPPINES PESO	6-3-58 C 20FT580.2	20.75 2.008	7,287,301.00	* 3,629,133.96	2,510,000.00	1,250,000.00	—	—	4,777,301.00	2,379,133.96	2,379,726.52
POLAND ZLOTY	6-7-57 A 20FT580.G	55.00 24.00	1,500,849,643.20	62,535,401.80	11,520,000.00	480,000.00	8,739,552.16	364,148.01	1,480,590,091.04	61,671,253.79	26,919,819.83
POLAND ZLOTY	2-15-58 A 20FT580.G	55.00 24.00	1,437,414,341.80	59,892,264.24	—	—	—	—	1,437,414,341.80	59,892,264.24	26,134,866.20
PORTUGAL ESCUDO	5-24-56 C 20FT580	28.60 28.75	205,401,123.00	7,095,030.15	46,369,000.00	1,601,692.57	99,561,823.20	3,439,095.79	59,470,299.80	2,054,211.79	2,079,311.12
SPAIN PESETA	M/N/O 4-20-55 A 20FT580.G	56.93 40.1005	1,846,644,566.37	46,050,446.87	109,060,000.00	2,800,000.00	1,081,916,434.70	26,437,093.10	655,668,071.67	16,213,553.77	16,813,353.77
SPAIN PESETA	E/O/P 3-5-56 C 20FT580.2	56.93 39.0912	3,054,430,169.15	78,135,930.96	975,563,000.00	25,015,424.26	—	—	2,078,867,169.15	53,120,566.70	36,516,198.29
SPAIN PESETA	P/O 10-23-56 C 20FT580.3	56.93 40.3844	2,217,050,911.56	54,898,761.83	684,426,437.00	16,955,406.62	—	—	1,532,624,474.56	37,743,355.21	26,421,269.80
SPAIN PESETA	Q 1-27-58 C 20FT580.4	56.93 42.00	3,880,129,611.12	92,384,038.36	1,136,410,563.00	27,057,394.35	—	—	2,743,719,048.12	65,326,644.01	48,194,608.25
THAILAND BAHT	6-21-55 C 20FT580	20.90 21.8341	45,883,911.43	2,101,479.67	12,780,000.00	584,144.55	19,518,169.17	904,584.25	13,585,742.26	612,750.37	650,035.51
THAILAND BAHT	3-4-57 C 20FT580.2	20.90 20.79	43,651,837.22	2,099,650.46	8,000,000.00	385,047.07	1,767,318.00	84,981.24	33,884,519.22	1,629,622.15	1,621,268.86
TURKEY LIRA	11-15-54 A 20FT580.G	9.00 2.8252	73,685,232.64	26,081,421.72	35,315,000.00	12,500,000.00	1,525,608.00	540,000.00	36,844,624.64	13,641,421.72	13,041,421.72





TRANSACTIONS IN PUBLIC LAW 480 TREASURY ACCOUNTS  
 CUMULATIVE FROM INCEPTION THROUGH DECEMBER 31, 1958

COUNTRY CURRENCY	AGREEMENT DATE TYPE AC-SYMBOL	DEC. MARKET RATE B/	COLLEC- TION RATE C/	TOTAL COLLECTIONS TO DATE		WITHDRAWALS TO TREASURY SALES ACCOUNTS		WITHDRAWALS TO AGENCY ACCOUNTS		BALANCES AS OF DECEMBER 31, 1958		U. S. DOLLAR AT MARKET RATE B/ (COMPUTED BY CAO)	
				UNITS OF FOREIGN CURRENCY	U. S. DOLLAR EQUIVALENT D/	UNITS OF FOREIGN CURRENCY	U. S. DOLLAR EQUIVALENT	UNITS OF FOREIGN CURRENCY	U. S. DOLLAR EQUIVALENT	UNITS OF FOREIGN CURRENCY	U. S. DOLLAR EQUIVALENT		
TURKEY LIRA	3-12-56 C 20FT580.2	9.00	28252	42,611,023.09	\$ 15,082,480.21	40,000,000.00	\$ 14,158,282.67	—	—	2,611,023.09	\$ 924,190.54	290,113	68
TURKEY LIRA	B/S 11-12-56 C 20FT580.3	9.00	* 4.0288	235,944,487.86	58,565,141.15	85,500,000.00	20,444,315.77	R/ 144,772,945.64	\$ 36,683,094.38	5,671,542.22	1,437,731.00	630,171	36
TURKEY LIRA	S/ 1-20-58 C 20FT580.4	9.00	* 5.5576	233,475,636.55	42,009,839.61	90,000,000.00	16,281,059.79	118,664,554.36	21,280,829.72	24,811,082.19	4,447,950.10	2,756,786	91
UNITED KINGDOM POUND	6-7-55 C 20FT580	356745	* .35906	5,459,516.20412	15,204,643.08	—	—	521,0215.00833	14,510,344.25	249,301.19584	694,298.83	698,821	84
UNITED KINGDOM POUND	6-5-56 C 20FT580.2	356745	* .35826	7,304,699.10833	20,389,574.96	78,909.00000	220,036.94	107,585.00000	300,283.45	7,118,205.10833	19,869,254.57	19,953,202	17
UNITED KINGDOM POUND	2-3-58 C 20FT580.3	356745	* .35581	4,468,315.64992	12,558,173.84	—	—	1,183,43	3,328,650.83	3,284,879.64992	9,229,523.01	9,207,920	64
VIETNAM PIASTRE	6-17-58 C 20FT580	72.77	35.00	73,568,112.10	2,101,946.06	—	—	—	—	73,568,112.10	2,101,946.06	1,010,967	60
YUGOSLAVIA DINAR	1-5-55 C 20FT580	600.00	300.00	36,199,026,646.00	120,663,421.86	1,250,000,000.00	4,166,666.66	20,147,103,864.00	67,157,012.88	14,801,922,782.00	49,339,742.32	24,669,871	30
YUGOSLAVIA DINAR	11-3-56 C 20FT580.2	600.00	475.00	50,458,204,604.00	106,227,799.00	—	—	33,943,305,484.00	71,459,570.49	16,514,899,120.00	34,768,202.51	27,524,831	86
YUGOSLAVIA DINAR	2-3-58 C 20FT580.3	600.00	475.00	29,378,149,240.00	61,848,734.94	—	—	6,853,602,588.00	14,428,637.02	22,524,546,652.00	47,420,097.92	37,540,911	08
TOTALS				\$ 2,548,747,389.40		\$ 305,579,155.36		\$ 885,600,178.63		\$ 1,357,568,055.41		1,106,297,137	24

PAGE 6



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TRANSACTIONS IN PUBLIC LAW 480 TREASURY ACCOUNTS

CUMULATIVE FROM INCEPTION THROUGH DECEMBER 31, 1958

Page 7

FOOTNOTES

- A "A" Dollar Denominated } The dollar value of collections controls the amount of foreign currency available for withdrawals. Withdrawals made at rates which differ from collection rates are eventually compensated by supplemental deposits, or refunds, of foreign currency.
- "B" Exchange Guarantee }
- "C" Non-guaranteed } The amount of foreign currency collections controls the amount of foreign currency available for withdrawals. The dollar value of a withdrawal is computed at the weighted average collection rate.
- B Market rates are taken from exchange vouchers supporting the U.S.D.O.'s purchases for the Foreign Service Advance Account on the last day of the reporting period.
- C The rates of exchange are in accordance with the agreements.
- \* Indicates a weighted average rate, a resultant of fluctuating rates (for informational purpose only and not to be used by agencies for reporting).
- D Collections are stated net of refunds.
- E Collections in Austria are decreased by As 52,157,354.66 (\$1,999,999.84); in Spain increased by Pesetas 77,899,993.34 (\$1,999,999.84) to account for an exchange of currencies under a \$2,000,000.00 tripartite agreement. This deposit in Spain is subject to allocation and apportionment by the Bureau of the Budget on the following ratio: 40% for U.S. uses and 60% for loans in accordance with the agreement.
- F Collections contain Cruzeiros 640,641.10 (no \$ value) representing deposits in excess of the agreed rate (i.e. 67.50 as to 67 - 1). These Cruzeiros will be refunded to the G.O.B.
- G \$143,250.00 of the balance as shown is reserved for refund and therefore not available for agency use.
- H Pounds 4,233,897.612 (\$2,352,165.34) has been deposited to the agreement of 11-7-57 instead of the agreement of 11-6-58. Corrective action has been initiated.
- I A deallocation and a reallocation by the Bureau of the Budget of an Agency Account (Defense) overstate withdrawals in the agreement of 5-31-55 and understate them in the agreement of 5-29-56 by Yen 69,355,493.00 (\$192,654.15).
- J Withdrawals by an Agency (Defense, Army) exceed allocations by Yen 92,644,507.00 (\$257,345.85), caused by the transfer of Yen 162,000,000.00 (\$450,000.00). Corrective action has been initiated.
- K Pending further documentation, the collections (foreign currency and dollar equivalent) are tentative.
- L Zlotys 12,502,475.04 (\$520,936.46) has been deposited to the agreement of 2-15-58 instead of the agreement of 6-7-57. Corrective action has been initiated.
- M \$50,674.00 of the balance as shown is reserved for refund and therefore not available for agency use.
- N Supplemental deposits of currencies are reconstituting, in part, the collection rate.
- O Withdrawals by an Agency (Defense, Air Force) exceed allocations, thereby overstating withdrawals in the agreement of 4-20-55 and understating them in the agreement of 3-5-56 by Pesetas 293,800,400.04 (\$6,995,247.62). Corrective action has been initiated.
- P Pesetas 8,505,005.88 (\$202,500.14) has been deposited to the agreement of 10-23-56 instead of the agreement of 3-5-56. Corrective action has been initiated.
- Q Pesetas 14,076,710.34 (\$335,159.77) has been deposited to the agreement of 1-27-58 instead of the agreement of 10-23-56. Corrective action has been initiated.
- R Of this amount, the international agreement authorized the withdrawal of Lire 139,535,445.64 at a stated dollar value of \$42,000,000.00. However, in accordance with rate principles set forth in Budget Circular A-34, the Lire 139,535,445.64 was revalued to the U.S. dollar value of \$35,372,113.72. For further information, contact the Foreign Currency Section of Treasury.
- S Lire 515,374.95 (\$78,826.09) has been deposited to the agreement of 1-20-58 instead of the agreement of 11-12-56. Corrective action has been initiated.

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TABLE 13.—*Surplus food distribution, July 1, 1954, through Dec. 31, 1958*

## SURPLUS FOODS DISTRIBUTED IN THE UNITED STATES

Fiscal year	Quantity (pounds)	Cost
1955.....	492, 500, 000	\$167, 700, 000
1956.....	789, 100, 000	234, 600, 000
1957.....	1, 061, 900, 000	236, 400, 000
1958.....	871, 600, 000	185, 400, 000
1st half 1959.....	558, 400, 000	113, 700, 000
Total.....	4, 352, 400, 000	1, 161, 700, 000

## SURPLUS FOODS DISTRIBUTED IN FOREIGN COUNTRIES

1955.....	531, 985, 000	\$197, 195, 000
1956.....	1, 220, 490, 000	302, 488, 000
1957.....	1, 728, 800, 000	253, 719, 000
1958.....	1, 973, 000, 000	272, 500, 000
1st half 1959.....	904, 500, 000	109, 600, 000
Total.....	6, 566, 845, 000	1, 209, 378, 000

## TOTAL SURPLUS FOODS DISTRIBUTED—DOMESTIC AND FOREIGN

1955.....	1, 024, 485, 000	\$364, 895, 000
1956.....	2, 009, 590, 000	537, 088, 000
1957.....	2, 790, 700, 000	490, 119, 000
1958.....	2, 844, 600, 000	457, 900, 000
1st half 1959.....	1, 462, 900, 000	223, 300, 000
Total.....	10, 919, 245, 000	2, 371, 078, 000

TABLE 14.—*Commodities distributed July 1, 1952, to Dec. 31, 1958, and remaining inventory*

Commodity	Quantity distributed fiscal years 1953 to 1st half fiscal year 1959	Current inventory
CCC—Price support:		
Dry beans.....pounds.....	381, 200, 000	None
Butter.....do.....	950, 700, 000	17, 286, 000
Cheese.....do.....	1, 133, 100, 000	4, 954, 000
Nonfat dry milk.....do.....	2, 594, 900, 000	46, 124, 000
Rice.....do.....	683, 400, 000	596, 400, 000
Wheat.....bushels.....	6, 080, 000	741, 520, 000
Flour.....do.....	58, 321, 100	
Corn.....do.....	3, 761, 800	1, 132, 875, 000
Cornmeal.....do.....	33, 198, 300	
Cottonseed oil and shortening.....pounds.....	221, 600, 000	17, 889, 000
Surplus removal:		
Beef and beef products.....do.....	288, 000, 000	None
Pork and pork products.....do.....	188, 400, 000	None
Poultry and poultry products.....do.....	125, 600, 000	None
Canned fruits.....do.....	28, 900, 000	None
Fresh fruits.....do.....	44, 500, 000	None
Lard.....do.....	60, 400, 000	None
Fresh vegetables.....do.....	72, 300, 000	None
Other.....do.....	18, 400, 000	None

TABLE 15.—*Needy persons in family units receiving donated foods in March 1959*

	Number		Number		Number
Alabama.....	136, 210	Michigan.....	514, 851	Rhode Island.....	12, 312
Arizona.....	60, 956	Minnesota.....	51, 252	South Carolina.....	1, 886
Arkansas.....	295, 378	Mississippi.....	400, 920	South Dakota.....	38, 531
California.....	52, 445	Missouri.....	122, 466	Tennessee.....	171, 041
Colorado.....	26, 370	Montana.....	13, 012	Texas.....	143, 051
Connecticut.....	1, 025	Nebraska.....	2, 010	Utah.....	25, 778
District of Columbia.....	34, 185	Nevada.....	1, 247	Vermont.....	15, 157
Georgia.....	38, 488	New Hampshire.....	8, 992	Virginia.....	41, 580
Illinois.....	85, 687	New Jersey.....	17, 695	Washington.....	7, 151
Indiana.....	103, 654	New Mexico.....	42, 057	West Virginia.....	301, 264
Iowa.....	91, 094	New York.....	405, 013	Wisconsin.....	65, 142
Kansas.....	12, 107	North Carolina.....	739	Wyoming.....	9, 688
Kentucky.....	294, 874	North Dakota.....	12, 820	Trust Territory.....	4, 050
Louisiana.....	178, 925	Ohio.....	67, 804		
Maine.....	60, 541	Oklahoma.....	257, 368	Total United States.....	5, 741, 298
Maryland.....	45, 827	Pennsylvania.....	858, 791		
Massachusetts.....	4, 198	Puerto Rico.....	605, 666		



TABLE 16.—Quantities of surplus foods donated for domestic and foreign use fiscal year 1958 and estimated July–March fiscal year 1959  
[In millions of pounds]

Commodity	Domestic								Foreign distribution		Total distribution	
	Schools		Institutions		Needy persons		Total					
	Fiscal year 1958	July-March 1959	Fiscal year 1958	July-March 1959	Fiscal year 1958	July-March 1959	Fiscal year 1958	July-March 1959	Fiscal year 1958	July-March 1959	Fiscal year 1958	July-March 1959
Beans, dry	17.9	4.1	3	(1)	1.0		19.2	4.1			19.2	4.1
Butter	68.9	55.6	29.0	20.0	12.9	41.8	110.8	117.4			110.8	117.4
Cabbage		3.4						4.3				4.3
Cheese	32.9	31.1	14.4	8.2	68.9	50.8	116.2	90.1	193.4	38.5	309.6	128.6
Corn									62.5	31.5	62.5	31.5
Cornmeal	16.6	14.0	8.6	6.0	96.1	107.8	121.3	127.8	298.2	182.8	419.5	310.6
Eggs, dried	4.6						4.6				4.6	
Flour	58.6	64.2	72.6	60.7	149.0	187.3	280.2	312.2	769.7	667.0	1,049.9	979.2
Grapefruit, canned	6.5						6.5				6.5	
Milk, nonfat dry	21.1	23.0	14.7	12.6	87.3	97.0	123.1	132.6	549.7	376.6	672.8	509.2
Peanut butter	4.9	6.8					4.9	6.8			4.9	6.8
Rice	19.8	18.7	8.7	9.4	56.3	59.8	84.8	87.9	59.6	46.3	144.4	134.2
Wheat									39.9	26.6	39.9	26.6
Total	251.8	220.9	148.3	117.8	471.5	544.5	871.6	883.2	1,973.0	1,369.3	2,844.6	2,252.5

<sup>1</sup> Less than 50,000 pounds.

<sup>2</sup> Includes requests approved prior to July 1, 1958.

TABLE 17.—Cost of surplus foods donated for domestic and foreign use fiscal year 1958 and estimated July-March fiscal year 1959<sup>1</sup>

[In millions of dollars]

Commodity	Domestic						Foreign distribution		Total distribution	
	Schools		Institutions		Needy persons		Total		Fiscal year 1958	July-March 1959
	Fiscal year 1958	July-March 1959	Fiscal year 1958	July-March 1959	Fiscal year 1958	July-March 1959	Fiscal year 1958	July-March 1959		
Beans, dry	1.6	0.4	(2)	(3)	0.1	0.4	1.7	0.4	1.7	0.4
Butter	42.6	34.3	17.9	12.4	8.0	25.8	68.5	72.5	68.5	72.5
Cabbage	13.1	12.8	5.7	3.4	27.5	21.0	46.3	37.2	126.9	53.1
Cheese	1.1	.7	.6	.3	6.5	5.5	8.2	6.5	3.0	1.7
Corn	5.2	4.2	5.6	3.9	11.6	12.2	5.2	20.3	21.6	17.6
Eggs, dried	4.9	3.8	2.7	2.1	15.8	16.0	21.8	21.9	60.0	68.2
Flour	3.8	1.2	1.0	1.1	6.4	6.9	9.7	10.1	81.8	86.9
Grapefruit, canned	2.3	2.1							101.6	123.9
Milk, nonfat dry									3.5	1.2
Peanut butter									2.2	13.1
Rice									146.3	1.7
Wheat									272.5	316.5
Total	76.0	59.6	33.5	23.2	75.9	87.4	185.4	170.2	457.9	

<sup>1</sup> Represents total cost to the Federal Government. Includes commodity cost, warehousing, transportation, processing, repackaging and miscellaneous handling charges.<sup>2</sup> Less than \$50,000.<sup>3</sup> Includes requests approved prior to July 1, 1958.



## BARTER

The following seven tables relate to the barter program authorized and directed in title III. From the enactment of Public Law 480 to May 28, 1957, barter was carried on freely at a rate of about \$350 million per year. On that date restrictions were placed on the program which made it extremely difficult to negotiate such an exchange and very little was done under the program until November 1958, after enactment by Congress of a stronger barter provision in the 1958 extension of Public Law 480. Since that time barter has been resumed at a rate of about \$150 million per year but with continuation of restrictions which prevent movement of surpluses into major foreign markets. Meanwhile imports into those markets from the Soviet bloc are increasing substantially. Table 18 shows the disposition of imports under the barter program. Table 19 shows the commodities exported under the program and table 20 shows their destinations. Table 21 shows exports of commodities under various Government programs. Table 22 shows the origin of materials imported under the program. Table 23 summarizes the program through 1958, showing the value as of March 27, 1959, of materials acquired and the savings in storage costs resulting from the program. Table 24 lists the trade agreements in effect on January 1, 1959, between free world countries and the Soviet bloc for commodities normally eligible for barter, but which are prevented from moving in many of these countries by USDA regulations.

TABLE 18.—Summary of barter contracts entered into in specified periods <sup>1</sup>

[In millions of dollars]

Materials	1949-50 through 1953-54	1954-55 through 1957-58	July- December 1958
Strategic:			
Strategic stockpile.....	71.8	409.6	
Supplemental stockpile <sup>2</sup> .....		<sup>3</sup> 423.3	34.5
Total strategic.....	71.8	832.9	34.5
Supply: <sup>4</sup>			
International Cooperation Administration.....	28.4	31.0	
Atomic Energy Commission.....		13.3	
Defense.....	7.4	54.1	
Total supply.....	35.8	98.4	
Grand total.....	107.6	931.3	34.5

<sup>1</sup> Years beginning July. December 1958 preliminary.<sup>2</sup> Materials transferred or to be transferred to supplemental stockpile with reimbursement as provided by sec. 206 of the Agricultural Act of 1956.<sup>3</sup> Adjustments have been made to reflect transfers of \$7,100,000 to strategic stockpile.<sup>4</sup> Strategic and other materials, goods, and equipment for other Government agencies.

TABLE 19.—Agricultural commodities exported under barter contracts in specified periods <sup>1</sup>

Commodity	Unit	1949-50 through 1953-54	1954-55 through 1957-58	July-December 1958 *		
				Under all con- tracts	1954-55 through 1957-58 contracts	1958-59 contracts
Thousand units						
Wheat.....	Bushel.....	33, 445	209, 679	3, 353	3, 082	271
Corn.....	do.....	9, 338	117, 344	8, 162	8, 121	41
Barley.....	do.....		63, 779	272		
Oats.....	do.....		38, 154	10	10	
Rye.....	do.....		11, 651	118		118
Grain sorghums.....	Hundredweight.....	990	39, 380	325	140	185
Rice.....	do.....		866	1, 363	1, 363	
Cottonseed oil.....	Pound.....	4, 630	34, 731			
Wool.....	do.....		11, 976			
Cotton.....	Bale.....	56	1, 487	* 151	114	37
Others †.....	Metric ton.....	20	91	22	3	19
Total quantity.....	do.....	1, 227	13, 619	441	393	43
Millions of dollars						
Total value.....	.....	107. 6	923. 3	44. 3	36. 6	7. 7

<sup>1</sup> Years beginning July 1.<sup>2</sup> Includes partial estimate for December.<sup>3</sup> Includes sales with exportation to be made by July 31, 1959, under cotton export sales program announcement CN-EX-5 dated Apr. 23, 1958.<sup>4</sup> Includes flaxseed, dry edible beans, linseed oil, peanuts, soybeans, dry milk, tobacco, butter, cheese, and cottonseed meal.



TABLE 20.—Value of agricultural commodity exports under barter contracts by destination, July 1, 1954, through Dec. 31, 1958 <sup>1</sup>

[In thousands of dollars]

Country	Value	Country	Value
Algeria.....	95	Israel.....	9,074
Australia.....	5,321	Italy.....	19,261
Austria.....	5,758	Jamaica.....	276
Bahamas.....	7	Japan.....	129,151
Bahrain.....	2	Jordan.....	786
Belgium.....	105,771	Korea.....	3,255
Bermuda.....	9	Kuwait.....	2
Brazil.....	547	Lebanon.....	73
British Honduras.....	3	Mexico.....	18,054
British Malaya.....	341	Morocco.....	126
Canary Islands.....	433	Mozambique.....	1,023
Chile.....	2,984	Netherlands.....	129,876
China (Taiwan).....	3,709	Netherlands Antilles.....	4
Colombia.....	6,435	Nicaragua.....	106
Costa Rica.....	213	Norway.....	16,290
Cuba.....	3,615	Pakistan.....	50
Cyprus.....	6	Panama.....	100
Denmark.....	6,750	Peru.....	3,054
Ecuador.....	33	Philippines.....	494
El Salvador.....	149	Portugal.....	5,484
Finland.....	2,884	Qatar.....	3
France.....	45,629	Saudi Arabia.....	281
French Somaliland.....	58	Spain.....	7,539
French West Africa.....	123	Sweden.....	7,933
West Germany.....	123,905	Switzerland.....	3,250
Ghana.....	3	Thailand.....	32
Greece.....	11,613	Trieste.....	1,371
Greenland.....	2	Turkey.....	12,909
Guam.....	2	United Arab Republic (Egypt).....	8,080
Guatemala.....	238	United Kingdom <sup>2</sup> .....	208,635
Haiti.....	3	Uruguay.....	1,200
Honduras.....	13	Venezuela.....	825
Hong Kong.....	71	Virgin Islands.....	9
Iceland.....	2	Yugoslavia.....	2,743
India.....	4,141	Others <sup>3</sup> .....	23,715
Indonesia.....	1,388		
Iran.....	744		
Ireland.....	19,504	Total.....	967,568

<sup>1</sup> Commodity values at export market prices. Includes partial estimate for December 1958.<sup>2</sup> Includes data for other British Commonwealth countries for contracts entered into prior to July 1, 1957. It is estimated that about 85 percent of the value shown covers shipments to the United Kingdom; the remaining 15 percent covers shipments to other countries of the British Commonwealth, including Australia, Canada, and Union of South Africa.<sup>3</sup> Includes shipments for which documents listing country of destination have not been processed and small quantities to Belgian Congo, British Guiana, British West Indies, Canal Zone, Liberia, Okinawa, Surinam, and Trinidad.

TABLE 21.—Export of agricultural commodities

[In millions of dollars]

Exports as a result of—	Calen- dar year 1953	Calen- dar year 1954	Calen- dar year 1955	Calen- dar year 1956	Calen- dar year 1957	Janu- ary to March 1958	April to June 1958	July to Sep- tember 1958
I. Dollar sales:								
A. Other than CCC stocks.....	2,289.1	2,112.2	1,588.7	1,314.6	2,023.3	372.8	466.3	496.7
B. CCC stocks:								
1. Cash.....	147.9	344.2	349.1	1,071.7	555.7	221.8	35.6	64.9
2. Credit.....				4.0	18.2	1.0	0.4	2.3
3. Payment in kind.....					82.9	19.2	16.4	12.1
II. Barter sales.....	14.0	29.9	224.1	349.6	269.0	8.6	19.1	15.8
III. Foreign currency sales under title I, Public Law 480.....			266.0	604.5	925.5	155.4	274.7	211.9
IV. Sales financed by ICA pro- grams.....	350.6	497.0	362.0	434.5	317.9	56.0	41.5	49.3
V. Other programs, including donations.....	42.2	60.0	404.7	378.8	314.9	89.7	134.1	52.9
Total exports.....	2,843.8	3,043.3	3,194.6	4,157.7	4,507.4	924.5	988.1	905.9

TABLE 22.—Value of materials delivered under the barter program by country of origin for calendar years 1954 through 1958 (based on program operating records)

[Value in millions of dollars]

Country of origin	Calendar years					
	1954	1955	1956	1957	1958	Total
Africa <sup>1</sup>	\$11.0	\$49.5	\$34.4			\$94.9
Argentina		.1	.3	\$0.5	\$0.8	1.7
Australia			6.0	10.9	1.6	18.5
Belgian Congo			3.0	4.4	.6	8.0
Belgium		.3	6.1	5.8	.5	12.7
Bolivia			1.0	1.1		2.1
Brazil		.2	.5	1.5	1.6	3.8
Canada	2.7	6.7	21.2	30.8	16.1	77.5
Ceylon			.1	.2		.3
Chile		.2		1.3	.5	2.0
Colombia	.6	.6	.2			1.4
Cuba			.3			.3
Formosa		.1				.1
France	.5	2.0	9.2	7.8	5.8	25.3
Ghana				2.7	.2	2.9
Germany, West	.2	2.0	14.2	13.5	4.4	34.3
Greece			.4	.4	1.2	2.0
India		2.0	4.6	4.1	7.3	18.0
Italy		2.3	5.2	3.0	.7	11.2
Jamaica				1.0	24.2	25.2
Japan	3.1	19.7	15.1	12.2	12.9	63.0
Madagascar			.1		.2	.3
Mexico		2.1	16.1	27.4	8.8	54.4
Morocco					.3	.3
Netherlands		2.4	1.1	.5		4.0
New Caledonia		1.7	1.7	.1		3.5
Northern Rhodesia			.2	7.8	6.0	14.0
Norway		.9	.7		.1	1.7
Pakistan					.1	.1
Peru			2.4	9.0	.7	12.1
Philippine Islands		6.9	6.6	3.7	5.6	22.8
Portugal			.2			.2
Portuguese East Africa		8.5	6.3	1.1		15.9
South Africa		4.8	21.1	49.8	37.7	113.4
South West Africa				1.0	.6	1.6
South Korea			.4			.4
Southern Rhodesia	.1	.3	7.3	3.7	4.6	16.0
Spain			.2			.2
Sweden		.3	.1		.4	.8
Tasmania			.6			.6
Trieste	.6	.7				1.3
Turkey		9.8	18.3	23.0	20.2	71.3
United Kingdom		2.5	1.7	1.5	1.2	6.9
Yugoslavia		.4	.5	4.8	4.1	9.8
Total	18.8	127.0	207.4	234.6	169.0	756.8

<sup>1</sup> Represents diamond deliveries for which individual countries are not available;



TABLE 23.—*Barter transactions, by calendar years from 1950 through December 1958 (based on program operating records)*

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1954-58, total
Number of firm offers received <sup>1</sup> -----	10	28	27	48	93	268	388	221	384	-----
Number of contracts made-----	8	16	12	16	68	88	170	49	72	-----
Value of materials contracted for (in millions of dollars):										
A. Contract value-----	12.1	37.0	15.7	30.2	111.3	218.8	432.8	121.3	95.4	979.6
B. World value at time of contract-----	12.2	37.0	15.7	34.1	115.0	235.5	455.6	124.6	107.1	1,037.8
C. Present world value-----	11.7	23.7	13.4	41.2	118.9	260.8	437.3	111.3	106.9	1,035.2
Export selling price of commodities (in millions of dollars): Given in exchange-----	14.3	36.3	16.1	24.5	38.4	261.5	371.6	243.9	65.0	-----
Annual cost of storage of commodities (in thousands of dollars): Given in exchange-----	833.7	3,373.9	1,100.0	1,995.4	3,660.5	33,072.2	45,946.7	20,061.2	6,287.1	109,127.7
Annual cost of storage of material taken (in thousands of dollars) <sup>2</sup> ---	3.2	17.8	8.7	234.1	58.0	342.6	853.8	1,795.1	1,377.0	4,426.5

<sup>1</sup> Partially estimated.<sup>2</sup> Storage charges on materials acquired for immediate consumption by other Government agencies not included.<sup>3</sup> Includes interest at 3½ percent on investment for construction of French housing.TABLE 24.—*Soviet bloc planned exports of grains, cotton, and tobacco as listed in trade agreements between certain free world countries and Soviet bloc countries*

(Bloc countries listed only when a trade agreement is assumed to be in effect)

## Canada-U.S.S.R.:

Latest agreement signed Feb. 29, 1956:

No grains, cotton, or tobacco listed.

## Cuba-U.S.S.R.:

No trade agreement; contracts for Soviet purchase of sugar.

## Dominican Republic:

No trade agreements with the bloc.

## El Salvador:

No trade agreements with the bloc.

## Mexico-Czechoslovakia:

Payments agreement and a treaty of commerce, signed Nov. 9, 1949, with commodities listed but no quotas.

No grains, cotton, or tobacco listed.

## Nicaragua:

No trade agreements with the bloc.

## Panama:

No trade agreements with the bloc.

## Trinidad and Tobago:

No trade agreements with the bloc.

## Austria-Bulgaria:

List same as in agreement signed Jan. 25, 1957:

Rice----- Pro memoria (as available).

Rye----- Do.

Corn----- 15,000 metric tons.

Wheat bran----- 3,000 metric tons.

## Austria-Czechoslovakia:

Agreement signed Jan. 25, 1958, renewed the 1957 commodity list: "Various agricultural products such as barley for industrial purposes, malt, fruit, and vegetables" valued at 500,000 "clearing dollars."

**TABLE 24.—Soviet bloc planned exports of grains, cotton, and tobacco as listed in trade agreements between certain free world countries and Soviet bloc countries—Continued**

**Austria-East Germany:**

List same as in agreement signed Nov. 23, 1956:

No cotton, tobacco, or grains.

**Venezuela:**

No trade agreements with the bloc.

**Austria-Hungary:**

Latest list the same as in agreement signed

Sept. 14, 1956:

Bread grain.....	50,000 metric tons.
Rice.....	5,000 metric tons.
Grain for feeding purpose.....	Pro memoria (as available).
Pulses.....	\$500,000.
Millet for feeding purpose.....	Pro memoria.
Buckwheat.....	100 metric tons.
Bran and flour for feeding purpose.....	2,000 metric tons.
Rice straw.....	\$80,000.
Tobacco.....	200 metric tons.
Cotton and linen rags, hemp and flax waste and other textile waste.	\$300,000.

**Austria-Poland:**

Lists unchanged since agreement signed

June 17, 1957:

No grains, no tobacco.

Rags, various..... \$40,000.

**Austria-Rumania:**

Lists unchanged since agreement signed

June 5, 1956:

Wheat.....	1,000,000 clearing dollars.
Rye.....	1,000,000 clearing dollars.
Rice.....	500,000 clearing dollars.
Corn.....	3,500,000 clearing dollars.
Barley for feeding purposes.....	300,000 clearing dollars.
Millet.....	300,000 clearing dollars.
Flour for feeding purposes.....	100,000 clearing dollars.
Wheat bran.....	100,000 clearing dollars.
Cotton.....	150,000 clearing dollars.

**Austria-U.S.S.R.:**

Agreement signed Nov. 24, 1958:

Grain and cotton mentioned but amounts not known.

**Belgium-Bulgaria:**

Agreement signed Dec. 14, 1957:

Corn.....	5,000 metric tons pro memoria.
Buckwheat and millet.....	500 metric tons.
Rice.....	2,500 metric tons.
Tobacco.....	2,000 metric tons.
Cigarettes.....	500,000 Belgian francs.

**Belgium-Czechoslovakia:**

Agreement signed May 29, 1958:

Malt barley.....	6,000 metric tons.
Malt.....	9,000 metric tons.

**Belgium-East Germany:**

Agreement signed Dec. 10, 1958:

No official lists for this agreement or the preceding one; no mention of grains, cotton, or tobacco in reports of the agreements.



**TABLE 24.—Soviet bloc planned exports of grains, cotton, and tobacco as listed in trade agreements between certain free world countries and Soviet bloc countries—Continued**

**Belgium-Hungary:**

Agreement signed Dec. 23, 1958, with lists unchanged since the agreement signed Nov. 26, 1954:

Corn.....	4,000,000 Belgian francs.
Assorted seed grains.....	5,000,000 Belgian francs.
Rice.....	14,000,000 Belgian francs.
Tobacco.....	20,000,000 Belgian francs.

**Belgium-Poland:**

Agreement signed Dec. 22, 1958:

Malt barley.....	40,000 metric tons.
Raw tobacco.....	1,000 metric tons.

**Belgium-Rumania:**

Agreement signed Nov. 23, 1948, renewed:

Wheat.....	85,000 metric tons.
Pearl barley.....	500 metric tons.
Corn.....	100,000 metric tons.
Barley.....	10,000 metric tons.
Malt barley.....	10,000 metric tons.
Oat flakes.....	50 metric tons.

**Belgium-U.S.S.R.:**

Latest agreement signed Aug. 2, 1956:

Wheat.....	Pro memoria.
Rye.....	20,000 metric tons.
Corn, barley, and other cereals (not specified by kind).	25,000 metric tons.
Raw tobacco.....	3,000 metric tons.

**Denmark-Bulgaria:**

Agreement signed Nov. 6, 1958:

Rice.....	Pro memoria.
Corn.....	1,200,000 Danish kroner.
Feedstuffs (unspecified).....	350,000 Danish kroner.
Tobacco.....	1,750,000 Danish kroner.

**Denmark-Communist China:**

Latest agreement signed Dec. 1, 1957:

Wheat, rice, barley, corn, cotton waste—no quantities or values specified.

**Denmark-Czechoslovakia:**

Agreement signed June 20, 1958:

No official list available but reported not much different from previous agreement in which no grains, cotton, or tobacco were listed.

**Denmark-East Germany:**

Agreement signed Dec. 19, 1958:

No cotton or tobacco listed; grains, pro memoria.

**Denmark-Hungary:**

Agreement signed Feb. 28, 1958:

Rice.....	Pro memoria.
Feedstuffs (unspecified).....	1,500,000 Danish kroner.
Tobacco.....	Pro memoria.

**Denmark-Poland:**

Agreement signed Feb. 1, 1958:

Assorted seeds (unspecified).....	300,000 Danish kroner.
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**Denmark-Rumania:**

Latest list in agreement signed Apr. 3, 1954:

Bran.....	10,000 metric tons.
Bread and fodder grains including corn.	3,500,000 Danish kroner.

**TABLE 24.—Soviet bloc planned exports of grains, cotton, and tobacco as listed in trade agreements between certain free world countries and Soviet bloc countries—Continued**

**Denmark-U.S.S.R.:**

Agreement signed Aug. 9, 1958; lists not changed since agreement signed May 14, 1956:

Wheat.....	100,000 metric tons.
Rye.....	30,000 metric tons.
Feed grains.....	80,000 metric tons.
Cotton.....	2,000 metric tons.

**France-Bulgaria:**

Agreement signed July 1, 1958:

Rice and broken rice.....	5,000 metric tons.
Corn.....	10,000 metric tons.
Tobacco, leaf.....	1,750 metric tons.

**France-Czechoslovakia:**

Agreement signed May 23, 1958:

Malt.....	1,750 metric tons.
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**France-East Germany:**

Agreement signed Mar. 31, 1958:

No grains, cotton, or tobacco.

**France-Hungary:**

Latest agreement signed Oct. 19, 1957:

Tobacco.....	100,000,000 French francs.
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**France-North Vietnam:**

Agreement signed Oct. 14, 1955:

No lists available.

**France-Poland:**

Agreement signed Dec. 22, 1958:

No cotton or tobacco; seed grains only.

**France-Rumania:**

Agreement signed Jan. 20, 1958:

Corn.....	850,000,000 French francs.
Tobacco.....	Pro memoria.

**France-U.S.S.R.:**

Agreement for 1958 signed Dec. 28, 1957:

Cotton.....	5,000 metric tons.
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3-year agreement signed Feb. 11, 1957, listed:

Cotton.....	1957, 8,000 metric tons; 1958, 10,000 metric tons; 1959, 12,000 metric tons.
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**West Germany-Bulgaria:**

Agreement signed June 24, 1958:

Rice.....	420,000 Deutsche marks.
Wheat.....	Pro memoria.
Corn.....	3,000,000 Deutsche marks.
Tobacco.....	22,000,000 Deutsche marks.
Cotton, raw.....	300 metric tons (?) Deutsche marks (?).
Cotton fabric, raw.....	400 metric tons (?) Deutsche marks (?).

**West Germany-Communist China:**

Agreement signed Sept. 27, 1957, expired Dec. 31, 1958:

Grains, unspecified, were included.

**West Germany-Czechoslovakia:**

Agreement signed Feb. 24, 1958:

Malt barley.....	500,000 dollars.
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**West Germany-East Germany:**

Agreement signed Nov. 1957:

Grains, unspecified as to kinds or amounts, listed.

**West Germany-Hungary:**

Agreement signed Mar. 13, 1958, renewed:

Lists not available; no grains, cotton, or tobacco mentioned among principal commodities nor listed in previous agreement.



**TABLE 24.—Soviet bloc planned exports of grains, cotton, and tobacco as listed in trade agreements between certain free world countries and Soviet bloc countries—Continued**

**West Germany-Poland:**

Agreement of Nov. 16, 1956, renewed:

Malt barley----- 2,000 metric tons; \$50,000.

**West Germany-Rumania:**

Agreement signed May 27, 1958:

Brown rice----- Pro memoria.

Bread and feed grains (unspecified)----- \$19,000,000 Deutsche marks.

Tobacco----- 400,000 Deutsche marks.

Cotton waste----- Unspecified.

**West Germany-U.S.S.R.:**

1958 protocol to 3-year agreement signed

Apr. 25, 1958:

Barley, oats, corn (harvested in 1958 150,000 metric tons.  
and may be delivered until July 1,  
1959).

Cotton----- 10,000 metric tons (5,000 met-  
ric tons from the 1958 crop,  
may partly be delivered  
early 1959).

Linters----- 3,000 metric tons.

Raw tobacco----- 1,500 metric tons.

Quotas for 1959 and 1960:

Grains----- Unspecified; to be negotiated.

Cotton----- 1959, 14,000 metric tons; 1960,  
15,000 metric tons.

Linters----- 1959, 3,000 metric tons; 1960,  
3,000 metric tons.

Raw tobacco----- 1959, 2,000 metric tons; 1960,  
2,500 metric tons.

**Italy-Albania:**

Agreement signed May 26, 1958:

Official list not available; no grains,  
cotton, or tobacco reported.

**Italy-Bulgaria:**

Agreement signed Feb. 25, 1958:

Official lists not available; unspecified  
amounts of corn and tobacco re-  
ported.

Agreement signed Sept. 1, 1953, listed:

Wheat----- 20,000 metric tons.

Barley and rye (undifferentiated)----- 400,000 dollars.

Corn----- 400,000 dollars.

Millet----- 25,000 dollars.

Tobacco----- 350,000 dollars.

**Italy-Czechoslovakia:**

Agreement signed Apr. 5, 1958:

Barley----- 265,000,000 lire.

**Italy-East Germany:**

Agreement signed approximately Dec. 10-  
13, 1958:

No official lists; no mention of grains,  
cotton, or tobacco, nor any listed  
in earlier agreements.

**Italy-Hungary:**

Agreement signed Dec. 17, 1957:

No official lists; mention only of un-  
specified agricultural commodities.

Agreement signed Feb. 18, 1956:

Barley----- 2,000 metric tons.

Malt----- 2,000 metric tons.

Tobacco----- 100,000,000 lire (?).

**Italy-Poland:**

Agreement signed Feb. 25, 1958:

No official lists; unspecified agricultural  
food products mentioned.

**TABLE 24.—Soviet bloc planned exports of grains, cotton, and tobacco as listed in trade agreements between certain free world countries and Soviet bloc countries—Continued**

**Italy-Rumania:**

Agreement signed Jan. 28, 1958:

No details on commodities but trade volume to increase 15 percent over 1957.

Agreement signed Feb. 1, 1957:

Corn----- 700,000,000 lire.

Minor cereals (not specified)----- 400,000,000 lire.

Barter agreement, outside the regular trade agreement, signed Apr. 11, 1957:

Corn (1957 harvest)----- 300,000,000 lire or \$480,000.

Fodder vetch----- 100,000,000 lire or \$160,000.

**Italy-U.S.S.R.:**

Agreement signed Dec. 22, 1958:

Hard wheat----- 85,000 metric tons.

Barley----- 15,000 metric tons.

Oats----- 10,000 metric tons.

Cotton----- 5,000 metric tons.

**Netherlands-Bulgaria:**

No new lists since agreement signed June 4, 1947:

Rice----- Pro memoria (as available).

Barley----- Do.

Corn----- 4,000 metric tons.

Tobacco----- 500 metric tons.

**Netherlands-Czechoslovakia:**

Agreement signed Feb. 1, 1958:

Malt barley----- 3,000 metric tons.

Malt----- 9,000 metric tons.

**Netherlands-East Germany:**

Agreement signed Dec. 23, 1958:

Official lists not available; no grains, cotton, or tobacco mentioned; none in previous list.

**Netherlands-Hungary:**

Latest list in agreement signed Mar. 28, 1956:

Tobacco, unspecified amount, added to earlier list.

Agreement signed Jan. 19, 1955:

Rice----- 2,000 metric tons.

Millet----- 250 metric tons.

Sarassin----- 50 metric tons.

Malt----- 1,000 metric tons.

**Netherlands-Poland:**

Agreement signed Dec. 22, 1958, with Belgium, see page 20.

**Netherlands-Rumania:**

Agreement signed in 1948 expired.

**Netherlands-U.S.S.R.:**

Latest agreement signed June 28, 1956:

Wheat----- 100,000 metric tons.

Coarse grains (unspecified)----- Pro memoria (as available).

Raw cotton----- 4,000 metric tons.

Tobacco----- 200 metric tons.

**Norway-Bulgaria:**

Agreement signed Nov. 2, 1957:

Corn----- 1,700,000 Norwegian kroner.

Tobacco and tobacco products----- 600,000 Norwegian kroner.

**Norway-Communist China:**

Agreement signed June 4, 1958:

Tobacco leaf----- No quantity or value given.

**Norway-Czechoslovakia:**

Agreement signed Dec. 31, 1958:

Malt----- 2,000 metric tons.

Malt barley----- 400 metric tons.



**TABLE 24.—Soviet bloc planned exports of grains, cotton, and tobacco as listed in trade agreements between certain free world countries and Soviet bloc countries—Continued**

Norway-East Germany:	
Agreement signed Jan. 8, 1959:	
No cotton, tobacco, or grains listed.	
Norway-Hungary:	
Agreement signed approximately Nov. 26, 1958, extends preceding agreement with an increase of 10 percent in the volume of the trade.	
Agreement signed May 13, 1955, and renewed through 1958:	
Rice-----	2,000 metric tons.
Norway-Poland:	
Agreement signed June 3, 1958:	
Barley-----	Pro memoria (as available).
Malt-----	Do.
Norway-Rumania:	
Agreement signed Nov. 9, 1957:	
Bread and feed grains (unspecified)----	4,000,000 Norwegian kroner.
Norway-U.S.S.R.:	
3-year agreement signed Oct. 28, 1958 (annual quotas):	
Wheat-----	75,000 metric tons.
Rye-----	30,000 metric tons.
Portugal-Czechoslovakia:	
Interbank agreement with lists signed Jan. 21, 1956:	
No grains, cotton, or tobacco.	
Portugal-East Germany:	
Interbank agreement with lists signed Feb. 16, 1956:	
No grains, cotton, or tobacco.	
Portugal-Hungary:	
Interbank agreement with lists signed Feb. 3, 1956:	
No grains, cotton, or tobacco.	
Portugal-Poland:	
Interbank agreement with lists signed Feb. 12, 1956:	
No grains, cotton, or tobacco.	
Sweden-Bulgaria:	
Agreement signed Mar. 12, 1955, and extended:	
Corn-----	5,000 metric tons.
Tobacco-----	200 metric tons.
Sweden-Communist China:	
Latest agreement signed Nov. 8, 1957:	
Rice, corn, kaoliang, tobacco, and cotton waste; no quantities or values given.	
Sweden-Czechoslovakia:	
Agreement signed Oct. 24, 1958:	
Malt-----	3,000 metric tons.
Sweden-East Germany:	
Agreement reported Dec. 23, 1958, no lists available.	
Agreement signed Feb. 17, 1958:	
No grains, cotton, or tobacco listed.	
Sweden-Hungary:	
Latest agreement signed Dec. 27, 1955:	
Rice-----	500 metric tons.
Sweden-Poland:	
Agreement signed June 6, 1958:	
Malt-----	Pro memoria (as available).

**TABLE 24.—Soviet bloc planned exports of grains, cotton, and tobacco as listed in trade agreements between certain free world countries and Soviet bloc countries—Continued**

<b>Sweden-Rumania:</b>	
Latest agreement signed December 1955:	
Corn.....	2,500,000 Swedish kronor.
<b>Sweden-U.S.S.R.:</b>	
Agreement signed Dec. 23, 1958, no lists available.	
Agreement signed Dec. 21, 1957:	
Tobacco.....	50 metric tons.
Cotton.....	Pro memoria (as available).
<b>Switzerland-Bulgaria:</b>	
Latest agreement signed Nov. 26, 1954, official lists not available.	
Tobacco and foodstuffs mentioned.	
Agreement of Dec. 4, 1956, listed:	
Tobacco.....	300 metric tons.
<b>Switzerland-Czechoslovakia:</b>	
Latest agreement signed May 12, 1952, and lists apparently extended:	
Malt.....	20,000 metric tons.
Malt barley.....	1,000 metric tons.
<b>Switzerland-Hungary:</b>	
Agreement signed Oct. 24, 1958, no data available.	
Agreement signed Oct. 29, 1957, no official lists available; no grains, cotton, or tobacco reported.	
Agreement signed Mar. 28, 1953:	
Wheat.....	15,000 metric tons.
Seed corn.....	500 metric tons.
Sorghum.....	Pro memoria (as available).
<b>Switzerland-Poland:</b>	
Latest agreement signed Sept. 15, 1951:	
Malt.....	5,000 metric tons.
<b>Switzerland-Rumania:</b>	
Latest agreement signed Aug. 15, 1951:	
Rumanian export list not available but reported to have included cereals and fodder corn.	
<b>Switzerland-U.S.S.R.:</b>	
Latest agreement signed Mar. 17, 1948, and apparently extended:	
Wheat.....	100,000 metric tons.
Rye.....	10,000 metric tons.
Oats.....	25,000 metric tons.
Barley.....	Do.
Linters.....	1,000 metric tons.
<b>United Kingdom-Bulgaria:</b>	
Agreement signed Sept. 28, 1956:	
"The United Kingdom market remains open without restriction to imports of many Bulgarian products, including for example, grains and oil-seeds, and the new arrangements again provide for the issue of import licenses for some £1½ million of other Bulgarian goods."	
<b>United Kingdom-Czechoslovakia:</b>	
Agreement signed Mar. 19, 1958:	
No official lists available; food products, unspecified, mentioned.	



TABLE 24.—*Soviet bloc planned exports of grains, cotton, and tobacco as listed in trade agreements between certain free world countries and Soviet bloc countries—Continued*

United Kingdom-Hungary:

3-year agreement of June 27, 1956:

Lists not available; unspecified agricultural products mentioned.

Earlier agreement included rice valued at £130,000.

United Kingdom-Poland:

3-year agreement signed Dec. 30, 1957, no official lists available.

Agricultural products, including a bacon quota, mentioned but not otherwise specified.

United Kingdom-U.S.S.R.:

Trade agreement signed Dec. 27, 1947, is inoperative but not denounced; the original lists included unspecified amounts and kinds of grain.

United Kingdom-North Korea:

Nongovernmental trade agreement signed Apr. 22, 1958:

No grains, cotton, or tobacco.

Bahrein:

No trade agreements with the bloc.

Japan-Poland:

Agreement signed Apr. 26, 1958:

Malt..... No quantities or values.

Japan-U.S.S.R.:

Agreement signed Dec. 4, 1958; official list not available:

Wheat.....	Do.
Barley.....	Do.
Corn.....	Do.
Cotton.....	Do.

Kuwait:

No trade agreements with the bloc.

Saudi Arabia:

No trade agreements with the bloc.

Angola:

No trade agreements with the bloc.

Liberia:

No trade agreements with the bloc.

Union of South Africa:

No trade agreements with the bloc.

Australia:

No trade agreements with the bloc.

The information above refers only to trade and/or payments agreements between governments or between nongovernmental trading organizations where the agreement operates like a governmental trade agreement. Contracts have not been included. Furthermore, as far as is known, trade between any of the pairs of countries may be carried on outside of the trade agreements; and trade between free world and bloc countries may take place without any trade agreement.

The CHAIRMAN. I would now like now to recognize Mr. Heimbürger for a brief explanation of the charts and statements contained in this committee print.

**STATEMENT OF JOHN HEIMBURGER, GENERAL COUNSEL OF THE COMMITTEE ON AGRICULTURE, U.S. HOUSE OF REPRESENTATIVES**

Mr. HEIMBURGER. If all of the members of this committee have the Committee Print in front of them I will run through it very briefly to point out to you what is here so that it can be of use to you during the course of these hearings.

Table 1, "U.S. agricultural exports, calendar years 1957 and 1958," is self-explanatory. It merely shows all agricultural exports, both surplus and otherwise, for the calendar years 1957 and 1958. It is noteworthy only in that it shows exports were down 14 percent in 1958 compared to 1957.

Table 2, "U.S. agricultural exports, July-April," is the same sort of a comparison but on a fiscal year basis and carries the comparison 4 months further to April 1959, and it shows exports are down 7 percent in the first 10 months of the 1959 fiscal year compared to the same period for the previous fiscal year.

Table 3, "U.S. agricultural exports by country of destination, calendar years 1957 and 1958," is rather significant. It shows by countries the status of our agricultural exports, and of interest in that table is the fact that it shows that 70 percent of our decrease in agricultural exports has occurred in six hard currency countries into which the Department will not permit surplus commodities to move by barter.

The CHAIRMAN. Will you name those countries, please?

Mr. HEIMBURGER. Those countries are the United Kingdom, Japan, West Germany, the Netherlands, I believe, Italy, and Belgium.

Mr. JOHNSON. Why did you leave Canada out?

Mr. HEIMBURGER. Simply because it is a different kind of country than the European countries. I would be glad to include Canada. I simply mentioned the six that added up to the 70 percent of the decline.

The CHAIRMAN. No barter transactions are carried on in those hard currency countries?

Mr. HEIMBURGER. Not without a special showing of additionality which is difficult to make.

Table 4, "Domestic exports; July-April 1957-58 and 1958-59," merely breaks the exports down by commodities to give you an idea of what each one has done.

Table 5, "U.S. agricultural exports under specified Government-financed programs and total agricultural exports, calendar years 1957 and 1958," shows the exports under specified Government programs and how they compare for the calendar years 1957 and 1958.

Over on page 66, table 6, is a composite of all the title I agreements that have been made since the start of the program and the shipments that have been made under that program under each agreement.



Table 7 is a breakdown of the table which appeared on the previous page showing the commodities involved in these various individual agreements and what percentage of these commodities have been shipped under the agreements.

Table 8 is interesting because it is the only table in the publication which shows the other charges than for the commodity itself which enter into a title I agreement.

Over on the right-hand side is the column "market value," which shows the market values of the surplus commodities in foreign currencies.

The next column shows the amount which was allowed for ocean transportation. The next column is the estimated Commodity Credit Corporation cost including ocean transportation, so by comparing that column with the market value column you can see the approximate amount of foreign currency we are actually receiving for the value of the commodities shipped overseas.

The CHAIRMAN. Does that show that the estimated cost is \$5,078,500?

Mr. HEIMBURGER. It shows, Mr. Chairman, that the market value of the commodities that we have sold under title I, the foreign currencies which we have received for these commodities, exclusive of the ocean freight which is simply an outpayment, is \$770,400,000 for the agreements entered into between July 1958 and June 1959. However, those commodities will be reimbursed to the Commodity Credit Corporation at the rate of \$1,155,900,000 because that is the cost of the commodities. That is the Commodity Credit Corporation's investment in the commodities. The \$770 million is what they got for them in foreign currencies.

The CHAIRMAN. That \$1,155,900,000 will wash out the transactions at \$770 million?

Mr. HEIMBURGER. That is correct, in foreign currencies, which will still be further depreciated as a table further on will show. Those are the sales for foreign currencies.

The next table, No. 9, merely shows the approximate quantities of commodities which have been included in title I agreements.

The CHAIRMAN. Let me go back to table 8. Does that indicate the total market value for the agreements through June 30, 1959, was \$3,307,500,000?

Mr. HEIMBURGER. That is right. That is what we have received in foreign currencies, or will receive when they are all delivered.

The CHAIRMAN. But we had invested \$5,078,500,000.

Mr. HEIMBURGER. That is correct. Mr. O'Leary has just told me they get about 70 percent of the ocean freight back in foreign currency also, so the figure would be somewhere between the \$3,307,500,000 and the \$3,701,200,000 in the amount of foreign currency received for commodities which cost the Commodity Credit Corporation \$5,078,500,000.

Mr. POAGE. How do you get the ocean freight back?

Mr. HEIMBURGER. I do not know the answer to that. Will you save that question for the proper people when they get up here?

Table 9 merely shows the commodities that have been involved in these various Public Law 480 agreements and table 10 is the familiar one of the planned uses of the foreign currencies which will be received. The committee has seen that table many times.

Table 11, which comprises several tables, was prepared by the General Accounting Office and it is based on the Treasury Department's monthly report of the status of Public Law 480 funds. The purpose of this table—and it will be discussed by the General Accounting Office when they appear here Thursday—is to show both how these funds are distributed by the Treasury, and the difference between the agreed-upon conversion value of the foreign currency and the going market price of that currency.

If you will take the top line there for Argentina, for example, the fourth column shows the collection rate. That is the rate at which the agreement with Argentina states that we will accept pesos, and it is 13.9525.

The column before that shows the market rate of pesos in December of 1958 at 69.70.

If you will go over to the far right hand column you will find the discounted rate applied by the General Accounting Office to the Treasury balance in these commodities showing how much that Treasury balance is worth in dollars at the current market rate contrasted to the value which the Treasury has put on it at the agreement rate, and why the figures are exactly the same in this case I do not know. I picked out a poor sample. If you will go to the next one you will find Argentina pesos valued by the Treasury at \$17 million as actually worth \$4 million. But why the figures in the first column are the same, I will have to let the General Accounting Office explain when they get on the stand.

That is the purpose of this table being in here, Mr. Chairman.

The CHAIRMAN. I understand that pesos in Argentina are based on 69.70.

Mr. HEIMBURGER. That was the market value in December 1958.

The CHAIRMAN. What rate did they give us?

Mr. HEIMBURGER. Taking the first Argentine agreement, we allowed them the rate of 13.9.

The second one in the column was at the rate of 18 to the dollar.

Mr. POAGE. It was utterly impossible for us to take 18 pesos and buy a dollar.

Mr. HEIMBURGER. In December it took 69.7 pesos to buy a dollar.

The CHAIRMAN. Take Brazil. You show 50.06.

Mr. HEIMBURGER. That was the exchange rate in December. The rate agreed up in the title I agreement is 50.06.

The General Accounting Office will go into this table at any length you want to have them go into it. It was my intention to point out to the committee what was in the table.

Mr. MCINTIRE. Referring to Brazil, do I understand the contract was made in 1955? Is that what that means?

Mr. HEIMBURGER. That is the date of the contract; yes.

Mr. MCINTIRE. Perhaps I should ask this question of the General Accounting Office, but was the cruzeiro worth 50 at that time and has it been devalued since?

Mr. HEIMBURGER. I am sorry, but I am not prepared to answer the question.

Mr. MCINTIRE. What I am getting at is that at the time of the contract this was the current rate?



Mr. HEIMBURGER. It may or may not have been. These countries have their currencies pegged for various purposes and seldom are we able to make an agreement that is on the street rate.

The CHAIRMAN. In some instances the currency in foreign countries has deteriorated and that has brought about the difference?

Mr. HEIMBURGER. That is correct. That is true in many countries. I think it is also true that in order to make an agreement at all our negotiators have to agree to the artificially pegged import rate of currency which many foreign countries do have. They have four or five different rates of exchange, as you well know.

The CHAIRMAN. Suppose that we leave the rest of that for the General Accounting Office.

Mr. HEIMBURGER. There is no particular significance in the next table. Table 12 simply shows all of the exports under Public Law 480 to date, and the program under which they were exported—titles I and II, meaning donations and barter.

Table 13 shows the total of surplus distribution in the past.

Table 14 shows the commodities which have been distributed under this program and table 15 shows the needy persons in the United States who have received commodities.

Table 16 deals with the same subject, breaking down by commodities and fiscal years the amounts of food which have been donated. As you know, not all food is donated under title II. An amendment to section 416 of the Agricultural Act of 1949 was included in title III of Public Law 480 when it was enacted and therefore although domestic distribution is essentially under the Agricultural Act of 1949, because of this amendment—which has not been substantially changed—was included in Public Law 480, it is frequently referred to as distribution under Public Law 480. That is why both domestic and foreign donations are included in here.

On page 76 we have some data relating to barter. I do not know that I need comment at length on these.

Table 18 is a summary of the barter contracts that have been entered into under Public Law 480, showing the purpose for which the imported materials are being used; whether they have gone into the strategic stockpile, the supplemental stockpile, the Atomic Energy Commission, and that sort of thing.

Table 19 shows the commodities which have been exported under barter.

Table 20 shows the countries into which these commodities have gone.

Table 21 shows exports by calendar years under the various governmental programs, including barter.

Table 22 is of substantial significance. It shows the countries which benefited from our barter programs by being able to sell strategic and other materials to the United States.

Table 23 is of substantial interest. It was a special table compiled by the Department of Agriculture, in the first instance, at the request of the chairman more than a year ago, and has been brought up to date since. It shows among other things the total value of the agricultural commodities given in barter, the value of the bartered material at the time the contract was made, and the present world value

of the materials. This is interesting because it is frequently said that we have bartered for a lot of materials that are essentially worthless and that we do not need, but from a glance at the final column it will be seen that the contract value of all barter materials up to the date of this report was \$979,700,000. That is what we gave for them in surplus commodities, and those at present world value on the 3d of March, when the report was made of this year, was \$1,035 million, somewhat more than was given for them in surplus commodities.

The other more significant figures are the bottom two lines which compare the cost of storage per year of the materials which have been surplus given in barter of \$109 million compared to the cost of storing those materials which have been received in barter, which is somewhat over \$4 million, and for some reason unknown to me that \$4,400,000 figure for the cost of storing these materials includes interest on the French housing loan. Just why, I am not sure.

The CHAIRMAN. It cost about \$105 million less to store the strategic materials than it would have cost to store the commodities?

Mr. HEIMBURGER. The commodities given in exchange; that is correct.

Beginning on page 80, table 24 appears, which is not really a table. It is a list compiled by the Department of State at the committee's request, some 5 months ago, of the known and recorded trade agreements between friendly and free world countries, countries friendly to the United States, and the Soviet bloc countries, to indicate what, if any, increase in Soviet free world trade there has been in the past 2 years or so since we have begun curtailing our surplus exports programs, and without going into any detail I want to merely point out at our request because this was such a large job, the State Department limited it to these commodities—grains, cotton, and tobacco. They did not undertake to list all the trade agreements between the Soviet bloc and the free world countries. The date of this table is as of the end of 1958, the calendar year, and it is interesting to notice how many of these new trade agreements between the Soviet bloc and the free world countries have been entered into in the last 2 years.

That table continues and that is the last table in the book, Mr. Chairman.

The CHAIRMAN. Are there any questions? If not, we will call the witnesses that we have before us.

Before I call the first witness, I would like to say that we are today starting a study of the programs which operated under Public Law 480 with the idea of determining just how well the programs have operated and how effectively they have operated.

You will recall when the last extension of Public Law 480 was presented to the House, I stated at that time the programs were of great magnitude and had been remarkably free from criticism. I think at that time I had not received a single complaint from any source about the operation of the programs.

If there are any complaints from any source, we want to afford an opportunity to every person to make his complaint or criticism and submit it to this committee before we report this extension.

I think, generally speaking, it has been a very profitable program and I think a very effective program. My recollection is it has been



unanimously reported by this committee and has met with little or no opposition on the floor of the House. Some of us feel we must make this program work more effectively because, even though it has worked well in the past, we still are burdened with a tremendous surplus of commodities and they are aggravating the agricultural problem year after year. Everything indicates that at the end of the 1959 harvest our surplus problem will be further aggravated.

Some of us have been very disappointed in the manner in which the barter has operated in recent months. As pointed out by Mr. Heimburger, that program was for many months very successfully operated as indicated by the fact that the strategic materials acquired in barter transactions have increased substantially in value. We have had a substantial savings in the cost of storage, yet for some reason, or reasons unknown to the committee, the barter program seems to have bogged down. I know that members of all parties in Congress are interested in ridding ourselves of these burdensome surpluses and at the same time they are interested in acquiring for our own economy needed strategic materials.

In the last extension we authorized the President to make up a list of strategic materials. We did not attempt to do that ourselves, and I do not think we will attempt to do it now. Even though the President has broad authority to make up the list, he was rather slow in making it up. Finally, the list was provided and even so the program is not operating now with the same volume under which it operated in the beginning. We want to have these hearings full, frank, and open to all those who are administering the program and participating in the program—private businessmen and those in any other capacity.

I will call as the first witness Mr. Clarence Miller, Assistant Secretary of the Department of Agriculture.

**STATEMENT OF CLARENCE L. MILLER, ASSISTANT SECRETARY,  
U.S. DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY MAX  
MYERS, ADMINISTRATOR, FOREIGN AGRICULTURAL SERVICE;  
RAY IOANES, DEPUTY ADMINISTRATOR, FOREIGN AGRICUL-  
TURAL SERVICE; PATRICK O'LEARY, ASSISTANT ADMINISTRA-  
TOR, FOREIGN AGRICULTURAL SERVICE; AND NATHAN KOENIG,  
SPECIAL ASSISTANT TO THE ADMINISTRATOR, AGRICULTURAL  
MARKETING SERVICE**

Mr. MILLER. Mr. Chairman and members of the committee, I am pleased to meet with you today to discuss operations of Public Law 480 (the Agricultural Trade Development and Assistance Act of 1954).

We are now in the sixth year of operations under Public Law 480. In the beginning, the program was largely experimental. Both the Congress and the executive branch were earnestly seeking improved methods of using the bounty of our farms to benefit less fortunate people abroad. As we have gained experience, changes have been made in law and in administration to achieve this objective. We believe we now have a most useful instrument which provides for the movement of our farm commodities in large volume and on an effective basis to our friends abroad.

## RECOMMENDATIONS FOR EXTENSION OF PUBLIC LAW 480

Our major recommendations for continuation of Public Law 480 are:

- (1) Extend titles I and II for 1 years through December 31, 1960;
- (2) Increase the title I authorization by \$1.5 billion and the title II authorization by \$300 million; and
- (3) In furtherance of the food-for-peace program, amend title I to permit grants of food for the establishment of national food reserves and amend title II to authorize greater use of commodities for economic development. I will discuss these recommendations in more detail later.

## SUMMARY OF PUBLIC LAW 480 OPERATIONS

I would like to make it clear that the Department's major aim is to maximize dollar exports of agricultural commodities. During the past 5 years about two-thirds of our farm product exports have been commercial sales outside of Government programs such as Public Law 480. Appropriate credit, however, needs to be given to Public Law 480. During this period the value of U.S. agricultural exports has increased sharply and has been maintained at a high level. And Public Law 480, principally title I foreign currency sales, has played a major role in this expansion. In the fiscal year just ended June 30, between 25 and 30 percent of U.S. agricultural exports moved under the Public Law 480 programs: foreign currency sales, emergency relief, section 416 donations and barter.

The title I foreign currency sale program accounted for about 20 percent of total U.S. farm product exports this past year. For certain commodities the program has been particularly important. For example, more than half the total U.S. wheat exports during the past fiscal year, or about 230 million bushels, moved under title I; also, about 750 million pounds of soybean oil and cottonseed oil, or about 65 percent of total edible oil exports; about one-third of rice exports; and one-fifth of cotton shipments.

Title I agreements signed during the fiscal year 1959 totaled \$1.15 billion at cost to the Commodity Credit Corporation. Also, programs valued at more than \$500 million are currently being negotiated. Agreements signed and in negotiation, therefore, total about \$1.7 billion so that somewhat more than \$500 million remains available for new programs from the present \$2 $\frac{1}{4}$  billion authorization which expires on December 31, 1959.

Agreements signed during fiscal year 1959 provide for shipment of about 225 million bushels of wheat, 40 million bushels of feed grains, 5.6 million bags of rice, 750,000 bales of cotton, 1.1 billion pounds of edible oil, 43 million pounds of tobacco, 70 million pounds of dairy products, and quantities of poultry, dry edible beans, and fruits and vegetables. Tables are attached to this statement showing title I programing for the fiscal year 1959 in terms of dollar amounts and approximate quantities of commodities, and planned uses of foreign currencies.

Also attached to this statement is a table showing the market value of commodities programed and shipped, by individual country, from the beginning of the program through May 31, 1959.



## EXTENSION OF TITLE I FOREIGN CURRENCY SALES

I need not discuss the urgent need for us to export large amounts of agricultural surpluses. The sharp upturn in the Commodity Credit Corporation's investment in commodities is known to all of us. The question before us, therefore, is the term and the amount of an extension of title I.

We favor a 1-year extension of title I and an increase in authorization of \$1.5 billion. This is the same annual rate of authorization which was provided by the Congress in the last extension of Public Law 480. We believe that this amount will be sufficient to meet program requirements for calendar year 1960. During the last 2 fiscal years the annual programing rate has averaged approximately \$1.1 billion at CCC cost. Therefore, the newly requested authorization would permit a substantial increase in activity.

We wish to emphasize that title I permits the forward programing of commodities. For example, in 1956-57, agreements were signed with India and Brazil which provided for the shipment of commodities over a 3-year forward period. And, of course, under the extension we are prepared to continue such forward programing on a 2- or 3-year basis in those cases where there appears to be room for increased consumption in the recipient country without adverse effect on normal commercial trade and where it is abundantly clear that the surplus will continue for the life of the agreement. As I stated earlier, a 1-year extension would result in a termination date of December 31, 1960. If we find it necessary to request additional funds as a result of increased disposals within the concepts of the food for peace program, we will request such funds of the Congress prior to the end of this fiscal year.

In his statement last week to this committee, the Secretary of Agriculture pointed out some of the problems respecting efforts to increase exports under special Government programs. He indicated the relationship between world crop production and quantities of commodities which we might program under title I and improvement in the foreign-exchange situation of some countries, such as Japan and Austria, which had been title I recipients in the past. Further, our best opportunities to expand food and fiber consumption are found in the less-developed countries which often have limited port, transportation, and storage facilities.

Another factor has been significant during the past year. It is the fact that we are getting more for our money, so to speak, from the title I authorization than we have in the past. As you know, title I agreements are negotiated in terms of export market values as the only precise way of controlling the amounts covered by agreements. Accounts are also kept in terms of program costs to CCC since the title I authorization is in terms of such costs. During the past year the gap between the export market value and the CCC cost of commodities has narrowed substantially because most title I commodities move under the payment-in-kind program. Where CCC used to finance all of the wheat and all of the feed grains, for example, from CCC stocks and value each bushel at this higher cost, now the greater part of the shipments moves directly from commercial stocks and only that portion paid in kind from CCC stocks is value at CCC cost.

What I am saying is that we are moving more commodities with a \$1.5 billion authorization than we have in the past. Although in the strict sense this is not a problem in expanding exports, it does bear on any discussion relating to the size of an additional title I authorization.

#### FOOD FOR PEACE AMENDMENTS

We recommend certain amendments to Public Law 480 to expand the utilization of our surpluses in terms of food for peace.

For some time we have been prepared under title I to make available commodities, principally wheat, for national food reserves abroad. Under the food for peace program, we are again encouraging the establishment of national food reserves and we recommend authority to do so on a grant basis. What we have in mind is to make food available to underdeveloped countries without payment so long as the commodities are used for emergency assistance of the kind undertaken under title II of Public Law 480. If the commodities are sold for commercial use within the country then payment would be made in the regular way. We also contemplate making grants of sales proceeds to less-developed countries so that they can build up storage and other distribution facilities to encourage the handling of reserves and the movement of greater quantities of agricultural commodities in the future.

We also recommend an amendment to title II to authorize grants of CCC commodities to countries for use in economic development work projects. We believe that considerable expansion is possible in the use of commodities for funding work projects. In Tunisia, for example, U.S. wheat is being used to pay part of the wages of workers on public works projects to relieve severe unemployment and famine conditions. About 40,000 workers have been employed to construct and renovate earth dams, firebreaks, cisterns, and wells and for other projects. Workers are paid in a combination of U.S. wheat and cash supplied by the Tunisian Government.

Other recommendations are designed to make foreign currencies available for the purchase of materials for U.S. civil defense purposes, and for furnishing nonfood items to friendly people in emergency need. Also, authority is recommended to pay general average claims for title II commodities involved in loss or damage actions against cargo shipments.

We are striving to increase the utilization of surpluses to the maximum extent; therefore, we do not regard the \$1.5 billion additional authorization for title I as a limit to our disposals under the program. We feel, however, that this would give us sufficient room within which to operate through this session of the Congress. As I stated earlier, we will request additional authorization if it is needed.

Our food for peace efforts have not been limited to the changes in legislation we recommend. We have made a number of changes in the administration of title I to streamline operations which are expected to result in greater disposals. When the Department testified before this committee in April on the provisions of the Poage bill, we described what was being done to speed up the use of loan funds for economic development. We reported the decision to drop the maintenance of value provision in loan agreements with the ob-



jective of expediting greatly the use of foreign currencies for economic development.

The equivalent of about \$1.76 billion is being loaned back to participating countries for economic development purposes under agreements signed to date. Loan agreements for virtually the entire amount have been signed, setting forth the general terms and conditions under which the funds will be used. We indicated that the approval of economic development projects is now being made by U.S. oversea missions with review by the International Cooperation Administration being limited in general to broad guidance to the field. Allotments made by ICA to the field for approved projects totaled the equivalent of nearly \$1 billion as of March 31, 1959. Also, actual disbursements of loan money exceeded \$500 million at that time.

This testifies to the progress being made to expedite the use of foreign currency for economic development purposes. We believe that considerably more progress will be made in the next year as new procedures become more fully operative.

Within the concept of food for peace, other significant progress can be reported. A wheat utilization committee composed of representatives of wheat-exporting countries has been established. The committee's purpose is to achieve greater use of wheat to raise world nutritional levels and assist economic development. The committee met last month and agreed to general guidelines for developing and carrying out concessional sales of wheat, such as title I, so as not to disturb commercial wheat trade.

The food for peace conferences also have resulted in a change in the usual marketing feature of title I sales for wheat. Public Law 480 requires title I sales to be additional to U.S. sales for dollars and further requires that precautions be taken against undue disturbance to the commercial trade of friendly countries. Formerly in the case of wheat we required a title I recipient to buy a specific quantity of wheat from the United States for dollars in addition to the wheat purchased with foreign currency or we specified a global usual marketing quantity which was to be purchased commercially from friendly countries, including a portion from the United States. We now find that in most cases it is not necessary to require a specific usual marketing quantity for the United States in order to safeguard our commercial sales. In most future title I wheat programs, therefore, all friendly countries, including the United States will have the opportunity to supply these usual marketings. This will overcome strong objections of wheat exporting countries to our so-called tied sales.

#### USES OF FOREIGN CURRENCY

Substantial use of title I sales proceeds is an attractive part of the title I agreement to recipient countries. In addition to the nearly 50 percent of the currencies being loaned back to these countries, grants for economic development and military assistance also benefit them directly. The equivalent of about \$300 million is being used for military assistance, the bulk concentrated in a few countries important in mutual security operations. With the size of the title I program steadily increasing, there has been an enlargement in the use of grants

for economic development. These now total the equivalent of about \$230 million, much for non-self-liquidating projects to develop human resources and skills, including improvement and expansion of health and education programs. This is consistent with the recommendation of the committee of conference on the extension of Public Law 480 last year.

Currency uses of importance to the United States include agricultural market development, loans to private business firms, educational and informational programs, and the construction of housing for military dependents.

We are pleased with progress made in developing trade promotion projects in cooperation with commodity trade groups. About \$12 million in currencies has been obligated under these projects. With contributions by the trade totaling almost \$6 million, obligations for these projects total the equivalent of about \$18 million. Trade fair and other activities not involving project agreements with trade groups total about the equivalent of \$6 million. A funding problem is beginning to appear in our market development program. The problem is occurring in some countries because of the many competing uses for limited funds available for U.S. use, and in others because no new funds are being generated.

These trade promotion projects are expanding agricultural outlets. Tobacco consumption is increasing, for example, in France, Japan, and Thailand; cotton use is up in a number of countries, particularly France and Japan; poultry promotion is paying off in West Germany; breeding livestock sales are being made in South America; and wheat use is being expanded in many countries.

Department exhibits in international trade and food fairs comprise a particularly successful part of agricultural market development. We have put on 40 international exhibits in 16 countries with emphasis on distributing samples to millions of fair visitors. Recent exhibits were held in several points in Italy, Calcutta, Madrid, Poznan, and Lausanne.

We believe the loan program to make foreign currencies available to the private sector, largely U.S. firms, under the Cooley amendment to section 104(e) has been extremely successful. Since the program started in the fiscal year 1958, the equivalent of about \$225 million has been set aside in 22 countries for loans to private firms. In most of the countries in which we have negotiated such loans, the maximum 25 percent permitted by law has been earmarked for these purposes. Most of the loans made have been to U.S. firms or their affiliates for a wide variety of projects. Some loans have been made to firms in participating countries for agricultural distribution or processing facilities for the purpose of encouraging the use of U.S. farm products.

I understand the Export-Import Bank of Washington makes progress reports from time to time to this committee on these loans. We believe the Bank has administered this activity well.

Currencies are sold by the Treasury Department to agencies conducting programs overseas. These agencies use appropriated dollars for these purposes, such dollars being credited to the Commodity Credit Corporation. More than \$200 million has been reimbursed to CCC as a result of these foreign currency sales. The Treasury Depart-



ment has been authorized to sell additional amounts and as these are sold they will continue to be credited to the CCC.

The extension of Public Law 480 last year provided for a number of new currency uses. Although these uses are available only in amounts as specified in appropriations acts, sales agreements negotiated during the past year make provision for these new currency uses. As you know, it takes some leadtime to set up operating procedures whereby new currency uses can be implemented. Requests to operate programs under these new uses are pending either in the Congress or the Bureau of the Budget.

The currency uses enacted last year increased total currency uses to 21, compared with 8 when the law was enacted. Contrary to widespread belief, there is actually a shortage of currencies in most countries to meet the demands of all U.S. agencies under the presently authorized currency uses. It creates a problem of negotiation when there is a large demand for U.S. use of currency because recipient countries will more readily agree to take the maximum quantities of commodities if currencies to be used for their economic development are maintained at a high level. Because of this, and because increased competition for available currencies could result in less effective U.S. programs we do not believe that additional currency uses other than that recommended in the attached bill should be provided at this time. Further programing may mean that additional uses could be considered next year.

The request for an extension of title II for 1 year and an increase of \$300 million in the authorization is requested to permit the President to make grants of commodities abroad for famine relief and other emergency purposes. As I indicated earlier, we recommend amendment of title II for greater use of commodities for economic development purposes. Representatives of the International Cooperation Administration are available today in case more specific information is desired concerning their activities under Public Law 480.

TABLE I.—Commodity composition of programs under title I, Public Law 480 agreements signed through June 30, 1959

[Million dollars]

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Total		
									Market value	Ocean transportation <sup>1</sup>	Market value including ocean transportation
Argentina.....			4.6				25.6		30.2	2.8	33.0
Ceylon.....	4.2								12.5	2.2	14.7
China (Taiwan).....	7.6		8.3				.7		11.9	1.5	13.4
Finland.....				1.0	2.6	1.0			3.9	.1	4.0
France.....				24.0	3.5			0.1	27.5	.8	28.3
Iceland.....		0.5		.4			.1		2.1	.2	2.3
India.....	191.3	4.1	.1						195.4	45.2	240.6
Indonesia.....			7.2	23.0		2.0			37.2	3.1	40.3
Israel.....	5.0		.5	1.0	.2	1.5	2.4	.3	33.1	5.2	38.3
Korea.....	11.5	15.7		7.5					28.3	4.7	33.0
Pakistan.....	20.3	.5		1.7		.2	10.4		73.2	12.7	85.9
Poland.....	53.7		7.2	8.8		.8	4.7		40.0	4.0	44.0
Spain.....	14.1	11.6		17.0	8.8	.5	62.7	2.0	102.5	6.5	109.0
Turkey.....		11.5	7			.4	30.2	.5	31.8	2.9	34.7
United Arab Republic.....	21.5	3.3	5.3		9.0	.5	3.2	.5	43.3	5.0	48.3
Uruguay.....		2.2		3.5	6.1				11.8	.7	12.5
Yugoslavia.....	55.8			18.2			9.9	1.8	85.7	10.6	96.3
Total agreements July 1, 1958, to June 30, 1959.....	385.6	49.4	33.9	106.1	33.4	46.9	149.9	5.2	770.4	108.2	878.6
Total agreements through June 30, 1958.....	1,024.7	197.9	179.3	510.2	147.9	41.3	376.3	59.5	2,537.1	285.5	2,822.6
Total agreements through June 30, 1959.....	1,410.3	247.3	213.2	616.3	181.3	48.2	526.2	64.7	3,307.5	393.7	3,701.2

<sup>1</sup> Includes only ocean transportation to be financed by CCC.<sup>2</sup> Extra-long staple.<sup>3</sup> See the following:

	Million dollars
Corn.....	16.6
Grain sorghums.....	10.8
Barley.....	22.0
Total.....	49.4

<sup>4</sup> See the following:

	Million dollars
Dry whole milk.....	0.4
Nonfat dry milk.....	5.2
Butter oil.....	1.3
Total.....	6.9

<sup>5</sup> Cottonseed and/or soybean oil.<sup>6</sup> See the following:

	Million dollars
Finland: Fresh lemons.....	0.1
Israel, Turkey, and Yugoslavia: Dry edible beans.....	2.6
Spain: Dry edible beans.....	1.5
Poultry.....	.5
UAR: Poultry.....	.5
Total.....	5.2



TABLE II.—Approximate quantities of commodities under title I, Public Law 480 agreements signed through June 30, 1959

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Poultry	Dry edible beans	Fruits and veg- etables	Meat	Hay and pasture seeds
	1,000 bushels	1,000 bushels	1,000 cwt.	1,000 bales	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 cwt.	1,000 pounds	1,000 pounds	1,000 cwt.
Argentina.....	2,688		772									
Ceylon.....	4,596		1,366		3,059	4,509	4,965					
China (Taiwan).....					4,385							
Finland.....				5.9	5,333					1,102		
France.....				200.0								
Iceland.....	314	325	17	2.4	400		714					
India.....	113,106	3,075										
Indonesia.....	3,201		1,200	153.3		28,571						
Israel.....	6,726	13,768	88	6.0	264	16,884	18,106	41				
Korea.....	12,030	418		65.2								
Pakistan.....	31,232		1,200	15.0		2,143	68,162					
Poland.....	8,151	9,824		70.4		11,429	33,059					
Spain.....		9,484		103.0	12,572	2,400	534,485	1,787	206			
Turkey.....			110			3,418	207,947	66				
United Arab Republic.....	12,590	2,540	833		10,588	1,323	26,667	1,323				
Uruguay.....		1,768		20.6	6,778							
Yugoslavia.....	33,304			125.5			79,200		235			
Total agreements, July 1, 1958, to June 30, 1959.....	227,938	41,202	5,586	757.3	43,379	70,677	41,138,662	3,110	548	1,102		
Total agreements through June 30, 1958.....	614,697	168,852	27,879	3,228.5	206,721	214,849	2,492,608	14,300	43	175,057	120,872	10
Total agreements through June 30, 1959.....	842,635	210,054	33,465	3,985.8	250,100	285,525	3,631,270	17,410	591	176,159	120,872	10

1 Extra-long staple.

2 See the following:

	Bushels
Corn.....	12,507,000
Grain sorghums.....	9,739,000
Barley.....	18,956,000
Total.....	41,202,000

3 See the following:

	Pounds
Dry whole milk.....	740,000
Nonfat dry milk.....	67,638,000
Butter oil.....	2,299,000
Total.....	70,677,000

4 Cottonseed and/or soybean oil.

TABLE III.—Planned uses of foreign currency under title I, Public Law 480 agreements signed through June 30, 1959<sup>1</sup>

[Amounts in million dollar equivalents at deposit rate of exchange]

Country	Total in agreements (market value including ocean transportation)	104(a) Market development	104(b) Purchase of strategic materials	104(c) Military procurement	104(d) Purchase of goods for other countries	104(e) Grants for multitrade and economic development	104(e) Loans to private enterprise	104(f) Payment of U.S. obligations <sup>2</sup>	104(g) Loans to foreign governments	104(h) International educational exchange	104(i) Translation and publication	104(j) Information and education
FISCAL YEAR 1959												
Argentina.....	33.0	-----	-----	-----	-----	-----	8.2	8.3	16.5	-----	-----	-----
Ceylon.....	14.7	-----	-----	-----	-----	2.2	3.8	2.9	5.8	-----	-----	-----
China (Taiwan).....	13.4	-----	-----	7.0	-----	-----	3.0	2.4	1.0	-----	-----	-----
Finland.....	4.0	-----	-----	-----	6.2	-----	1.0	3.0	-----	-----	-----	-----
France.....	28.2	-----	-----	-----	-----	-----	7.0	15.0	-----	-----	-----	-----
Iceland.....	2.2	-----	-----	-----	-----	-----	-----	4	1.8	-----	-----	-----
India.....	238.8	-----	-----	-----	-----	35.8	59.7	26.7	114.6	-----	-----	-----
Indonesia.....	40.3	-----	-----	-----	-----	14.2	10.0	5.4	10.0	-----	-----	2.0
Israel.....	38.3	-----	-----	-----	-----	-----	9.5	9.6	19.2	-----	-----	.7
Korea.....	33.0	-----	-----	28.0	-----	-----	-----	5.0	-----	-----	-----	-----
Pakistan.....	85.9	-----	-----	-----	-----	12.9	12.9	23.4	36.2	-----	-----	.5
Poland.....	44.0	-----	-----	-----	-----	-----	-----	44.0	-----	-----	-----	-----
Spain.....	109.0	-----	-----	-----	-----	-----	-----	59.7	49.1	-----	-----	.2
Turkey.....	34.7	-----	-----	-----	-----	-----	5.2	12.2	17.0	-----	-----	.3
United Arab Republic.....	48.3	-----	-----	-----	-----	-----	12.0	23.6	11.7	0.5	-----	.5
Uruguay.....	12.4	-----	-----	-----	-----	-----	3.0	2.6	6.3	-----	-----	.5
Yugoslavia.....	94.8	-----	-----	-----	-----	14.2	-----	11.4	69.2	-----	-----	-----
Total agreements July 1, 1958, to June 30, 1959.....	\$ 875.0	-----	-----	35.0	6.2	79.3	135.3	255.6	358.4	.5	-----	4.7
Total agreements through June 30, 1958.....	2,828.3	52.1	-----	273.2	38.1	154.1	88.5	757.6	1,407.9	28.6	6.5	21.7
Total agreements through June 30, 1959.....	3,703.3	52.1	-----	308.2	44.3	233.4	223.8	1,013.2	1,766.3	29.1	6.5	26.4
Uses as percent of total.....	100.0	1.4	-----	8.3	1.2	6.3	6.0	27.4	47.7	.8	.2	.7

<sup>1</sup> Amounts shown are subject to adjustment when actual purchases and allocations have been made.

amounts as may be specified in appropriation acts. Distribution among these uses will be made when allocations have been completed.

<sup>2</sup> In order to provide flexibility in the use of funds, agreements concluded July 1958 to June 1959 provide that a specified amount of foreign currency proceeds may be used under various U.S. use categories including the new currency uses which are limited to purchase authorization transactions.<sup>3</sup> Amounts shown in this column may differ from amounts on table I which reflects



*Status of agreements and shipments, title I, Public Law 480, July 1, 1954, through May 31, 1959*

[Market value in millions of dollars]

Country	Wheat and flour		Feed grains		Rice		Cotton		Tobacco		Dairy products		Fats and oils		Other		Total		Percent shipped
	P <sup>1</sup>	S <sup>2</sup>	P <sup>1</sup>	S <sup>2</sup>	P <sup>1</sup>	S <sup>2</sup>	P <sup>1</sup>	S <sup>2</sup>	P <sup>1</sup>	S <sup>2</sup>	P <sup>1</sup>	S <sup>2</sup>	P <sup>1</sup>	S <sup>2</sup>	P <sup>1</sup>	S <sup>2</sup>	P <sup>1</sup>	S <sup>2</sup>	
Argentina.....	7.0	6.9	15.3	15.2			10.5	9.0	4.8	4.8			28.7	28.7	28.7	28.7	28.7	28.7	100
Austria.....	144.2	82.3	4.3	.6					6.6	6.6			2.4	2.4	40.2	38.5	155.4	98.5	96
Brazil.....							31.7	18.6	3.1	3.1	1.7	2.1	2.0	1.8	81	38	22.4	22.4	58
Burma.....	5.9	1.3		11.9															33
Ceylon.....	14.1	14.1					7.1	7.1	2.2	2.2			14.9	14.9	36.7	36.7	17.8	6.8	100
China (Taiwan).....	8.1	7.8					4.7	4.7	3.4	3.4	1.4	1.4	2.3	2.3	19.9	19.9	35.0	16.6	98
Colombia.....	16.2	13.3					12.0	12.0	5.5	5.5	.2	.2	6.1	3.6	33.0	29.6	84	84	84
Ecuador.....	3.1	2.6					4.4	4.4	7.3	7.3			4.3	4.1	8.5	7.4	36.2	31.8	87
Finland.....	10.7	10.5	2.3	2.3			8.6	7.7	12.3	9.1					2.3	2.2	57.1	30.3	53
France.....							47.1	23.8	10.0	6.5					1.2	1.2	59.4	58.5	98
Germany.....																	7.8	5.1	65
Greece.....	27.2	26.9	14.1	13.8					1.3	1.3	4.4	4.2	13.7	13.6	128.2	89.8	10.0	10.0	70
Iceland.....	1.9	1.3	2.2	1.5	.2	.06	.9	.9	6.0	5.5	3.5	2.2	.3	.2	1.0	.9	116.5	115.1	99
India.....	453.3	409.8	13.1	9.9	26.4	26.4	41.8	39.7	15.0	14.1	2.0						26.6	24.6	92
Indonesia.....	10.0	5.0			48.5	41.3	52.7	29.4									242.6	194.7	80
Iran.....	9.2	9.2															20.3	20.3	100
Israel.....	38.9	35.1	38.0	29.5	.6	.3	4.4	4.3	8	6	16.2	15.9	7.5	6.8	117.1	103.2	135.0	134.9	99
Italy.....	1.5	1.5	6.3	4.0			82.4	76.5	17.9	13.4			37.7	36.4	146.8	131.8	116.5	115.1	99
Japan.....	47.9	47.8	13.3	13.3	13.7	13.7	52.5	52.5	7.6	7.6							26.6	24.6	92
Korea.....	35.6	34.9	31.4	30.7	24.3	24.3	9.8	9.8	6.6	6.6	.3	.3							100
Mexico.....			26.6	24.6															100
Netherlands.....																			100
Pakistan.....	124.2	90.0			65.1	61.3	30.3	28.9	4.8	4.8	4.9	4.6	13.3	5.1	242.6	194.7	20.3	20.3	100
Paraguay.....	1.7	1.7									4.4	4.4	5.5	5.5	2.6	2.6	13.1	13.1	100
Peru.....	14.7	14.7			4.4	4.4					2.2	2.2	1.0	1.0			128.6	128.6	100
Philippines.....					6.1	6.1					1.7	1.7	1.4	1.4	( <sup>3</sup> )		6.3	6.3	100
Poland.....	42.4	42.4	19.2	19.2			54.3	54.3			1.0	1.0	11.7	11.7			367.8	316.9	86
Portugal.....	6.3	6.3															175.3	145.1	83
Spain.....	4.5	4.5	25.9	19.2			75.9	75.8	20.3	14.5	1.5	1.5	219.5	185.2	20.2	17.7	60.3	33.9	56
Thailand.....									3.9	3.9	2.6	2.2	72.9	43.7	7.1	6.5	48.2	48.1	99
Turkey.....	72.8	72.8	17.8	17.8	2.1	2.1			9.0	9.0	.5	.5	3.2		10.2	10.1	11.8	3.7	31
United Arab Republic.....	38.5	33.9	3.3		5.3				38.0	38.0							5.8	5.3	91
United Kingdom.....							3.5	2.8	6.1	5.8							342.9	313.4	91
Uruguay.....			2.2						5.8	5.8									
Vietnam.....																			
Yugoslavia.....	228.4	206.9					64.3	63.2											
Total.....	1,368.3	1,183.5	235.3	201.6	600.0	525.9	178.7	46.4	495.2	64.7	59.8	3,197.2	2,744.9						
Percentage shipped.....	86	85	88	89	88	88	80	84	82	92	86								

<sup>1</sup> P—Programmed under sales agreements.

<sup>2</sup> S—Shipped under sales agreements.

<sup>3</sup> Less than \$50,000.

Source: USDA, Foreign Agricultural Service, July 6, 1959.

**A BILL To extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes**

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That the Agricultural Trade Development and Assistance Act of 1954, as amended, is further amended as follows:

(1) Title I of such act is amended—

(a) by adding at the end thereof a new section, as follows:

"SEC. 110. In order to facilitate the establishment of national food reserves in underdeveloped countries, surplus agricultural commodities may be made available by the President on a grant basis for such reserve purposes pursuant to an agreement with the recipient country requiring that payment shall be made when such commodities are withdrawn from the reserve: *Provided*, That no payment shall be required for any quantities of such commodities which are used by agreement of the President and the government of the recipient country for purposes provided for in section 201 of this act. Agreements under which commodities are provided pursuant to this section shall specify whether any payment made thereunder shall be in foreign currency or in dollars, and the purposes authorized under section 104 of this Act for which any such foreign currency payments may be used. In negotiating agreements under this section the President shall give effect to the requirements prescribed in section 101 for agreements entered into under that section."

(b) by inserting the words "or for grant" after the words "domestic exporters" in item (1) of subsection (a) of section 102, and by inserting the words "or grant" after the word "sale" in item (2) of subsection (a) of section 102.

(2) Section 103(b) of such Act is amended by striking out "1959" and substituting in lieu thereof "1960" and by striking out "2,250,000,000" and inserting in lieu thereof "3,750,000,000".

(3) Section 104(b) of such Act is amended to read as follows:

"(b) To purchase or contract to purchase strategic or other materials determined by the President to be needed for the national defense for a supplemental U.S. stockpile of such materials under contracts, including advance payment contracts, for supply extending over periods up to ten years. Such strategic or other materials acquired under this subsection shall be placed in the above named supplemental stockpile and shall be released therefrom only under the provisions of section 3 of the Strategic and Critical Materials Stock Piling Act."

(4) Section 104 of such Act is amended by inserting after subsection (c) the following new subsection:

"(p) For assistance to meet emergency relief requirements other than requirements for surplus food commodities: *Provided*, That not more than a total amount equivalent to \$2 million may be made available for this purpose during any fiscal year."

(5) Section 202 of such Act is amended by striking out "The" at the beginning thereof and inserting "In order to facilitate the utilization of surplus agricultural commodities in meeting the requirements of needy peoples, and in order to promote economic development in underdeveloped areas in addition to that which can be accomplished under title I of this Act, the"

(6) Section 203 of such Act is amended by striking out "800,000,000" and inserting in lieu thereof "1,100,000,000," and by inserting before the period at the end of the third sentence "and charges for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto, may be paid from such funds".

(7) Sections 109 and 204 of such Act are amended by striking out "1959" and substituting in lieu thereof "1960".

#### EXPLANATION

The foregoing amendment would:

(1) Extend title I of the Agricultural Trade Development and Assistance Act for 1 year;

(2) Increase the amount authorized to be expended under title I of such act by \$1,500 million;

(3) Make surplus agricultural commodities available under title I to underdeveloped countries for national food reserves;



- (4) Permit the purchase of survival items for U.S. civil defense purposes;
- (5) Permit use of title I foreign currencies for nonfood emergency relief;
- (6) Extend title II of the act for 1 year;
- (7) Increase the amount authorized to be expended under title II of such act from \$800 million to \$1,100 million;
- (8) Permit title II grants of commodities for economic development purposes;
- (9) Permit use of title II funds to pay general average claims arising out of the ocean transport of commodities furnished under title II.

Mr. MILLER. We appreciate the opportunity to read the statement, Mr. Chairman, and we shall be happy to answer any questions relating to the proposals and the operations of Public Law 480 that we have carried out.

The CHAIRMAN. Thank you very much, Mr. Miller.

I note you have quite a lot to say about the food for peace program. The President has used that expression, "Food for Peace."

Mr. MILLER. Yes, sir.

The CHAIRMAN. Tell us briefly just what the food for peace program is other than the program authorized by Public Law 480 which has been in operation for quite some time.

Mr. MILLER. Mr. Chairman, we feel that the food for peace program as proposed by the Department of Agriculture, in response to the President's original proposal, could be operated within the present authorization of Public Law 480 both in the period of the authorization and within the amount of dollar authorization.

The CHAIRMAN. Congress authorized such a program quite some time ago but this "Food for Peace" slogan seems to have just been started recently.

Do you ask for any authority that you do not now have to expand or to operate the food for peace program?

Mr. MILLER. There are some five amendments to the bill that I have mentioned. Two of them I think we might discuss as being of primary importance in the expansion of the food for peace program.

No. 1 is designed to authorize the programing of national food reserves for other friendly countries, with the provision that I mentioned there, or that we could in case of sale treat it as an ordinary title I transaction. We feel we have not had the authorization heretofore to carry on as aggressive and probably as large a food reserve stockpile in friendly countries as we would be able under the suggested amendments.

The CHAIRMAN. Just what is contemplated by that amendment that you have referred to?

Mr. MILLER. There is a need for reserves to meet emergencies in many countries, Mr. Chairman. A great many countries have been rather reluctant to accept national food reserves under title I, feeling that they had rather receive all of the food grains coming to the country in the form of regular title I purchases with no strings attached so they could use it in the feeding of their population, and in their economic development, and so forth. Under the amendment we could transfer the food grains to these recipient countries for national stockpile purposes without interfering with the contribution or the operation of the regular program under title I.

The CHAIRMAN. I recall some months ago—I think it was last year—we had the representatives from the Foreign Agricultural

Service, the Military Defense Establishment, and representatives from the Civil Defense Administration all in this room and I asked the question of them as to what had been done to distribute this food in the strategic places of the world. I had in mind particularly the Hawaiian Islands. I asked the question because suppose, unfortunately, our shipping lanes to the Hawaiian Islands were interrupted by submarine warfare, how could the people of the islands survive, being cut off from the mainland, and what food supplies had been located in that area of the world. I was very disappointed in the answers that we received. Apparently the military people were looking only after the military personnel and civilian personnel attached to the military, but ordinary civilians were not considered in their plans.

The Civilian Defense Administration had no plans at all and the Foreign Agricultural Service said the only program they had was a "grandma's pantry."

Do you contemplate the storing of food supplies in such places as the Hawaiian Islands and other places which might find themselves in need?

Mr. MILLER. Well, Mr. Chairman——

The CHAIRMAN. I agree with you. I think instead of having all this food stored here and even all the fiber stored in this country, that we might very well break down this storage and store food supplies in these far-distant places where there might be a need, but I have not seen anyone indicating any willingness to do that. By doing that, you might relieve our own taxpayers of the burden of paying the storage costs on the commodities now stored in this country.

I brought out a further suggestion to the effect that I thought food should be stored at the strategic places in the interior parts of our own country but, apparently, no one had given any consideration to a plan to break down the location or the distribution of this food.

Now, is that what is contemplated by this amendment?

Mr. MILLER. We are not contemplating an amendment of setting up the food reserve in foreign countries and title to that food remaining in the U.S. Government.

The CHAIRMAN. I do not mean that. I mean give it to them with the understanding that they themselves will store it and keep it and maintain it in order.

Mr. MILLER. That is correct; that is precisely what we propose.

The CHAIRMAN. I wonder if you cannot presently do that under the existing authority? When I discussed it before, no one told me that there was any authority lacking because we were at that time proposing just what you are now talking about, and if you have needed this authority it seems to me you should have requested it long ago. If you need it now, I am quite satisfied this committee will go along with it and approve it.

Mr. MILLER. Let me say we did have authority to set up food reserves under title I in foreign countries heretofore, but the countries were not interested, Mr. Chairman. Although we made the offers repeatedly to friendly countries, they did not manifest any interest other than inquiry.

We felt that this amendment was needed in order to insure that there would be more acceptability of the idea of a national food reserve in friendly foreign countries.



The CHAIRMAN. Under this so-called food for peace program, do you think that these foreign countries will now be interested in accepting grants of food and providing the necessary storage and maintenance of supplies?

Mr. MILLER. We think we have removed one of the obstacles. There are a great many obstacles in the establishment of a national food reserve by friendly foreign countries. Once food comes into an elevator or in storage in a country to be used, let us say, by friendly governments, they are under pressure to use that food for something else other than dire emergencies. We have provided here that it can be used for those other purposes if the country deems it necessary to do so, but if they do, then it can be immediately transferred off the books as a food reserve transaction and it comes under the category of a title I sale.

The CHAIRMAN. If it is stored there as title I food and an emergency arose, you could put it under a grant, take it out and give it back to them?

Mr. MILLER. It really is the other way around. It is stored for grant purposes but if they feel it necessary for some reasons to use it for purposes other than a national emergency, it can be transferred over as a title I sale.

It can then be sold for soft currencies. That is one vehicle which we think will overcome at least some of the objections that these countries had to the establishment of a national reserve.

The CHAIRMAN. Mr. Poage mentions the fact that you have to have an agreement under title I, but at the time of making the agreement you should provide for the contingency you are now talking about.

Mr. MILLER. Yes, sir.

Mr. HOEVEN. Mr. Miller, the food-for-peace program is very important. I introduced a resolution to implement the President's proposal in that regard earlier in the session.

Mr. MILLER. Yes, sir.

Mr. HOEVEN. I think it would be informative, to say the least, if you could give us an up-to-date report on what has been accomplished, with particular reference to a meeting that has already been held by representatives of foreign countries. I understand there is another meeting contemplated soon.

What did you accomplish at the first meeting, and what do you expect to accomplish at the second meeting and what can we expect to come out of such conferences? I wish you would give us the benefit of your views.

Mr. MILLER. Congressman Hoeven, I am going to ask Dr. Myers to give you a report inasmuch as he has conducted all the meetings held in relation to the food-for-peace program and has assumed responsibilities for its implementation as the Administrator of the Foreign Agricultural Service.

Dr. Myers, I wish you would proceed. I would appreciate it.

Dr. MYERS. The overall concept of President Eisenhower's food-for-peace program involved a number of sincere explorations within our own Government and with friendly food surplus countries and other nations as to what could be done to make our already large programs—not only ours, but some of the other countries—more effec-

tive, and it involved a followup to implement the findings of those explorations.

As you know, the President made his statement late in January. In the months which have passed since then these explorations, both internal and external, have been going forward.

The meetings to which you referred, Mr. Congressman, were a part of this. The friendly wheat exporting nations—the major ones such as Canada, Australian, Argentina, and France—and representatives of the Food and Agriculture Organization of the United Nations, were called together, and there was a conference in the latter part of April and early May. There was a conference at what we called the official level that was followed by the rest of the conferences and the last part of it was at the Cabinet or Ministry level. The other nations took this seriously, and the representations were serious, and there was a very thorough discussion of the world wheat situation, both the commercial and noncommercial aspects of it, and what could be done to get more food—and in this case more wheat—used in more countries.

This group arrived at a considerably better understanding and set up what was called a wheat utilization committee, meant to be an influential, high-level committee of these nations to meet intermittently and to operate at high level flexibility without any formal secretarial organization or anything of the sort. It has had one meeting here in Washington, June 15–17. The visible results of this, other than better understanding of the problem on the part of the wheat exporting nations, have been the development of some guidelines for the noncommercial programs to be operated in such a way as to increase total use and not interfere with commercial markets, ours or theirs.

In addition, there has been a great deal of discussion of how each of the nations, including these countries, can expand their efforts to develop markets and to carry out noncommercial programs to help hungry people in the world.

This is in preliminary stages and I cannot give you a report on it because the other nations have not completed their discussions at home; but it looks hopeful that they will do more, as well as going along with us if we do more.

I can only refer to the fact that efforts and plans—and detailed plans—within the Administration are being worked on. The various agencies concerned are working on the actual determination of places and times and amounts by which we can even further increase our already considerable effort in the use of food. This is in the planning stages.

Mr. HOEVEN. There will be other meetings, I understand.

Dr. MYERS. On the international side, the committee will meet again in autumn. The date has not been set.

Mr. HOEVEN. Do you contemplate at these meetings to work out some arrangement whereby food can actually be delivered to hungry people themselves instead of dealing through the heads of governments?

Dr. MYERS. I could not say that we have isolated or narrowed it down to that particular point. Various methods have been talked about. I will say that almost everything that is being talked about can be done within existing authorities in this country, but we have



not come down to that specific point, sir, if I understand your question.

Mr. HOEVEN. We are all anxious to see that this food actually gets to hungry mouths. Unfortunately, we have had to deal with governments, and in many instances food has not actually gotten to hungry mouths.

I am just wondering what can be worked out to bring about the objective and desire of all the American people, that food actually gets to hungry people.

Dr. MYERS. In answer to that, sir, we have met with and expect to continue to meet with representatives of the charitable organizations which have been carrying on work overseas. I should also say that on the international side informal discussions have been held with Washington representations of other countries on other commodities such as dairy products, although we have not gone into a formal conference on it.

The CHAIRMAN. On July 29, I requested the Secretary to provide me with a list of the 20 largest exporters of cotton and grain under the program, and the dollar value of the exports made by each, and I think he has provided the information regarding cotton. He has not provided such information regarding grain.

Will you see to it that we are provided with that information?

Mr. MILLER. Surely; we will get that for you.

The CHAIRMAN. We would like to have that for the record.  
(The information requested follows:)

*List of the 20 largest exporters of cotton under Public Law 480, title I, from inception through Jan. 31, 1959*

Name of exporter	Quantity bale	Amount
Anderson, Clayton & Co.....	365,569	\$59,384,547.10
Geo. H. McFadden & Bro., Inc.....	211,750	34,009,095.54
Cook & Co., Inc.....	157,692	24,832,607.87
Hohenburg Bros. Co.....	156,345	23,807,248.06
Volkart Bros., Inc.....	124,621	20,322,531.90
Weil Bros. Cotton, Inc.....	86,050	13,634,381.98
H. Kempner Cotton Co.....	77,580	12,134,416.06
Sternberg Martin & Co., Inc.....	77,160	12,133,404.92
Otto Goedecke, Inc.....	74,268	11,863,355.77
A. Campdera & Co., Inc.....	67,306	10,860,054.60
R. I. Dixon & Bro., Inc.....	64,102	9,237,002.98
Allenburg Cotton Co.....	56,076	9,121,196.14
W. D. Felder & Co.....	60,273	8,935,241.73
Japan Cotton Co.....	53,421	8,608,173.59
Calcot Ltd.....	51,155	8,508,240.52
Esteve Bros. & Co., Inc.....	56,004	8,361,803.70
S. Y. West & Co.....	44,363	6,956,180.16
E. F. Creekmore & Co., Inc.....	35,833	5,864,722.45
Crespi Co. and Crespi Cotton Co.....	31,951	5,149,447.76
Reinhart Co.....	27,928	4,596,192.19

*List of the 20 largest exporters of grain under title I, Public Law 480, from inception through May 31, 1959*

Name of exporter	Amount
Continental Grain Co.....	\$358,641,461.44
Louis Dreyfus Corp. (Ex. Level & Co.).....	305,317,543.15
Cargill, Inc.....	264,834,138.80
Bunge Corp.....	85,554,307.73
Robin International, Inc.....	71,856,545.93
Garnac Grain Co.....	63,507,081.55
Interoceanic Commodity Corp.....	47,173,513.06
Balfour, Guthrie & Co.....	24,343,636.65
Kerr Grain Corp.....	21,059,181.46
Tricerri Grain Corp.....	18,619,381.37
Producers' Export Co.....	18,123,351.39
Daiichi Bussan Kaisha, Ltd.....	15,582,433.37
Uhlmann Elevator Co.....	11,285,981.26
C. B. Fox Co.....	10,117,706.96
Sinason-Teicher Inter-American Grain Corp.....	10,037,136.43
Intercommerce Corp.....	5,511,063.37
Niehimen Co., Inc.....	5,461,898.52
Tidewater Grain Co.....	5,447,817.56
Kanemapsu New York, Inc.....	5,253,730.82
Seed & Feed Corp.....	4,605,174.13

The CHAIRMAN. I would like to ask a couple of questions about this world wheat meeting we read about in the New York Journal of Commerce containing an article entitled "World Wheat Group Adopts Trade Agreement." The only nations attending the meeting apparently were Argentina, Australia, Canada, France, and the United States.

That is right; is it not?

Mr. MILLER. That is right.

The CHAIRMAN. I have somewhat of a reaction to this meeting that what you actually did was to create a clearinghouse through which all of our own transactions must first be cleared.

In other words, quoting again from this article, one of your guidelines is this:

Nations supplying wheat to underdeveloped countries should consult with other wheat-exporting countries before entering into any noncommercial wheat transaction.

As I interpret that, it means if we want to give food to hungry people in any nation we first must check with Canada, Argentina, France, and Australia? Is that what it means?

Dr. MYERS. Not exactly. We have sometimes——

The CHAIRMAN. Just what does it mean?

Dr. MYERS. We have been doing some consulting with friendly nations on this program where it might cause problems but they do not have and they would not have in any consultation that might come up in such a case any power of veto or control over our actions, nor would we have any over theirs.

The CHAIRMAN. I do not mean you would have the veto power, but the result would be the same. Why is it that we have \$3.5 billion invested in wheat and there are starving people in Ceylon or Brazil or other places of the world? Why is it that we must go to our neighbors and ask their permission or approval or disapproval of our actions?



Mr. MILLER. We have, Mr. Chairman, generally discussed broad principles or outline principles under which we dispose of agricultural commodities with friendly nations.

We do not at any time confer on individual sales or on projected country contracts with any of our friendly nations.

The CHAIRMAN. You do not?

Mr. MILLER. We do not go in and discuss individual contracts as such with them.

The CHAIRMAN. You absolutly do. Certainly you do. That is what is contemplated by this meeting.

Mr. MILLER. No, sir; we do not contemplate going into individual disposals and grants to individual countries at these meetings. We are setting up a generally broad outline.

The CHAIRMAN. But, the very first guidepost before you can do anything on the part of the United States is that you must check with these other wheat-exporting countries to see whether or not they have any complaints or objections; is that not right?

Mr. MILLER. No, sir; I do not know of any guidelines we have set up like that.

The CHAIRMAN. I just read it out of this very reputable paper, called the New York Journal of Commerce.

Mr. MILLER. It is a reputable paper, I agree.

The CHAIRMAN. I think you will find it in your own report, indicating that that was one of the guideposts.

Is that not the very thing which has gotten us in trouble now—that we have consulted to many people too often and as a result of the way we have administered these programs Canadian wheat exports have increased while ours have substantially decreased? That is established by the record; is it not?

Mr. MILLER. Let me say that we, Mr. Chairman, discuss with the State Department on individual contracts and negotiations under title I of Public Law 480.

I have from time to time, as the Associate Administrator of the Commodity Stabilization Service, discussed with the State Department the merits of individual barter contracts and emergency proposals which were made, but I have never at any time consulted with any individual country in negotiating any such things.

The CHAIRMAN. No; I do not have reference to that. You do not wear striped britches and Homburgs. That is where we get into trouble.

Mr. MILLER. The State Department does not either, sir, confer on individual contracts as I have just outlined.

The CHAIRMAN. Why, certainly they do. You mean to tell this committee that when someone promotes a transaction with some foreign country involving the exportation of wheat Canada does not interfere and Argentina does not interfere and Australia does not interfere as well as France?

Mr. MILLER. On title I we confer with them on usual marketings that these countries might have.

The CHAIRMAN. That is right, and they come to the State Department and say to USDA, "You cannot export this wheat into this country because that is our market. That is staked out for us."

Therefore, the State Department causes your Department to withdraw and abandon the project.

Mr. MILLER. Let me say on these title I sales, Mr. Chairman, we do exercise care not to disrupt usual marketings of both ourselves and our friendly foreign countries.

The CHAIRMAN. But, you do not think Congress ever contemplated that our officials should confer with other officials of other countries about particular transactions before they are consummated?

Mr. MILLER. Mr. Chairman, I am sorry that you have gotten the impression from a newspaper article——

The CHAIRMAN. I am not talking about a newspaper article now. I am talking about what has happened down there for all of these past months—that the State Department has vetoed agreements which your Department has approved.

Mr. MILLER. Which we have proposed; yes, sir.

The CHAIRMAN. And the State Department turns down the agreements that you propose because they are prompted to do so by the officials of other exporting countries?

Mr. MILLER. Mr. Chairman, I am not in a position to answer for the State Department, but the State Department cannot go to every individual country and get their permission for a projected sale.

The CHAIRMAN. I do not think they should go to any of them.

Mr. MILLER. I do not say they should not, but I do not think they do.

The CHAIRMAN. I am fearful about this five-country committee. What are other exporting countries going to think when five big exporting countries control the situation?

Mr. MILLER. There are no others besides those. They are the wheat exporting countries.

The CHAIRMAN. There are none except these five?

Mr. MILLER. You have Turkey occasionally, but France is not going to be an exporter this year. We will continue to consider her, but she is not going to export wheat this year.

The CHAIRMAN. These are all of the exporting countries of wheat?

Mr. MILLER. They are the principal exporting countries of wheat in the world for all practical purposes.

The CHAIRMAN. We must clear all of our transactions and even donations?

Mr. MILLER. No, sir; it is not our intent to clear verbatim with these countries. We will set up general broad principles of outline and talk about operational policies with them because we have invited them to be a part of a food-for-peace program. They are going to participate, too, Mr. Chairman.

The CHAIRMAN. Well, to what extent has Canada donated wheat?

Mr. MILLER. Canada has for years had a national stockpile offer outstanding to foreign countries. She sells on long-term credits——

The CHAIRMAN. I asked you to what extent has Canada donated wheat to hungry people.

Mr. MILLER. Well, she is a participant in the Colombo plan. I cannot tell you to what extent in terms of bushels that she has contributed, but she has contributed.

The CHAIRMAN. How about Argentina?



Mr. MILLER. I am not familiar with Argentina, but Australia has done so under the Colombo plan.

The CHAIRMAN. Will you outline for the committee, step by step, the development of a Public Law 480, title I contract?

Mr. MILLER. Yes, sir; we will. I would like for Mr. O'Leary to do that inasmuch as he handles the mechanics of it.

Mr. JOHNSON. You are setting guidelines, but how long will it be before the actual food-for-peace program starts moving? That is what I would like to know. It seems you are setting up guidelines and getting things ready, but when are we going to start?

Mr. MILLER. We have been operating under grants and economic development all along, as the chairman pointed out, and we expect to expand it and we are expanding it at the present time.

Mr. JOHNSON. When will this expansion start?

Mr. MILLER. Immediately, sir.

Mr. JOHNSON. But, you are going to have another conference next fall?

Mr. MILLER. Yes, sir.

Mr. JOHNSON. Will there be another one next spring?

Mr. MILLER. We are ready to start.

Mr. JOHNSON. You are ready to start when you have this conference coming up in the fall?

Mr. MILLER. Yes, sir.

Mr. JOHNSON. In what month do you suppose it will start moving more rapidly?

Mr. MILLER. It already is a big thing. We are not going to start out at a given date and say we are operating a food-for-peace program beginning the first day of such-and-such a month.

Mr. JOHNSON. But it has been over 6 months, and those people are starving to death before the food gets to them.

Mr. MILLER. You do not start a program of the magnitude we are talking about in much less time than that.

Mr. JOHNSON. You cannot give me any date?

Mr. MILLER. No, sir; I would not attempt to say this is the time we are going to start. I will say we have already started and this is a gradual increase that we are going to put into effect.

Mr. JOHNSON. Thank you, Mr. Chairman.

The CHAIRMAN. I believe Mr. Gathings had a question.

Mr. GATHINGS. Along that line, at this time are you negotiating with Indonesia to sell rice under Public Law 480, title I, and as I understand it, the State Department says "Yes; we can move some rice to Indonesia and they want it, but at the same time Burma and Thailand must also move an equal amount of rice to Indonesia before that transaction can be consummated." Is that right?

Mr. MILLER. I do not know exactly the terms on it, but I believe Mr. Ioanes can give you the details.

Mr. IOANES. Mr. Gathings, as you know, we came before your committee some time ago, and talked about the need to protect the marketings of some of our friends, in this case Burma and Thailand. It is true that in that negotiation we are asking that country to give us an assurance of a commercial purchase from Burma and Thailand for the period of time involved.

Mr. GATHINGS. I understood that. Is that a joint or mutual understanding between the Department of Agriculture and the State Department?

Mr. IOANES. Yes, sir.

Mr. GATHINGS. And they have arrived at that decision?

Mr. IOANES. Yes, sir; it is——

Mr. GATHINGS. It was not the purpose of the passage of Public Law 480 in the first place to look into usual marketings.

Mr. IOANES. Yes, sir; it is in the law, sir.

Dr. MYERS. It is in the law.

Mr. IOANES. Section 101(a) provides that the President shall take reasonable precautions to safeguard usual marketings of the United States and to assure that the sales from this act will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries.

The CHAIRMAN. That is when you are dealing with a commercial transaction. Certainly, we did not contemplate you would be doing anything when you donated the food to hungry people.

Mr. IOANES. Mr. Secretary, could I explain this?

Mr. MILLER. Surely.

The CHAIRMAN. I understand it is to protect the normal pattern of other countries.

Mr. IOANES. But, Mr. Chairman——

The CHAIRMAN. It does not say anything about gifts. It is sales.

Mr. IOANES. That is what Mr. Gathings is talking about.

The CHAIRMAN. I understand that, but I am talking about a gift or a donation.

Mr. IOANES. I was trying to answer Mr. Gathings and he was talking about a sale under title I and I think that this committee inserted that provision in the law, and I think that your report on it probably contained it.

The CHAIRMAN. I know that that was in the law——

Mr. IOANES. This committee had discussions on this matter. I think it originated in this committee.

The CHAIRMAN. I think it originated here in this committee, but do you apply that same caution when you donate food to hungry people?

Mr. IOANES. No, sir; I wanted to move from that and clarify this point: This provision applies to title I of the statute and it is true in the case of rice moving to the Far East that we do attempt, in cooperation with the State Department, to protect the established commercial trade of other friendly countries as a condition to the title I sale and if we have established commercial trade, we of course try to protect that also.

With respect to title II grants or title III grants this provision is not applicable.

The CHAIRMAN. All right; go ahead and give us the details of just how a Public Law 480 transaction originates and the details step by step in the development of a contract.

Mr. MILLER. This is title I you are asking for, Mr. Chairman.

The CHAIRMAN. Yes, sir.

Mr. MILLER. Mr. O'Leary, will you proceed?



MR. O'LEARY. The title I foreign currency transaction usually will originate with a request from the foreign country being submitted to our Embassy in the capitol of the foreign country. This is forwarded to the State Department and then to the Department of Agriculture. We analyze it as regards the commodities involved, as regards the total size of the program, and as regards possible uses to which the currencies generated by such a sale might be put. We come up with a program proposal in the Department of Agriculture which specifies the quantity of commodities which we think can be introduced into the economy of that country through a foreign currency sale without disrupting the commercial marketings which the country additionally makes both from this country and from other countries.

We, through consultation with other agencies of the Government who operate programs abroad and, therefore, would be using currencies, ascertain approximately how much of the currency will be needed for U.S. agency programs and how much of the currency should be used as loans to the country, as loans through the Eximbank to private business and the other uses involved under section 104 of the act. This proposal is then presented to an interagency committee on which all interested agencies are represented. Any differences of views are ironed out in that committee until we come up with an agreed request which is transmitted to the field for negotiation by a team headed by the Ambassador's designee and on which the Agriculture attaché, the chief of mission of the ICA and other appropriate officials at the Embassy act as part of the negotiating team.

In connection with the development of such a program, in an analysis of the trade of the country, of the crop conditions in the country, of their traditional other sources of supplies and crop conditions and availabilities of the commodities in these other countries which are traditional suppliers, we fix not only the quantity which we think is justified for movement under title I program, but also that quantity which, in order to justify a title I program and assure that the title I goods are additional to what would otherwise be coming into the country, the country should agree to buy commercially

With respect to the guideline that you referred to which was quoted, or practically quoted, in the New York Times, I would like to read that to you. It says that the supplying country should give other friendly exporting countries having an interest in the possible effects of a concessional sale of wheat reasonable opportunity for consultation and presentation of views before entering into an agreement.

This relates to the matter of protecting the usual marketings, the normal patterns of trade, of commercial marketings and purchases of that country.

The consultations are carried out pursuant to that provision of law which is known as the Reuss amendment.

I do wish to make this point, however;

These guidelines were built up in connection with concessional sales of wheat. They apply to wheat, they apply to concessional sales only and in the case of the United States, this means the title I, Public Law 480 program.

It does not mean movement under section 402 of the Mutual Security Act. It does not mean barter or donations through voluntary agen-

cies under title III and it does not mean grants of commodities under title II.

These programs are operated in such a way as to not interfere with the usual marketings, and not donations. It is perfectly clear because the goods are consumed by needy people.

Title I sales being concessional sales for foreign currencies, as soon as those goods reach the importing country, they go right into commercial channels and are sold and paid for in the same way that commercial imports are sold and paid for.

It is a vehicle with which you could very easily disrupt not only our own normal sales but those of everybody else if this safeguard were not adhered to.

Within this limited context of this consultation on foreign currency sales we do not consult about the details of a program. The particular angle of the consultation which the State Department carries out is whether a program of this magnitude and the usual marketing requirements of the magnitude that we are proposing is sufficient to protect the normal pattern of commercial trade. These consultations sometimes are very brief since the title I program is not too large, and the usual marketing quantity is sufficiently large to give all traditional suppliers a chance to compete for that business.

In some instances where the country is at a low point in its foreign exchange holdings and in its internal budgetary situation we may have felt that in order to have a successful negotiation of an agreement the usual marketing quantity would have to be small because the country is not in a position to buy what you would think they would traditionally buy if you looked at their 5-year history. In these circumstances there are some other supplying countries and we consult with those countries which are traditional suppliers and those which have an interest in that market are the ones that are consulted. In some cases occasionally they do not think that the amount we are asking them to agree to as a commercial marketing figure is sufficiently large. In these cases we may have to consult on two or three different occasions before we reach a meeting of the minds as to the figure which will protect the general commercial trade, including ours as well as the other countries. This has not been a substantially delaying factor in carrying out the program, however.

The CHAIRMAN. If you carry that too far you put yourself at the mercy of our competitors; do you not?

Mr. MILLER. I think that is the determining factor, Mr. Chairman, as to whether you allow a country to exercise a veto privilege over any proposal or whether it is on a consulting basis.

Mr. O'LEARY. We give no country the right to exercise a veto.

The CHAIRMAN. Have you exported to any country over the veto of some of our competitors?

Mr. O'LEARY. Yes, sir; we have. We have proposed certain programs in connection with which we have proposed a given level, say, X, of commercial marketings, where we would require that country to agree to a certain amount and we would require them to purchase commercially from friendly world sources, and in some instances interested third-country suppliers have felt that this was not a sufficient amount, and we have taken their views into consideration and then have said "We are sorry. We believe this is fair," and we have gone ahead and negotiated our agreement.



The CHAIRMAN. After you have negotiated and consummated your agreement with the other country, tell us just how the program is then carried on from that point, and just what part the American businessman plays in this transaction?

Mr. O'LEARY. Once the agreement is signed the function of the U.S. Government is a watchdog function. The mechanism which we use is the mechanism which was established in the early days of the Marshall plan of having these things handled through commercial channels and through commercial banking and international selling practices. We simply make available in banking channels funds to finance the sales made by private U.S. exporters to buyers in other countries.

In effect, the U.S. Government acts as the exchange authority. We supply the dollars which are channeled through the banking system and paid through letters of credit to U.S. exporters and we take back local currency from the other country which has been paid in by the importer into the banking system in the other country. This is paid to the credit of the U.S. Treasury in the other country.

In effect, we have facilitated the sale for local currencies by making dollars available in exchange for local currencies. The U.S. exporter gets the dollars and the U.S. Treasury gets the local currency.

Mr. POAGE. You pointed out that the U.S. Government was a kind of a watchdog. What assurance does the Commodity Credit Corporation have that the quantity and quality of commodities which are actually delivered are what they are represented to be? I know with reference to grain you make an inspection at shipside as it goes out, but what do you do when the grain is delivered? How do you know that we are actually delivering the kind of commodities that we commit ourselves to deliver to these countries?

Mr. O'LEARY. When wheat is exported under this program, as on any export shipment of wheat, it is inspected and an official U.S. grain inspection certificate is issued and this inspection certificate describes the grade and quality of the grain. The inspection is made at the time the grain is loaded into the ship. We obtain from our agricultural attachés unloading reports of those ships and if there are any complaints regarding quality or grade these complaints are looked into promptly.

Mr. POAGE. I have in mind that there should be an arrangement working the other way. For instance, all cotton which you sell is sold by grade. It has already been graded by the Commodity Credit Corporation.

I know for a time we had a lot of trouble about our failure to live up to the grades. But, now, when it goes out and it is delivered, what device do you have to protect the CCC from the private trader who delivers that cotton after taking it out as Strict Low and selling it as Middling?

Mr. O'LEARY. Mr. Congressman, I do not purport to be an expert on cotton, but it is a unique commodity in this regard: My understanding from speaking with people who do know cotton is that the existing standards for graded cotton relate to grade only, and as time has progressed, the users of cotton look to other things than grade, other things which are not covered by a grade certificate. It is my under-

standing that in commercial sales of cotton it is sold not on grade but it is sold on the exporter type. He describes his cotton as being a certain type and the buyer knows what that is.

The price is not based so much on grade as on what this man says his cotton is. This is the way it works commercially.

When we instituted the title I program, the question came up of whether we should require a base or price analysis on the form A certificate which shows the grade according to the U.S. standards for cotton, and I believe this is also the international standard for cotton. After prolonged consideration and many meetings on this subject it was determined that since the law specified that sales under the program should be through regular trade channels and in accordance with regular commercial practices, we would not require the form A certificate to be used as a basis for analyzing the price. We permitted sales to be made just as commercial sales of cotton are made. We permitted them to be made on the seller's type representation as to what this particular cotton was.

Mr. POAGE. What you actually do is to sell to this cotton exporter and he takes it on a catalog grade and gets it in New Orleans or gets it at Galveston or Charleston. Do I understand that so far as you are concerned it does not make any difference as to what that grade later develops to be?

Mr. O'LEARY. Actually cotton is under the p.i.k. program—payment in kind. So the bulk of the cotton that would move would come from the commercial channels with the buyer receiving a subsidy payment from CCC. But, to get back to the point of how we assure that the goods delivered are of the quality represented by the price charged, as you know, in the international cotton markets of the world provision is made in which this country cooperates for arbitration.

Mr. POAGE. I know about that.

Mr. O'LEARY. There are arbitration boards.

Mr. POAGE. But suppose no one complains and no one asks for any arbitration if they take the cotton out as Low Middling, and sell it as Strict Good. Nobody could complain.

Mr. O'LEARY. The buyer would certainly ask for an arbitration.

Mr. POAGE. Nobody could complain about that.

Mr. O'LEARY. The buyer will ask for arbitration if he feels the cotton he received is not worth the money he contracted to pay for it.

Mr. POAGE. Nobody would ask for arbitration and you are the only one that has lost.

Mr. O'LEARY. The buyer is going to lose if he does not get cotton of the quality he is paying for.

Mr. POAGE. If he gets cotton of higher quality than you sold, he would not complain.

That is what I am getting at. I do not know that it is happening, but I want to have your assurance that it does not happen.

If I understand you correctly, you said that the cotton is going to move into one of these trades and I come in and make this trade, or you have made the trade, and then I come in and get 10,000 bales of cotton out of the CCC stocks.

Mr. O'LEARY. You are a U.S. exporter?

Mr. POAGE. Yes, sir; I am an exporter and I am going to sell it under Public Law 480 agreements with Italy, for instance.



The CCC provides me with the cotton.

Mr. O'LEARY. You buy the cotton and pay for it, sir. You pay CCC for the cotton.

Mr. POAGE. As a matter of fact, I do not pay for it, as I understand it. If I understood your explanation, I do not pay for it because you furnish the money to buy it with.

Mr. O'LEARY. No, sir; let me go over that once more.

Mr. POAGE. I did not understand you, then.

Mr. O'LEARY. Assume that the cotton is purchased from the Commodity Credit Corporation. At the present time most of the cotton moving goes right out of the commercial stocks. A man buys his cotton wherever he can buy it and makes the export sale and ships the cotton and collects subsidy from another in the form of cotton.

Mr. POAGE. That subsidy is the regular, ordinary commercial subsidy that you are paying on every bale of cotton which leaves the United States. That is a subsidy.

Mr. O'LEARY. Yes; but paid in the form of cotton.

Mr. POAGE. But I am talking about, for instance, you have made a trade with Italy to buy 200,000 bales of cotton. I understood you to say that at the time CCC shipped the 200,000 bales of cotton you let me as a buyer or as a cotton trader ship 10,000 bales of cotton as a part of that, and the man in Milan pays me in lire, and you pay me in American dollars.

Mr. O'LEARY. No; he does not pay you, sir. Here is the way it works:

We have an agreement with Italy calling for 100,000 bales of cotton. We say we will finance it and Italy says we will buy it and pay for it in our own currency. You are an exporter. You have two bales of cotton. You get a third bale of cotton by way of subsidy from CCC on a previous sale you have made.

Mr. POAGE. That does not have anything to do with Public Law 480.

Mr. O'LEARY. We will leave that out. You have cotton that did not come from CCC stocks. You bought it in the open market but make a sale to an Italian importer at the world market price, and he opens up a letter of credit in your favor at a New York bank. When you make your shipment, you present your export bill of lading and go to the New York bank and the bank pays you in dollars.

It notifies the foreign bank that it has made this payment on your account. The foreign bank having collected that amount in lire from the importer—the man to whom you made the sale—turns that lire over to the U.S. Treasury. You do not ever see any lire at all. You get your payment just as on a regular commercial sale except the bank which pays you the dollars does not get reimbursed by the foreign bank in dollars.

The CHAIRMAN. Did you not say that the Commodity Credit Corporation would furnish the money to the American exporter?

Mr. O'LEARY. No, sir.

The CHAIRMAN. Well, you would give him a letter of credit?

Mr. O'LEARY. No, sir. That letter of credit is opened up by a foreign bank.

The CHAIRMAN. Who puts the dollars into the transaction?

Mr. O'LEARY. The Commodity Credit Corporation does at the time that the letter of credit has been opened by the foreign bank for its

customer, and then confirmed by a U.S. bank in the United States for the benefit of the exporter.

Mr. POAGE. And you do finance it in dollars?

Mr. O'LEARY. Yes; certainly we do. When the U.S. exporter ships his cotton, he collects dollars from the U.S. bank. The bank turns the documentation over to CCC and is paid back in dollars and the U.S. Government gets the foreign currency equivalent from the foreign bank.

Mr. POAGE. When most of our cotton goes into the market this cotton has to come out of CCC stocks. It cannot come from anywhere else because there is not enough "free" cotton to take care of it.

Mr. O'LEARY. If it comes out of CCC stocks, the exporter has obtained it from them either as a subsidy payment on cotton he has previously shipped and he owns it and it is his cotton to sell and it has been paid for because he has earned that as a subsidy payment.

Mr. POAGE. Let us forget the subsidy, because that is a small part of it, and it relates to every bale of cotton and under Public Law 480 or a straight commercial transaction the payment is the same.

Mr. O'LEARY. That is right, but that is one way he can——

Mr. POAGE. Let us not use that subsidy deal because we understand that every bale of cotton carries a subsidy.

Mr. O'LEARY. That is one way he can get cotton out of CCC and the other way is to buy it from them and pay them for it, and he then owns the cotton and he can ship it and export it, but he has paid CCC in dollars.

Mr. POAGE. Do you make an effort to check the grade after he has bought that cotton from the CCC—I know you have paid the subsidy and he gets more than 10,000 bales——

Mr. O'LEARY. But he has paid dollars for it.

Mr. POAGE. And he pays for it right here at home?

Mr. O'LEARY. Yes, sir.

Mr. POAGE. He bought it at the CCC grade. What I was trying to get at is do you now consider this grade final and that it is the end of the transaction? Does the buyer take it as is, and if the cotton does not live up to what it is cataloged then he loses if it is overgraded and makes money if it is undergraded?

Mr. O'LEARY. There was a reclassification program——

Mr. POAGE. I know there was, but I understand there is not any longer.

Mr. O'LEARY. You would have to get that information from the CCC people.

Mr. POAGE. That is what I have been trying to get at.

Mr. O'LEARY. Yes, sir.

The CHAIRMAN. Off the record.

(Discussion off the record.)

On page 9 you talk about currency uses of importance to the United States including agricultural market development, loans to private business firms, educational and informational programs, and the construction of housing for military dependents.

Under that authority that you have could you loan money generated by one of these transactions back to the recipient country to be used by that country for internal improvements such as low-cost housing or public housing?



Mr. MILLER. Yes, sir; we do do it.

The CHAIRMAN. I thought so, but I wanted to clear up that one point.

Mr. POAGE. Mr. Miller, you and I have discussed this in the past, but I want to ask a little more about this recommendation to extend titles I and II for only one year.

Why, in the first place, do you want to extend the program for only 1 year? Why would you not prefer to have a longer extension when you expect to have this carried on for a period of 5 or 10 years hence?

Mr. MILLER. Let us say we are talking in terms of \$1.5 billion. I think whenever that amount of money is involved it is pretty wise to reevaluate your position every year with respect to it. You might find you need more money the ensuing year and you might find you may need less. I think whenever you are talking in terms of \$1.5 billion you should reevaluate your position every year.

I stated in the proposal that we felt we could adequately program our commodities within a 1-year period and within the concept of \$1.5 billion, but that if at any time we found that we could program, or we could or would want to program more than \$1.5 billion, we would not hesitate to come in and ask the committee for a further extension and more money.

Mr. POAGE. I understand the normal way is, of course, to authorize the appropriation of a certain amount of money each year and let the Appropriations Committee decide whether it wants to appropriate more or less.

Mr. MILLER. We think we can evaluate the situation better on a year-to-year basis, and at the present time we think \$1.5 billion is sufficient to meet the requirements of our program as we foresee it.

Mr. POAGE. I am not as much concerned really about the period of the extension of the act as I am about the period of the use of this money and the programing of it.

I believe you later suggested that you might make an agreement for 3 years while your authorization would last for only 1 year. In other words, you would extend the bill for 1 year but would make contracts which would last for 3 years.

Mr. MILLER. Yes, sir.

Mr. POAGE. There is nothing in the present law limiting you to 3 years; is there?

Mr. MILLER. Sir?

Mr. POAGE. There is nothing in the present law that limits you to 3 years?

Mr. MILLER. No, sir.

Mr. POAGE. And there would be nothing limiting you to 3 years in this bill if we renewed it with the amendments you propose?

Mr. MILLER. No, sir.

Mr. POAGE. In other words, you could make a 30-year contract if you wanted to?

Mr. MILLER. I suppose legally we could.

Mr. POAGE. But you are telling us that you would limit yourself to 3-year contracts?

Mr. MILLER. That is our proposal.

The CHAIRMAN. Let me interrupt for 1 minute.

Why would you insist upon limiting it to 3 years if you put into the contract a provision which made our compliance with the long-term contract contingent upon the surplus existing? You have, on page 4, something to indicate this—

on normal commercial trade and where it is abundantly clear that the surplus will continue for the life of the agreement.

What Mr. Poage is talking about seems to me to be perfectly reasonable and warranted if you put in that provision which makes the contract contingent upon the surplus continuing for the life of the agreement.

You know we are going to have a surplus of wheat for a long time, and if you could make a 10-year agreement with this contingency taken care of, it seems to me you would accomplish what he has in mind and the ultimate objective of the act, to wit, dispose of the surplus.

Mr. MILLER. Mr. Chairman, one of the main objectives, in addition to the disposal of agricultural commodities, is to further the economic development and well-being of the friendly countries.

The CHAIRMAN. That is the very thing that Mr. Poage has in mind.

Mr. MILLER. We have had two very good examples of success, not attributable to Public Law 480, but to the general industry of the people concerned, and other factors; namely, West Germany and Japan.

Japan was eligible under title I up until about 2 years ago. Her internal economy has so improved she is no longer eligible for a title I program. We do not know at what point any of these countries may become ineligible because of their ability. That is the objective of many of our programs. We hope that we can get them all in that position, but we do not know at what point any country may become ineligible.

Mr. POAGE. You say "ineligible." There is nothing in the law about making them ineligible.

Mr. MILLER. We generally set up standards.

Mr. POAGE. You set up standards? I understand the Department has decided that it will not make the title I sales to Japan and Germany, but there is nothing in the law that prohibits you from making title I sales to Germany at the present time.

Mr. MILLER. That is right, but we do not feel it is necessary—

Mr. POAGE. I am not arguing it is, but when you use the term "ineligible" there is nothing in the law making them ineligible.

Mr. MILLER. I am talking about ineligible by our standards.

Mr. POAGE. That is right. You simply mean that you have decided it is not desirable to make these sales to Germany and Japan and they are eligible as far as the law is concerned. There is not a thing that makes them ineligible.

Mr. MILLER. It is just that we do not want to get over into—

Mr. POAGE. I am not talking about the wisdom of your decision. I am trying to get this clear here. I think the impression you were giving us was you could not make a sale to Germany and Japan, but you can. They are eligible. You have simply decided it is not desirable to make sales to them and maybe that is right. I am not arguing that point. I want it clear here that they are eligible.

Mr. MILLER. You are right.



Mr. POAGE. If you want to make dollar sales to them there is not a thing in the law to keep you from making dollar sales to them.

If you want to commit yourself to make dollar sales for a longer period of time, do you have present authority?

Mr. MILLER. I think that we have under the Commodity Credit Corporation charter act the authority to make long-term loans, longer than we are making them now.

Mr. POAGE. And at any interest rate you want to charge them?

Mr. MILLER. I would say within reason; yes.

Mr. POAGE. I think that is the law presently.

The proposal, however, that I have pending before the committee relates to this, as you know, and it would specifically spell out that you have the authority to make commitments for supplies for as long as 10 years at a time. You could commit yourselves that you would deliver so much wheat for each year for 10 years, or 5 years, or 8 years, and that you could accept payment in dollars over as much as 40 years after the expiration of the deliveries, and you could set the interest rate as low as  $2\frac{1}{2}$  percent. Those things are spelled out, not because we feel the law does not give you the authority at the present time, but because we want to make it perfectly clear that Congress is recognizing that the Department has this authority and you will not have any questions about your authority and if you feel it is good business, well, you will go ahead and do it. It does not attempt to tell you you have to make a loan to anybody. It does not attempt to tell you that you have to enter into a contract for 9 years or 10 years, or any other period, but you would have that authority.

Now, why do you feel that it would be unwise to have that authority?

Mr. MILLER. Inasmuch as Dr. Myers testified before, I would like for him to have an opportunity to tell you what his position was at that time. He gave extensive testimony, I believe, about 30 days ago on the proposal.

Mr. POAGE. Since that time the Secretary of Agriculture has given testimony here and he told us last Thursday that he was going to discuss this and give it serious consideration, as to whether or not we ought to extend this period of time. I suppose that Dr. Myers is here to tell us what the Secretary has finally decided.

Mr. MILLER. I do not know that the Secretary has talked to us.

Mr. POAGE. I am talking about the testimony that the Secretary gave. The Secretary indicated that he at least was going to give another study to this thing. I do not mean that he made us any promise that he would approve this. It was due to have another review before you came up here today.

The CHAIRMAN. He certainly did not indicate any opposition to it.

Mr. POAGE. The chairman certainly asked him. I asked him to give us an opinion himself and he said that he would rather not give it to us Thursday. The chairman said that it would be all right for you to give it when you came up here this time, so I hope that you are in a position to give that.

Mr. MILLER. Let us hear from Dr. Myers.

Mr. MYERS. There has been no opportunity to discuss this yet. We certainly shall and before the end of the hearings that your committee is holding. I would like to point out one or two operating problems.

Mr. POAGE. Do you not think it would be advisable before Dr. Myers gets out here and again puts himself on record against this thing that he talk to the Secretary? If the Secretary's consultation is going to be worth anything, it better take place before you come here and tell us that you are not going to do anything. I think that I would rather have you talk to the Secretary.

Mr. MILLER. Inasmuch as the Secretary said that he would review the matter and Dr. Myers has stated he has had no further review with the Secretary—

Mr. POAGE. I am not talking about that, but what is the use of him telling us that he is opposed to all of this before he has talked to the Secretary again; else the Secretary's assurance to us that he was going to consider it does not mean a thing. If he gets himself out on a limb here today he is not going to saw it off and we cannot. I would rather wait until he comes back after he talks to the Secretary.

The CHAIRMAN. I understood Dr. Myers to say he would confer with the Secretary, and during the course of these hearings he would give us his opinion and a final decision.

Now let me ask you a question that I think is pertinent at the moment. What possible objection could you have to Congress establishing the policy that Mr. Poage has proposed, that is, making these long-term commitments but contingent upon the things we have discussed here? Nobody would want you to make a 20-year commitment if you did not have surpluses to meet your commitment. They are contingencies that you could certainly guard against in any agreement. When you discuss this with the Secretary I wish you would give to him that idea because you know we have a surplus problem that is not going to end in 12 months or 24 months.

While I agree with Mr. Poage there is no test of eligibility in the law, if it developed 5 years from now that the country with which you had a contract did not need the commodity and did not want it, you could terminate the contract. What he wants to do is to give some assurance to the underdeveloped country that the underdeveloped country can count on so much of a certain commodity from our stock-piles here in this country.

Mr. MYERS. I shall ask that question, and I would rather defer the answer until I have had a discussion.

(The data referred to above is as follows:)

Mr. Miller and Dr. Myers discussed the Poage bill (H.R. 2420) with the Secretary. This discussion confirms the previous testimony by Dr. Myers made before the committee on April 21, 1959.

Although the Department appreciates the effort of Mr. Poage to dispose of large quantities of U.S. farm surpluses to friendly countries, no additional authorization is needed at this time to accomplish this. H.R. 2420 provides that certain commodities may be programed regardless of whether they are in surplus supply. The Department has authority to enter into agreements for forward shipment of commodities under title I of Public Law 480 but enters into such arrangements up to 3 years only when it is clear that the commodity will be surplus during that forward period.

Long-term supply commitments do not eliminate the fact that countries assess their needs on an annual basis and they do not choose to import an amount greater than they need to supplement their own domestic production. Therefore, the United States would be reluctant to enter into long-term commitments so as not to be put into the position of financing commodity purchases which might not otherwise be made under the price-support program. The importing country also would be reluctant to enter into a long-term commitment because of its desire to protect its own producers.



H.R. 2420 would not result in additional disposition of surpluses since it is aimed at the same countries which participate in the title I, Public Law 480 program.

The CHAIRMAN. The committee will stand adjourned until 2 o'clock.

AFTERNOON SESSION

The CHAIRMAN. The committee will please be in order.

Mr. MILLER. I would like to ask you a few questions about our international trade policies with particular reference to the export of cotton.

I have here the Cotton Monthly Review and World Situation by the International Cotton Advisory Committee, apparently the June edition. Under the item "International Trade" I find this statement:

Official ideas on U.S. exports this season are now around 2.8 million bales compared to 5.7 million bales in 1957-58.

That is a very substantial decrease in cotton exports—I think approximately 51 percent down. Looking further in this article:

Mexican exports promise to be the second highest on record, with shipments of over 1.5 million bales through April. It now appears probable that exports for the full season may be over 1.8 million bales, and any addition to the end-season stocks is likely to be quite minor.

This article discusses the Egyptian situation. Speaking of Egypt:

Volumewise this has been an exceptionally good season for Egypt too. Through the first week in May a million bales had already been exported, and by the end of the month it was estimated that new crop export availabilities amounted to no more than behalf a million bales, most of which should be shipped before the end of the season.

Without burdening you or the record further, I would like to call attention to the fact that this article mentions the export situation in Sudan, Turkey, Syria, Greece, India, and Brazil, and everything indicates that other cotton exporting countries are maintaining and improving and increasing their exports of cotton, while America is losing its market.

We are losing our market, apparently; according to this story, surely. This Congress has given the officials of our Government every authority we can think of, and all the money needed, and yet we seem to be losing out everywhere.

I would like you to comment on that and, if you can do it, explain to us why we are losing 51 percent of our exports while other nations are gaining.

Mr. MILLER. First, Mr. Chairman, I should like to point out that 51 percent loss in exports, if these figures are correct, and I assume they are, of American cotton is quite a sizable quantity in terms of numbers of bales. By the same token, a percentage of increase in the exports of other countries in terms of bales of cotton represents rather small numbers of bales.

The total number of bales represented by the loss of the percentage of the American market is not equal to the number of bales represented by the percentage of increase in foreign exports. In other words, the total consumption of cotton in the world went down drastically last year.

(The following data was subsequently supplied:)

*Cotton exports by major exporting countries, seasons beginning Apr. 1, 1956, and 1957, and estimates for 1958*

[1,000 bales of 500 pounds gross]

Country	1956-57	1957-58	1958-59 (estimated)
Brazil.....	380	215	200
British East Africa.....	381	451	480
Egypt.....	924	1,256	1,365
Greece.....	148	124	185
Mexico.....	1,310	1,417	1,750
Pakistan.....	506	383	375
Peru.....	390	402	450
Sudan.....	333	391	450
Syria.....	374	427	375
U.S.S.R.....	1,500	1,400	1,500
United States.....	7,917	5,959	2,800
Other countries.....	1,913	1,807	2,370
Total.....	16,076	14,232	12,300

In the earlier part of the marketing year 1957-58, we had a recession in the textile industry about as severe as we have experienced since World War II.

After the so-called million bale legislation of 1956 or 1957, which directed the Department of Agriculture to sell a million bales of cotton competitively, the Department of Agriculture announced at the beginning of the marketing year each year the price at which it would sell its cotton, and announced that that price would be maintained throughout the marketing year.

We operated under that program and increased sales very drastically, because we became strictly competitive as a result of the experience we gained under our million-bale export program. We sold sizable quantities of cotton. If I am not mistaken, the year prior to this we sold some 5½ million bales, and the year prior to that we sold 7 or 8, as I recall, in the world market.

We continued in the marketing year just ended the same policy that we had established under which we had sold these sizable quantities in the years previous, but we found that about midway or two-thirds of the way through the marketing year, other countries had reduced the price of their cotton below that which we had priced ours and sold this quantity of cotton which I think represents these percentages of increases which you have just enumerated.

When that became evident, we did not alter our export sales policy at that time, but we announced on February 1 or approximately February 1, that, at the beginning of the marketing season, we would reduce the price of cotton or increase the subsidy, whichever way you might term it, to a point where we would become competitive beginning August 1, and we would thereafter alter our export sales policy to enable us to competitively price cotton by reviewing periodically, every 30 days, the world price of cotton.

The CHAIRMAN. That announcement in itself paralyzed our export trade. Can you conceive of an importer of American cotton buying American cotton under such a policy as you have just enunciated?

Mr. MILLER. Let me say in the absence of such a policy, Mr. Cooley,



you might expect the continuation of the same sales experience we had had in the last 4 months of the current marketing season.

The CHAIRMAN. I remember when we had Secretary Benson in this very committee room sitting in the very chair you are sitting in now, and he told this committee about this policy. At that time I told him I did not think the policy was wise because it clearly indicated that if you had not made cotton cheap enough, you would thereafter review it and you would lower the price and increase the subsidy.

Mr. MILLER. Yes, sir.

The CHAIRMAN. When you do that, every foreign user of American cotton naturally will sit around waiting for the reduced price.

I know when Mr. Julian Rodriguez-Adame, the Minister of Agriculture from Mexico, was here, he had a proposal which seemed to make sense to me. That was, to the extent we would determine what our fair share of the world market would be, 5 million bales or 5½ million bales, we would subsidize that at a certain price, and we would not change that price downward. Under no circumstances would we lower the price. The effect of that would have to be to start prices up. It seems to me it made sense.

He went down to the advisory committee and submitted the proposition, and I think about all he accomplished was the appointment of a committee somewhat in the nature of a watchdog committee to look over the international trade in cotton.

If our cotton policy is what you say it is, it is just as it was several years ago when I met with a group of technical people in our Paris Embassy. I was told by officials of the Embassy, I suppose our agricultural attaché, that the men there meeting with me that day represented two-thirds of the cotton spindles of the free world, including our own, and there was not a man in the crowd who talked to me about price but they all said, "Mr. Cooley, we must know what your policy is, and under this policy we cannot operate." The policy then is what you have just said it is now.

Take another commodity—tobacco. Our tobacco people fixed the price and said, "This is it, and you are not going to get it a dollar or a dime less than this. You can buy it from here up, but not from here down." But under the cotton policy the buyers are told they can buy it from here down. That is the policy you have now.

Mr. Poage prompts me to point out that some of our colleagues in Congress may be responsible for this because they have been insisting upon making our cotton competitive. You do not have to go into cutthroat competition to make cotton competitive if you offer on the world market certain grades of cotton at certain prices and you make the price realistic, and that is what Mr. Rodriguez-Adame wanted us to do. He did not want a treaty; he did not want an agreement. He wanted a gentlemen's understanding and a watchdog committee to supervise the international trading in cotton. He was up here just recently. He may be back again.

How do you expect to have stability in the world market if the world market operators know that if they sweat you out long enough you will lower the price again.

Would you comment on that point?

Mr. MILLER. Prior to February 1, we had a policy under which we priced cotton at one price, and that price would continue throughout

the year. As I pointed out a moment ago, it worked very successfully for the first 2 years, until in the third year our friendly competitors decided they would lower the price of cotton. Certainly the policy of the Department of Agriculture at that time did not contribute to any decrease in the world market price for cotton, but the result was nevertheless that we sold approximately 3 million bales under that policy in the last year, and we have generally agreed that on the average over a period of years our proportionate share of the market might be somewhere near 5 million bales.

The best way of maintaining cotton prices that I know of is to establish a price at the beginning of the marketing year and announce that you will not reduce it throughout the year.

So if anyone broke the price of cotton, it was not by any action by the Department of Agriculture.

The CHAIRMAN. I will interrupt here to say I am not trying to blame the Department of Agriculture for cutthroat competition in the world trading of cotton. It started under an old regime, and now you have inaugurated a new President, a new Secretary of Agriculture, and new Cabinet officers, and they tell me that they recognize the evil involved in cutthroat competition. They have gone now so low that all the profit in the growing of cotton has been eliminated, and they cannot go any lower without great sacrifice.

Why would it not be well for us to cooperate with Mexico and other exporting countries in an effort to bring the price up rather than to drive it further down?

Mr. MILLER. Mr. Chairman, let me say that we have the highest respect for the Honorable Rodriguez-Adame and the Mexican Government. We have given them all the assurances we possibly can that we are establishing a sales price on cotton at the beginning of the marketing year, and that price is the competitive world price; that we have no intention of reducing the price of our cotton, provided that price at which we have announced we will sell cotton remains the world price. In other words, if anyone does any reducing below the world price for cotton beginning August 1, it will not be the Department of Agriculture. It will be someone else.

By the same token, we have a requirement in the act which you have just recited which requires us to be competitive at all times. After having once determined the competitive world price for cotton and announced a sales price accordingly and given all assurance that we will not reduce that export sales price as long as it remains the world price, I think we are in a very good position to guarantee the Mexican Government that we will not do anything to further a debacle in the world price of cotton.

The CHAIRMAN. Have you and your associates given the other cotton exporting countries the assurance that you do not want to go on engaging in cutthroat competition?

Mr. MILLER. I think the record will show quite clearly that we have met with the International Cotton Advisory Committee and have told them that we will price cotton at competitive world prices, and we have no intention of going lower as long as that remains the world price of cotton.

The CHAIRMAN. The record I have before me indicates that in the period 1957-58, we exported 4,280,000 bales; and in 1958-59 we exported only 2,176,000 bales. What caused that?



Mr. MILLER. The announcement that we made the year previous that we would not lower the price of cotton during that marketing year was one of the factors contributing to it. I think the main contributing factor, as I pointed out earlier, is the general recession in the textile industry which the world experienced last year. Certainly we had a very serious recession here in the United States as well as in the rest of the world.

The CHAIRMAN. I grant there was a recession, but there was a substantial increase in the exports of other countries, was there not?

Mr. MILLER. No, sir. We had a world recession in the textile industry. We have had a resurgence since then, Congressman Cooley, but I am talking about the period ending approximately 6 or 8 months ago.

The CHAIRMAN. With all the flexibility you have, all the authority you have, all the money you have, and all the cotton you have, can you tell me why Japan should be buying cotton from Russia instead of from the United States?

Mr. MILLER. I do not know that she is buying it from Russia at the present time.

The CHAIRMAN. Japan has bought Russian cotton.

Mr. MILLER. She could buy Russian cotton. As I say, I have no personal knowledge of her buying it, but she could buy it; yes.

The CHAIRMAN. As a result, is Russia beating us with subsidies in all the markets of the world?

Mr. MILLER. We do not intend for her to be, sir.

The CHAIRMAN. Actually, Russia is.

Mr. MILLER. To keep her from being competitive, Chairman Cooley, we have to pursue the policy that we announced last February in order to preclude her from doing so.

The CHAIRMAN. With the policy you have announced, the record I had some time ago, which unfortunately I do not have before me now, indicates that Russia was taking our markets away from us even in the dollar markets of the world, as was pointed out in Mr. Heimburger's statement, when we should have been gaining and increasing our trade.

Mr. MILLER. Mr. Chairman, my FAS people tell me we have no indication of any sustained movement of Iron Curtain cotton into world markets. There may have been some instances where some minor amounts were sold, but by and large the world market for cotton still comes from the United States, Mexico, Egypt, and the Sudan, the countries you have enumerated. Infinitesimally small amounts may have moved out of Russia, but they have been very small indeed.

The CHAIRMAN. It seems to me it should be alarming to all of us when we realize the very substantial decrease in the exports of American cotton.

Mr. MILLER. It is alarming to us; yes, sir. That is why we revised our sales announcement.

The CHAIRMAN. Do you think of any authority that this committee could give the Secretary of Agriculture which he does not now have to deal with this problem?

Mr. MILLER. No, sir. We are exercising it.

The CHAIRMAN. Then it is not the responsibility of Congress that these exports are disappearing. Your boss, Mr. Benson, makes

speeches all over the country in which he says surpluses are disappearing and markets are returning, but that is not true. You know it is not true, and I know it is not true. But the people not in possession of the facts believe what the Secretary says. Our surpluses are not disappearing and our markets are not returning. The truth is, our markets are disappearing and our surpluses are accumulating, as evidenced by the records in his own Department.

Mr. MILLER. That depends on which commodity you are talking about.

The CHAIRMAN. I am talking about all of them.

Mr. MILLER. The biggest single factor in our loss in dollar volume of exports out of the United States is attributable to cotton. That cotton export decline is attributable to the world decline in the cotton markets which we have just experienced throughout not only the United States but other countries as well.

(The following data was supplied:)

U.S. exports of cotton during fiscal year 1959 amounted to about 3.1 million bales of which 417,000 were delivered under barter contracts and 1.3 million bales were dollar sales.

The CHAIRMAN. Even in our exports of wheat, including donations and grants to hungry people, still we have not kept pace with Canada in the exports of wheat.

Mr. MILLER. Yes; we would like to put in the record—

The CHAIRMAN. I would like to see your record. The records I have seen indicate that even including our donations we are down below Canadian exports of wheat.

Mr. MILLER. We adjust our subsidy rate on wheat daily, Congressman Cooley, in order to keep competitive in price.

The CHAIRMAN. I do not doubt that. I do not doubt you are doing just what you say you are doing, but I still come back to the proposition we discussed this morning, that you are doing everything within your power and yet you let somebody from the State Department come along and tell you you cannot ship your wheat into Ceylon or Ghana or some other far-distant place of the world, and we fold up and keep our wheat at home.

Mr. MILLER. No, sir; I am sorry, I cannot agree with that.

The CHAIRMAN. Before these hearings are concluded, I think it will develop that that is exactly what has happened. People come to me because I am chairman of this committee and tell me a lot of things. That is the reason I said this morning I want these hearings to be full, frank, fair, and wide open. I want the businessmen of America who are operating our commerce to have an opportunity to come into this committee room and tell us what is happening. I have heard that businessmen have spent substantial sums of money in promoting transactions which on the face of them appear to be compatible with the law, only, when they came to the final confirmation of the contract, to have somebody blow it out the window and it is all over.

You know, we have spent \$3.5 billion for wheat and \$9 billion for commodities generally. If we are to permit the State Department to keep us out of the markets of the world, tell me what we are going to do with these commodities. I do not know anything we can do or that I can do as a Member of Congress that I have not al-



ready done. I am begging you and Mr. Benson to tell this committee what we can do to aid in the disposition and disposal of these commodities.

Mr. MILLER. Mr. Chairman, first let me say that we consult with the State Department when we are pursuing our disposal programs under title I and other related programs, principally under title I. We are operating an overall program which is calculated not to disrupt world marketings of friendly countries and not to break world prices.

But we do not go in for a program that permits country veto of individual export proposals which are made to us and those that we have under consideration. We consult with the State Department on the overall. The State Department may from time to time consult with individual countries, but the interests of friendly foreign countries are largely protected in our provisions for global marketings which we provide and which we require as a condition for a title I program.

Mr. Chairman, I think it is not a correct assumption to say that the State Department per se is in a position to stand up and veto individual contracts and proposals of the Department of Agriculture to the extent that they have caused us to lose world markets. The volume we have lost in the past year has been largely attributable to cotton. Wheat has not been a major contributing factor.

The CHAIRMAN. Every other country exporting cotton has maintained or increased its exports, while we have lost ours to the extent of 51 percent.

Mr. MILLER. Mr. Chairman, I think you will find that has been true of the last 6 months and not over the entire marketing year because the world consumption figure on cotton is down.

The CHAIRMAN. I compare 1957-58 to 1958-59, and I have the figures before me. Pakistan, Peru, India, Greece, Turkey, Sudan, Egypt, and Mexico have all increased, but the United States has decreased 51 percent.

Mr. MILLER. Fifty-one percent of 7 million is a lot more bales of cotton than represented by the percentage increases which have been enjoyed by these other countries.

The CHAIRMAN. You are talking about percentages, but I am talking about the world market. What do you consider our fair share of the world market—5 million bales?

Mr. MILLER. This is one I have always answered in this manner, Chairman Cooley: In the overall, we hope to obtain and we think we should obtain an average of approximately  $5\frac{1}{2}$  million bales over a given number of years. I would not want to set that up as a goal for any one year, because year before last we sold  $5\frac{1}{2}$  million, and the year before that 7 something, and this marketing year we expect to sell somewhere near 3 million. We hope to increase it next year. So this is a flexible thing. It varies from year to year. In the overall aggregate, we expect to average somewhere near 5 or  $5\frac{1}{2}$  million bales of cotton.

The CHAIRMAN. If you think the average is 5 million or  $5\frac{1}{2}$  million and we are selling at the rate of only 2,176,000 bales, we are far from our goal, are we not?

Mr. MILLER. We expect to sell more next year. We expect to go back up again. We were at 7, down to 4.4, down to 2.3, and we expect to go back up again. Over the years it should average 5 or 5½ million bales.

The CHAIRMAN. What leads you to believe that cotton exports will be increased under the present policy?

Mr. MILLER. We know the world cotton textile situation is improving, Mr. Chairman. We know under our competitive pricing system we have announced, beginning August 1, there is not any country that can undercut us. We are not going to undercut the world price, but by the same token we are not going to permit other companies to undercut our price and take the market.

The CHAIRMAN. Do you think this result has come about because of the undercutting of prices by other countries?

Mr. MILLER. No. I say the greatest portion of it is attributable to the recession we have experienced in the world cotton textile industry. To some degree it has been occasioned by undercutting the prices by other countries, but that is minor in terms of bales of cotton.

The CHAIRMAN. Why would the depression or recession or whatever it is, in the textile business adversely affect our exports and not adversely affect the exports of other countries?

Mr. MILLER. Going back again, I say we absorbed the volume of the decline. The other countries, because they had relatively minor quantities of cotton to export, maintained or in some instances increased their sales of cotton at our expense by reducing the price.

The numbers of bales represented by that decrease in price, their increased percentage, are relatively minor in comparison to the number of bales—I won't say relatively minor. It was not minor, but it was not anywhere near comparable to the amount that we lost, 50 percent of 5 million bales.

The CHAIRMAN. We are not losing our interest in the market in the hard currency countries, are we?

Mr. MILLER. No, but I think if you go back and see where the losses occurred and where the gains occurred to these other countries, a goodly portion of it was in hard currency countries.

The CHAIRMAN. That brings me up to the question, Why cannot we expand our barter program in the hard currency countries?

Mr. MILLER. I think by the statement that you have just made, I could give you a very good answer. The demand for cotton in hard currency countries is not determined by the amount of dollars that they have to spend, because the hard currency countries are in just about as good a position as they need to be to pay dollars for cotton. They do not need to barter. They do not have to have barter in order to satisfy their increased demands for cotton. They can pay the dollars.

The CHAIRMAN. I was told the other day that France had taken off all Government controls on imports of cotton, and the cotton merchants of France are now free to buy cotton wherever they want to buy it.

Do you think that will be favorable to us and that it will tend to increase our exports to France?

Mr. MILLER. Any freeing up and liberalization of currency operates to the benefit of this country, yes, sir.



The CHAIRMAN. Who in the Department of Agriculture is charged with the responsibility of finding additional markets for American surplus commodities?

Mr. MILLER. Dr. Myers in the Foreign Agricultural Service.

The CHAIRMAN. The reason I asked is I know at one time the military did not look with favor upon use of surplus commodities in any part of the military program. I understand we have now finished our military housing program in France that resulted in our disposal of about \$50 million worth of American cotton. I think last Thursday they dedicated these housing projects and the contractor had concluded his work.

How do you feel about using surplus agricultural commodities to pay for military housing in other parts of the world?

Mr. MILLER. I think that it is desirable if you can get an increase in the consumption of the agricultural commodity going into that country. I think it makes more sense to me if you are not going to increase it but just sell the same amount of the commodity going in, you had better get your dollars and pay dollars for the housing.

The CHAIRMAN. I do not know about the details of military housing in France, but I think I am correct that this \$50 million worth of cotton that went into France in payment for military housing was in addition to the normal uses of American cotton.

Mr. MILLER. Under that barter arrangement it did not go to France but went to some other country.

The CHAIRMAN. Are you sure about that?

Mr. MILLER. Yes, sir.

The CHAIRMAN. That was not a triangular but was a direct affair?

Mr. MILLER. It went generally all over Europe. It did not go to France specifically.

The CHAIRMAN. Was it a triangular affair?

Mr. MILLER. It was a multiple, open-end contract. It was not even triangular.

The CHAIRMAN. Why is it you all seem to frown—not you particularly—someone seems to frown on triangulars. I think Mr. Berger was here and we talked to him about triangular barter transactions and he thought it was unnecessary because we could do all the trading we wanted to otherwise.

Mr. MILLER. We are in favor of triangular arrangements where definite relationships can be established among the three legs of the triangle and set up a direct association and say because of the export of whatever this commodity is to one country they, in turn, were able to exchange something of value to some other country who, in turn, shipped strategic material back to the United States.

The CHAIRMAN. I know of some instances where foreign agriculture has approved the triangular project and even people in the State Department, in the lower echelons, have approved it and everybody thought it was a natural so far as this triangular barter program was concerned and yet they never were consummated. One I think of was last year or maybe this year, involving the country of Ghana. They wanted some wheat. Pillsbury was going to build a flour mill and some exporters were going to send wheat to Ghana, and Ghana was going to give material back to American exporters. I know the proposal seemed to make sense. Pillsbury was not asking for anything.

They were going to invest \$5 or \$6 million in building a flour mill in Ghana where there is no flour mill.

Mr. MILLER. Mr. Palmby has direct responsibility. I think it has been consummated.

The CHAIRMAN. I have some information that the State Department threw a bombshell into that thing because Canada said you cannot ship flour and corn to Ghana; that is our territory.

Mr. MILLER. I do not think so. Let us ask Mr. Palmby. He has the information. This is Mr. Palmby, Vice President of Commodity Credit Corporation. He succeeded me in that capacity about the first of the year.

The CHAIRMAN. I do not know the details of it. I know what I have told you here and now. I do not know whether it has ever been consummated in part or in total. I would like to know just what has happened.

Mr. PALMBY. Chairman Cooley, that deal has been transacted. We have issued an acceptance wire on it and also received a confirmation wire. There has to this date also been some wheat and some flour lifted on this transaction.

The CHAIRMAN. I am not concerned about the size or volume of it, but what is the volume? Is it substantial or not?

Mr. PALMBY. It is substantial. About half of it, I believe two-thirds would be nearer correct, is tied in with the erection of a flour mill. As far as we are concerned, it is a signed commitment and we see no reason why it will not be completely carried out.

The CHAIRMAN. I am glad to hear that.

There was another I heard something about, a triangular involving Spain, France, and the United States of America, I think. Some of the people interested talked to me about that, and I think I talked to the Foreign Agricultural Service and maybe the State Department. I think it involves railroad rolling stock from France to Spain, cotton or other agricultural commodities from the United States to Spain, which they would exchange for the rolling stock in France. I thought that was on the road to success. Now I have heard that is bogged down somewhere. Do you know anything about that?

Mr. PALMBY. I do not believe I can answer specifically on that one. It just does not ring to me. The Director of the Barter Division is with me and later on I can ask him, or now, whatever you wish.

The CHAIRMAN. There is nothing urgent about this. I would just like to know.

My point is, it seems to me we should have somebody in the Department of Agriculture or State, or both, that will be charged with the responsibility of encouraging these things and encouraging the American businessmen to promote the transactions, because if we do not do something drastic and something unusual, and if we keep on drifting and dreaming, as we have, this surplus property will break down the agricultural economy of America, and along with it we are going to have a depression of far-reaching ramifications. The American people are not going to tolerate \$9 billion being invested in surplus commodities with no hope in sight.

Mr. MILLER. Mr. Chairman, we are not drifting and gliding on this. We are aggressively moving.



The CHAIRMAN. I do not mean to reflect on anybody unduly, but the cold fact remains that our surplus problem is being aggravated with every harvest.

Mr. MILLER. That is correct.

The CHAIRMAN. Look at the record. Mr. Benson started off with less than \$2.5 billion. Now he has \$9 billion invested in commodities and loans, notwithstanding the gigantic losses that have been sustained. I do not know any Members of Congress who are more interested in the problems we are talking about than the 34 members on this committee. I mean Republicans and Democrats. We are anxious to do everything we can, which is why we are having these hearings. We could just pass an extension. I do not think a man on this committee would vote against the extension, but we want to know before we approve the extension what else we can do that would accelerate disposal of these surplus commodities and bring us back to a normal situation. I want to go on record right now as approving your plan and your program to store some of these surplus foods and fibers in other places of the world around the perimeter of our national defense structure.

I think if we had them stored in other places of the world, the people of America would understand it a lot better than they do when they are piled up here in this country, warehouse upon warehouse and surplus upon surplus, with the enormous storage costs, and we are not doing anything to decrease it.

One other comment. Mr. Heimburger brought that out. Look what we saved on the strategic materials in the way of storage; and strategic materials have increased in value, displacing a billion dollars worth of surplus commodities that we did not need and did not want.

Instead of a billion dollars, I would like to see \$5 billion bartered away for strategic materials or other materials. I do not mean just strategic materials. I mean other materials we need in our economy. What they are I do not know. When I use the words "drifting and dreaming," I mean just that.

Uncle Sam is the largest cotton merchant in the world, the largest grain merchant in the world, and the largest tobacco merchant on earth. Yet we have no sales force, no salesmen.

Mr. MILLER. We have as wide flung a sales force throughout the world as exists in the world, Chairman Cooley, in the form of our agricultural attachés in every important post.

The CHAIRMAN. Wait a minute. They are not salesmen, they do not hold themselves out to be salesmen. Our Ambassadors will not permit them to be salesmen. You know who our salesmen are? The American businessmen.

Mr. MILLER. I am sorry if I said "salesmen." I am talking about sales promotion, not order takers.

The CHAIRMAN. I agree that we have a potential sales force, the greatest on earth. If the American businessman, with his own ingenuity and business ability, will get into the world market, with the encouragement of the Department, we can get rid of the surplus. We are not going to depend on attachés and diplomats to do it.

Mr. MILLER. We are working with both.

The CHAIRMAN. You had over in Europe a man whom I met some time ago. He was given a dignified title of economic attaché or something. I believe he was Dr. Slagsvold. Where is he now?

Mr. MILLER. He was brought back to this country.

The CHAIRMAN. You closed him up and put him out of business and brought him home when you should have sent 140 more over there to help him.

When you brought him home, the American Farm Bureau—you know I do not follow them in anything much—opened up an office in Rotterdam and Dr. Slagsvold came home.

Mr. MILLER. Mr. Chairman, I am glad the American Farm Bureau has seen fit to open an office in Rotterdam. I wish they and other farm organizations would open up one in every country in the world.

The CHAIRMAN. That is certainly the largest farm organization in the country and yet they are spending the farmer's money to run an office in Rotterdam and we are closing up our economic attaché's office and bringing him home.

Mr. MILLER. Not closing him up.

The CHAIRMAN. We are calling him the Commodity Credit Corporation attaché.

Mr. MILLER. He was a representative of the Commodity Stabilization Service to specifically look after their interests and represent them in French housing construction for barter.

The CHAIRMAN. He was over there promoting these transactions and trying his best to expand markets for American agricultural products and somebody nipped him in the bud and brought him home.

Mr. MILLER. Let us not say he is the only one we had over there and that we closed up our office.

The CHAIRMAN. He is the only one I met.

Mr. MILLER. We have a complete staff in Paris in the form of Mr. Minneman. I was there 2 weeks ago. He is a very aggressive promoter.

The CHAIRMAN. I was with Mr. Minneman in April. He did not tell me he was a salesman.

Mr. MILLER. He is a sales promoter.

The CHAIRMAN. I have been in the American Embassy in Paris at a time when the American Ambassador did not attach enough importance to the farm boy we had there to even initiate him to staff conferences. One of our best agricultural attachés told me he did not believe the American Ambassador even knew who he was.

This committee has taken the striped britches off these farm boys and has tried to make something out of them, but they are still being handicapped. You will not get an agricultural attaché to tell you he is a salesman or that he is promoting anything. They were county agents collecting statistics up until we took the striped pants off them.

Mr. MILLER. They are not supposed to be order takers and salesmen, but they have sales promotional activities definitely.

The CHAIRMAN. Do they promote activities?

Mr. MILLER. They are sales promotional activity people. They work with the American businessman when he goes to foreign countries.

The CHAIRMAN. Tell me why you brought back the only man that had the title of "Commodity Credit Corporation Attaché" in all Europe and brought him home. You do not know, do you?

Mr. MILLER. I will let Mr. Palmby answer that.



Mr. PALMBY. I would like to make this comment on Dr. Slagsvold. First, he is a very high caliber man. I want that on the record. He was the only man that we had in the world representing the Commodity Stabilization Service in helping to administer the barter program. The bigger share of his time was spent in Paris in connection with the French housing project, which we earlier talked about here.

That mission as regards the housing project is now completed. We thought it was useless, and we think this is a right decision, keeping him there longer because he, being the only one and because our barter policies change very rapidly, similar to price changes in commodities, it is very difficult to keep one man posted that far away from home on what the barter policies are going to be on this program. We thought it wise to close that office.

The CHAIRMAN. What is wrong with the telephone and the telegraph and the typewriters you have? You tell us it is hard for you to keep a man posted in Paris when you can talk to Paris on the telephone.

Mr. MILLER. In our judgment, it was not wise to keep him there. We considered this a long time. In our best judgment, we thought it was best to close the office.

The CHAIRMAN. Because you say you changed the barter program? You knocked it in the head and killed it on May 27, 1957, was it not? I do not mean you did it. Somebody down there gave them an anesthetic and put them to sleep and they have not gotten up yet. What is Dr. Slagsvold doing now?

Mr. PALMBY. He will be used in the Department when he arrives home. I think he is still en route presently.

The CHAIRMAN. You do not plan to put anybody else in his place?

Mr. PALMBY. No, sir.

The CHAIRMAN. Anywhere else on earth? So that the substance of your statement is that although we have \$9 billion invested in commodities, we have no man on the firing line anywhere in the world trying to expand markets except the agricultural attachés; is that right?

Mr. PALMBY. The barter program is negotiated here with contractors, as you know. Those contractors who enter into this arrangement with us, after they have spent all the money to make these negotiations with these foreign countries and with the businessmen in these foreign countries, certainly are far better and far closer to what our policies are and what we will accept as materials than any Government man we can put in a foreign office. We do not enter into government-to-government transactions. We enter into these transactions through businessmen.

The CHAIRMAN. Suppose you had another \$50 million transaction involving military housing. Do you not think the magnitude of that transaction would justify having at least one man there?

Mr. PALMBY. We do not have any such transaction on the books at the present time.

The CHAIRMAN. You will not put any more on. That is what I am talking about.

Mr. PALMBY. Again, Chairman Cooley, I have a statement here on barter that I would plead with you to permit me to read if we are going to talk about barter.

The CHAIRMAN. Go ahead.

Mr. PALMBY. It is a prepared statement.

The CHAIRMAN. I do not want to interfere with Mr. Miller and with Mr. Myers over here. We will do that later. I apologize for drifting off into the matter of barter. I think barter is important when you relate it to the overall subject we are dealing with.

Mr. MILLER. Mr. Chairman, let us go back and talk about the sales force, if you want to call it that, that we have maintained. I would like at this time to talk about the trade promotional activities we carry on with the producer organizations throughout the world in cooperation with Foreign Agricultural Service and the title I of Public Law 480 authorization.

As you know, we have trade teams. There are offices of trade associations maintained in foreign countries. Only yesterday the Great Plains Wheat Growers Association had the Belgian team here in the United States. They maintain offices in Europe. The Cotton Council International, whom we support very strongly, maintain office throughout the world. We are using part of our counterpart funds for market development for such uses.

The CHAIRMAN. What part of our counterpart funds are used for promotional uses?

Mr. MILLER. We use about 1 percent of the total amount in contribution to market development and in support of such organizations as I have just outlined.

The CHAIRMAN. Do you not think that should be increased to about 5 percent?

Mr. MILLER. I would not say 5 percent. I think we can always reevaluate the need for increasing. At the present time, as I pointed out in my statement, we find that on occasion we are pinched with the amount of money available in spots where we would like to have it available to use.

The CHAIRMAN. Are you limited by legislation or by administrative order?

Mr. MILLER. By administrative order and overall administrative decision as to the use of currencies. As I pointed out in the prepared statement, there are a great many demands on these currencies by other interested agencies of government—military, State Department in their Embassy maintenance, ours in promoting trade fairs, use of a certain part of it in our administrative expenses for the operation of our attaché system.

As you know, one of the new uses has been the foreign research program we are financing, doing research in agricultural fields in other countries. There are a great many agencies in government in competition for use of foreign currencies, but we are using sizable quantities dollarwise in promotional activities. These trade associations put up sizable quantities of their own money. This is not only the use of the Agriculture Department's accumulated funds. These trade associations contribute heavily toward the maintenance of market development programs.

The CHAIRMAN. Do you think your proposed amendment will make these programs more dynamic and more effective?

Mr. MILLER. I do not like to use the word "dynamic." Let us say it would provide for reasonable expansion to accomplish the pur-



poses we have outlined in the food-for-peace program and will increase, I think, the overall disposition of agricultural surpluses not only for our benefit but also for the benefit of the recipient countries.

I think built on the sound foundation, as outlined in our food-for-peace program, we could increase the export of agricultural commodities to these countries, we can use some of the counterpart funds to construct such things as storage facilities, unloading facilities in these countries, and enable them to further handle and use the goods.

The CHAIRMAN. It is a sad situation when we read in American papers about people starving to death in Ceylon. Does the program you now advocate through these amendments contemplate providing countries like Ceylon with food reserves to take care of their people in the event of dire distress?

Mr. MILLER. It makes it more possible for us to do so; yes, sir.

The CHAIRMAN. Last year we were talking about the five northeastern states in Brazil where starvation was rampant and because of political complications we were unable to do anything to prevent starvation in Brazil.

Would your program now contemplate providing them with a food carryover that would prevent starvation?

Mr. MILLER. I do not think you can prevent or wipe out hunger from the world in any given period of time.

The CHAIRMAN. I am not saying all over the world, but in certain places where it is likely to occur.

Mr. MILLER. I would agree that under this program we could increase storage capacity for food in a country, and also increase unloading and maybe transportation facilities to get this food to those people.

The CHAIRMAN. I was told the trouble was in the northeastern states of Brazil where they had no highways and railways and had no way to distribute the food even though we flew it in to the towns and made it available.

Mr. MILLER. That is right. Getting it to the country is the easiest possible part of the problem. Getting it from the port of entry or the airfield or wherever you land it there and getting it into the hands of the people who need it is the main problem.

The CHAIRMAN. You think the welfare officers of the several States understand that this food we have here is available to needy people in this country?

Mr. MILLER. Yes, sir.

The CHAIRMAN. I have reference to my own great Commonwealth of North Carolina where the dependent people of that State have not had access to the surplus food we have. Other States have, Mr. Heimbarger provided a statement this morning listing West Virginia, Pennsylvania, Maryland, and others who have participated in this program. North Carolina had 739 needy persons in family units receiving donated food in March 1959. New York had between four and five thousand. Pennsylvania had 858,000. Puerto Rico had 605,000. I am just wondering if the officials of the several States know what needs to be done to make this food available.

Mr. MILLER. Yes, sir; I can state with the greatest degree of certainty that the State officials are fully aware and are kept fully informed as to our willingness to contribute food in whatever quantities

they can reasonably use to feed people, based on criteria that they themselves establish under the general guidelines established by the Department of Agriculture. But the basic and primary responsibility for establishing criteria lies within the State and not the Federal Government. We stand ready to furnish food to the several States in whatever quantities they can reasonably use.

The CHAIRMAN. In looking over this list of all the States, fewer people in North Carolina received aid than in any other State in the Union.

Mr. MILLER. Yes, sir.

The CHAIRMAN. South Carolina had 1,886 people and we had only 739.

Mr. MILLER. Mississippi is very heavy in there.

The CHAIRMAN. Mississippi had 400,000.

Mr. MILLER. Yes, sir.

The CHAIRMAN. Off the record.

(Discussion off the record.)

The CHAIRMAN. I think these States and counties have failed to provide a distribution system.

Mr. MILLER. We leave responsibility for setting up the distribution system to the States. We ship in carload lots into spots they designate and depend on them to break down the larger shipments into smaller shipments and transshipments.

The CHAIRMAN. I have no complaint to make against the Federal Government or any officials thereof in connection with this program other than one inquiry I made, which was whether or not the State welfare officers understand what the law is and what the requirements are.

Mr. MILLER. I can state they know and are fully aware and are fully informed.

Mr. LATTI. Will the chairman yield?

The CHAIRMAN. Mr. Latta.

Mr. LATTI. I inquired back in Ohio as to why some counties in my district in particular were not using this surplus food. I found most were not using it. They said it was a matter of redtape, that they had to weigh every bean, that it was cheaper to go out and buy it rather than go through all the redtape. Is that true, that they have so much redtape that they are not using this?

Mr. MILLER. We have to keep records, Congressman Latta. I do not think we have excessive redtape in the Federal Government requirements.

Mr. LATTI. It seems to be the impression on the local level where it is being administered that there is too much redtape and they are not going to do it.

Mr. MILLER. I do not think we have too much redtape on this one. Largely, you can say it is lack of interest attributable to either the county or State's unwillingness to provide funds to supervise the distribution and to provide funds for the distribution itself down to the individual person. We rely on the States to do that.

The CHAIRMAN. I would like for you, in response to Mr. Latta's observation, first to put in the record at this point, if you will, just what the requirements are.



Also specify further whether or not a county, as the subdivision of the State, can have a food distribution program without regard to other counties in the States.

Mr. MILLER. Without State participation? First we require State participation and it is up to the State to determine how far the program will reach within its borders.

The CHAIRMAN. Put in the record these ABC's so we know whether or not my commissioner of agriculture or some welfare officer has to supervise it. Then tell us what kind of showing would have to be made by local officials in my own home county, we will say, to make that county eligible for food for needy people.

Mr. MILLER. We will be glad to do it. It is relatively simple. (The information to be supplied follows:)

#### USDA REQUIREMENTS FOR STATE DISTRIBUTION TO NEEDY FAMILIES

The applicable legislation under which the family distribution program is operated provides that commodities may be donated to needy people and for relief purposes. These two provisions are contained in the Agricultural Trade Development and Assistance Act of 1954, and section 32 of the act of 1935, as amended. The Secretary's regulations define needy persons as those persons who are in economic need of food assistance, and further that such persons shall be so certified to participate in the program by the appropriate public welfare authority based upon criteria which bear a direct relationship to the standards established in the States for their regular public assistance program.

The Department of Agriculture in implementing the distribution program enters into an agreement with an agency of the State government which has been designated by the Governor to handle the program. Prior to making distribution to needy persons, State distributing agencies are required to submit a plan of operation for approval by the appropriate area office of the Food Distribution Division. No amendments to such plans may be made without prior approval of the area office. Such plans include the procedures and methods to be used in certifying individuals as needy and in making distribution of commodities to such recipients. As a minimum the plan includes the following:

1. The estimated number of needy persons to whom distribution will be made.
2. The name of the agency or agencies which will be responsible for certification of an distribution of commodities to needy persons.
3. The manner in which commodities will be distributed including but not limited to storage and distribution facilities to be used and method of financing.
4. The specific criteria to be used in certifying individuals as needy persons.
5. Provisions for reviewing certification of recipients to determine changes in their economic status which would effect their continued eligibility.
6. The provisions for identifying each person certified.
7. Assurances that welfare grants or similar aid shall not be reduced because of receipt of commodities.
8. Assurances that distribution of commodities shall not be used for furthering the interests of any political party, and that there shall be no discrimination in the distribution of commodities because of race, creed, or color.
9. Assurances that recipients shall not be required to make any payments in money, materials, or services for or in connection with the receipt of commodities, and that they shall not be solicited in connection with the receipt of commodities for voluntary cash contributions for any purpose.
10. The manner in which the distributing agency plans to supervise the program.

The commodities are shipped in carlot quantities to central distribution points within the State where the State agency accepts title and assumes responsibility for all intrastate distribution costs. The Department of Agriculture maintains a vested interest in the commodities to insure that they are distributed only to those persons for whom they are donated. The State agency is responsible for proper storage and distribution only to eligible recipients. It is the responsibility of the State agency to maintain complete accountability of the commodities so distributed and render such reports to the Department as are required.

Mr. LATTI. I saw some records that the County Van Wert sent me, and it did not look simple to me.

Mr. MILLER. You will find that to be a State requirement.

Mr. LATTI. Cannot the Federal Government prevail upon the States to come up with simpler regulations for the State to use? Maybe it is State regulations that are hampering.

Mr. MILLER. You will find the Federal Government consigns the food to the State. The distribution becomes the responsibility of the State. I am not too familiar with this, but I presume there are general guidelines as to the method of bookkeeping used, but I will furnish for the record an explanation in simple terms, as the chairman suggested.

Mr. SMITH. As a matter of fact, a lot of county commissioners in the State of Kansas do not want to pay for this food.

Mr. MILLER. That is correct; they do not want to use county funds to pay for distribution.

Mr. SMITH. They will not pay transportation costs or furnish storage or take responsibility for it. They say, "We have gotten along all right for a long time. Let these people work." There is that attitude. It is not all centered right here in Washington.

The CHAIRMAN. I agree with you. I think that is the trouble.

Mr. JOHNSON. I have had inquiries from Wisconsin. A lot of them say there is too much redtape.

The CHAIRMAN. As I understand it, you have surplus commodities and the State requests you to send in a carload of cornmeal or flour for needy people. You consign it to the State. The State then makes it available at the county level. Somebody must be responsible for the records. But even if it got to the county level and the church people or some charitable organization had to distribute the food, that would still meet your requirements, would it not?

Mr. MILLER. On family feeding programs we require the States to be responsible. They generally hold and do hold the counties responsible for the distribution. We do have institutional feeding where the institution is held responsible for the distribution to its members.

The CHAIRMAN. This 700-odd figure in North Carolina might be institutional feeding.

Mr. MILLER. The table shows this figure to represent needy persons in family units receiving donated foods.

The CHAIRMAN. Suppose I could encourage some county commissioners to provide a distribution system for surplus food for needy people and without requiring the expenditure of local taxpayers' money, and that some church organization or the Salvation Army or any other reputable organization agreed to distribute the food under the direction of the welfare offices. Would that meet your requirements?

Mr. MILLER. I could not say as to the direct distribution in family feeding whether it could be done by church organizations or not.

The CHAIRMAN. You do it in foreign countries?

Mr. MILLER. Yes, we do.

The CHAIRMAN. If we do it in Italy or in Brazil, why can we not do it in North Carolina?

Mr. MILLER. We may do it in some instances but I am not familiar with it.



The CHAIRMAN. Where you have volunteer organizations willing to contribute food to our own people at home, it seems to me you should approve that. I would like for you to look into it when you put this information into the record which Mr. Latta and I have requested.

Mr. MILLER. I will see if we are doing any of that. I know we are doing a great deal of it in the institutions where the institution distributes food to those people who are in the institution. Whether we are at the present time permitting distribution in the family-type food donation program to be conducted by church organizations I do not know.

The CHAIRMAN. I would not suggest that you turn it over to church organizations without supervision of the county welfare offices because the county welfare offices must certify the need.

Mr. MILLER. In those conditions I think it could be done if you had the county officer supervise.

Mr. McMILLAN. Who would be responsible for the costs of local transportation and distribution?

The CHAIRMAN. That is a good question because Mr. Smith just suggested some counties were unwilling to pay for transportation. Do you charge the State or county with transportation?

Mr. MILLER. No; we deliver to the point they designate.

The CHAIRMAN. You deliver to the point designated by the State?

Mr. MILLER. Yes; in carload lots. Generally speaking, those commodities are broken down in——

The CHAIRMAN. That part of the transportation from the central depot to the county level the county has to pay?

Mr. MILLER. It is the responsibility of the county. Mr. Koenig tells me we will permit States to set up their own method of distribution. If it is agreeable in a State agency to distribute commodities through a church or welfare organization, we permit that to be done under certain circumstances. We will supply information on that for the record.

(The data referred to above is as follows:)

#### USE OF VOLUNTARY AGENCIES AND PERSONS IN DISTRIBUTION TO NEEDY FAMILIES

Although the Department of Agriculture places the entire responsibility of the distribution program upon the State agency through its agreement, the State agency may, if it desires to do so, utilize the services and facilities of voluntary agencies in the physical distribution of commodities. The Department will not permit such voluntary agencies to act as certifying agencies since certification is restricted to that agency or agencies of the State or local government responsible for public welfare. Voluntary agencies may be used, however, as referral agencies provided the appropriate legal welfare agency assumes final responsibility for certification.

Although in many communities in several States participating in the family distribution program the voluntary agencies are assisting by acting in the capacity of referral agencies and in making distribution of commodities, the Department of Agriculture feels very strongly that the best interests of the program can be served if program responsibility is carried out only by those agencies of State and local governments which have a legal responsibility and which can be held legally accountable for the commodities distributed.

Mr. JOHNSON. Who sets up the criteria as to whether there is need or not?

Mr. MILLER. The State does it. We have general guidelines, but the details and responsibility for setting up the criteria lie with the States.

The CHAIRMAN. Mr. Smith.

Mr. SMITH. I think we should bear in mind that the county commissioners and the county officials are elected by the people, and there are a lot of grocerymen and others who thing you better see about buying these groceries from them, that they are paying the taxes. I think there is a lot more here than just saying, "Why don't you give it away?"

Mr. MILLER. There is a lot of reasoning in counties other than a reluctance to furnish money for distribution that keeps them from having the program. What you mention is a factor in many instances.

The CHAIRMAN. Every time we propose a food-stamp program the officials of the Department of Agriculture say that this food is already available to the people, that we do not need a food-stamp program. A food-stamp program would provide for a distribution of surplus commodities through the corner merchant. I see no objections to trying that as an experiment. The thing that discourages me about all this so far in these hearings is that no one yet today has come up with anything new. It seems to me unless we find some new avenue, some more effective way to dispose of this surplus, we will be buried beneath it forever and that we will never dispose of it. What will happen to the corn crop this year of 4,100 million bushels? And what is going to happen to these other commodities? Unless we do something that we have not been doing, we are going to remain right where we are.

Mr. MILLER. Congressman Cooley, let me hasten to say that under a food stamp plan you might get a greater participation of the individual, you might feed more people, but you do not attack the surplus problem by the use of a food stamp plan.

The CHAIRMAN. Why?

Mr. MILLER. Because under a food stamp plan—the ones proposed thus far—there can be no effective control over what commodities will be available under the plan. In the absence of that, you cannot intelligently attack a surplus problem unless you are able to direct your plan to cope with your surplus problem in the various commodities.

The CHAIRMAN. Suppose you restrict the food stamp plan to surplus commodities alone. I can see why you would not want to provide them with ice cream or peaches and everything else, but if you would make wheat and flour and dairy products and powdered milk available, anything in surplus supply, if you put it on a food stamp program it seems you would distribute it quickly.

We have a program now that is free of charge. If they bought it through the corner grocer with a food stamp plan they would have to pay something.

These local officials are not going to make this food available. My own State is an example because fewer people in North Carolina are receiving food than in any other State. It is due to a local situation and not to the Federal program.

Mr. MILLER. If there were general need for a food distribution program these people are elected and would provide a food distribution program if it is greatly needed. It is available. I cannot see why they do not take advantage of it.

Mr. SMITH. Public opinion still controls in many places in America.

The CHAIRMAN. Are there any further questions?



Mr. PIRNIE. I have a question that relates to another matter. That was with reference to the sale of dry skim milk. It is my understanding that some time ago this situation came to the attention of the Department and you were going to make an investigation as to whether or not there could be some control over the ultimate use of dried skim milk. In other words, it has been used in certain locations to create filled milk.

Mr. MILLER. Yes.

Mr. PIRNIE. And therefore it came into competition with evaporated milk because of its low cost, the low cost of the basic element, and it was unfair competition. Has the Department reached any conclusion in regard to that?

Mr. MILLER. I am familiar with the subject, but I would rather have Mr. Myers or Mr. Ioanes answer the question. There is a good reason for our not going into it.

Mr. IOANES. This question involves the sale of nonfat dry milk under title 1 of Public Law 480, presumably to the Philippines.

Mr. PIRNIE. Yes.

Mr. IOANES. We did have a program in early 1957 that did move some nonfat milk to that country and part of it was used in production of filled milk.

At the time the program was put together the plants for production of filled milk were not completed. We did not know at the time that the solids would be used in filled milk. This is a comparatively recent development in the Philippines, this new industry, and for a good period of time we were not sure it would succeed; that is, that the product would sell and gain consumer acceptance. It has succeeded.

It is our conclusion today that the filled milk is eating into the evaporated milk market. Therefore, we would have to be very careful in any future program with that country for the movement of nonfat milk to make sure that the evaporated milk market was protected. If we do have another program with the Philippines where nonfat milk could be used in making filled milk we would require that country to buy a certain amount of evaporated milk as a condition of getting the nonfat milk so that the total market for both products would be increased. At the moment it is very doubtful that we will have another program with the Philippines. We do not have a program in being at the present time.

Mr. PIRNIE. Likewise, you would observe the same precaution in any other location?

Mr. IOANES. Yes, sir.

Mr. PIRNIE. You feel, the situation having come to your attention, you are now adequately on guard?

Mr. IOANES. Yes, sir; I think we are.

Mr. MCGOVERN. Mr. Chairman.

The CHAIRMAN. Mr. McGovern.

Mr. MCGOVERN. Mr. Miller, earlier this year I sat in on a meeting with Mr. Poage of our committee where there were a number of the Church World Service people present who had had experience in handling the type of treaty aspects of the program. As I remember it, they told us at that time they thought they could easily double the volume of commodities they were distributing overseas on a direct

people-to-people basis if those commodities were made available to them; that is, they had the field force to actually handle a volume double the amount they were handling.

I forget all the reasons they listed why they were not getting those commodities, but it seems there was not a sufficient variety, not enough oil, fats, things of that kind. Do you have any comment on that?

Mr. MILLER. Let me say, Congressman McGovern, that this is one field of activity in which we feel we can expand and implement our food for peace program. I think Church World services, the Catholic organizations, CARE, and the other groups have done a magnificent job in distributing our surpluses throughout the world.

Mr. McGOVERN. I do, too.

Mr. MILLER. I think they are to be commended on their belief that they can do even a better job, and we think they can, too. We have every intention of exploring to the fullest the possibility of providing more food and agricultural surpluses through their avenues for distribution because they have been able to distribute throughout the world in a manner in which we are unable to do because they have staffs equipped to handle such programs as they have been operating.

Mr. McGOVERN. We have had a lot of discussion throughout about the necessity of moving into what we call people to people contacts and it has always seemed to me that this is almost a perfect example of that type of activity.

Mr. MILLER. That is what the people that are equipped to do the job desire to do. Dr. Myers would like to add something to that.

Dr. Myers had a little statement he would like to make, Mr. McGovern.

Mr. MYERS. With regard to the title III donation program, I certainly second what has been said here. We too have been meeting with these organizations, and it is our intent to help and persuade them to do even more, but I think it is important to keep one point in perspective, and I say this with absolutely no discredit to what they are doing. They told me they are distributing about 1 million tons a year and that they might be able to double that within a period of 2 or 3 years. I would like to point out that while that sounds large enough to us as individuals it is only equal to somewhere around 35 million bushels of wheat if you put it in terms of wheat. The donation program with all its value is not really a major surplus disposal measure. It is a humanitarian, people to people thing. That is why we are talking also about things like national reserves and pushing the commercial markets and pushing other measures which move large quantities in order to have some measures which are really surplus disposal and some measures which are primarily humanitarian. This title III falls in the latter category.

Mr. McGOVERN. That is true.

Mr. MYERS. I say that only to put it in perspective because I am all for it.

Mr. JOHNSON. Going back to the nonfat dry milk operations in the Philippines, how long has that been developed? I thought you said it was very recently. I understand it has been going on for some period of time.

Mr. IOANES. These plants we are talking about, I think the first one went into operation in 1957.



Mr. JOHNSON. Are they not owned by American businessmen?

Mr. IOANES. American businessmen have interests in two of the plants.

Mr. JOHNSON. Could you name the American businessmen that have interests in them?

Mr. IOANES. I cannot name the businessmen, but I can name the companies. I think that the General Milk Co. is one, which is the export arm of Pet and Carnation, and I think the other is Consolidated Dairies of Seattle.

Mr. JOHNSON. Well, how long does the contract with the Philippines have to extend?

Mr. IOANES. I think it is finished. I think the last shipment was made a while ago.

Mr. JOHNSON. We had testimony before the Dairy Subcommittee a year ago in regard to the way that the sale of condensed milk had dropped off.

Mr. IOANES. Evaporated milk; yes, sir.

Mr. JOHNSON. When did they start this nonfat milk operation in the Philippines?

Mr. IOANES. Sir, I think they started operating in 1957.

Mr. JOHNSON. In 1957?

Mr. IOANES. Yes, sir.

Mr. JOHNSON. How long a contract do you have with the Philippines?

Mr. IOANES. We began negotiating it in 1956. It was signed in early 1957 and the shipments under it were completed within the last few months.

Mr. JOHNSON. And, the plant started in the Philippines in 1957?

Mr. IOANES. Yes, sir.

Mr. JOHNSON. Did not the Dutch ask us to stop our sales of nonfat dry milk to the Philippines?

Mr. IOANES. No, sir.

Mr. JOHNSON. I understood the Dutch had been here and asked us to enter into an agreement with them not to sell nonfat dry milk in areas where they were using it to make filled milk.

Mr. IOANES. Not to my knowledge; no, sir.

If the Dutch had been here asking for this, we would have heard about it.

Mr. MILLER. They have not talked to me about it.

Mr. JOHNSON. Outside of the Dutch, what other countries would be competing with us on the sale of nonfat dry milk?

Mr. IOANES. I would say the principal competition in the Philippines is with the Dutch. New Zealand, and Australia put a small quantity of product into that country also.

Mr. JOHNSON. You say in the future that nonfat dry milk is not going to be sold where it will be used to make filled milk?

Mr. IOANES. No, sir; I didn't mean to say that. I will clarify it if I left that impression. What I said was that it would do it and if it could have an effect on our sales of evaporated milk—

Mr. JOHNSON. It has had, has it not, at the present time, on sales of condensed milk? Our sales of condensed milk have dropped off very heavily as far as the Philippines are concerned.

Mr. IOANES. There has been a decrease.

Mr. JOHNSON. Do you know the extent of the decrease?

Mr. IOANES. I could furnish it, but I could not give it to you at this time.

Mr. JOHNSON. I think the situation has become so bad that Congressman Fred Marshall has introduced legislation to stop the sale of nonfat dry milk where it is going to be used to make filled milk.

Are you aware of that legislation?

Mr. IOANES. Yes, sir.

Mr. JOHNSON. I think there is going to be a move to have a restriction put on Public Law 480 along that line. I wonder if the Department has given any consideration to that kind of legislation.

Mr. IOANES. Sir, we have not discussed it and we can only give you a personal opinion, but I think it would be unfortunate if we had this in the legislation.

Mr. JOHNSON. For what reason?

Mr. IOANES. Primarily because we would be shutting ourselves out of a chance of selling some nonfat dry milk. There are many areas of the world that produce filled milk that do not import any dairy products or could not.

It seems to me nonfat is one of our surplus problems here. We still have stocks of it.

Mr. JOHNSON. Of course, if the condensed milk is not sold, then we have more surplus. We have surplus fat and surplus dry skim milk.

Mr. IOANES. If we do not sell evaporated milk to a particular market it would seem to me we would not be hurting ourselves or anybody else, but I do repeat, sir, that in those cases where you have the two points of interest, together, where a country would ask for nonfat dry milk to use in part to make filled milk and where we have an established commercial market for another dairy product such as evaporated milk, we would agree that the precaution should be taken to insure that the production of filled milk using our nonfat does not impair the market for our evaporated milk.

Mr. JOHNSON. When will this contract with the Philippines be up for renewal?

Mr. IOANES. It has been in negotiation for renewal for some time and I repeat what I said before: We are very doubtful that there will be a renewal.

Mr. POAGE. In the situation that you have just described—a place where we had a substantial market for evaporated or condensed milk—is not the Philippines a good illustration of that and is not the sale of this nonfat dry milk in the Philippines actually displacing our own market for evaporated and condensed milk? Is it not actually doing it?

It is not a question of a hypothetical case.

Mr. IOANES. It could have done it.

Mr. POAGE. Well, has it not done it?

Mr. IOANES. I would say yes, sir; it has impaired the market to some extent.

Mr. POAGE. Then had we not better, under the very formula you have told us about, close up on the nonfat dry milk as fast as we can?

Mr. IOANES. I am not sure.



Mr. JOHNSON. Why is it we are selling it cheaper to the Philippines to be used for nonfat dry milk than we are selling it for animal feed in this country?

Mr. IOANES. We are selling the nonfat dry milk to the Philippines at——

Mr. JOHNSON. You are selling it for less than we could get for animal feed in this country.

Mr. IOANES. No, sir; I do not think that is correct.

Mr. JOHNSON. What are we getting from the Philippines for nonfat dry milk?

Mr. IOANES. We are getting our export price, which is commercially——

Mr. PALMBY. Currently our export price, I think, is 8 cents a pound, and our selling price for animal food in this country is 10.75, I believe.

Mr. IOANES. Then I stand corrected.

Mr. JOHNSON. It is 10.75 for animal food?

Mr. IOANES. Yes, sir.

Mr. JOHNSON. And we are getting 8 cents on export?

Mr. IOANES. Yes, sir.

Mr. JOHNSON. Then my statement is correct.

Mr. PALMBY. This is what we recognize as being the competitive world price today and we try to keep these prices competitive.

Mr. POAGE. Can you tell me what advantage the U.S. Government gets out of losing its market for evaporated milk on the one hand and losing money on the sale of the dry skim milk on the other hand? It does both under this transaction you are telling me about.

What is the advantage to the United States? What do we get?

Mr. IOANES. Mr. Chairman, I will try to answer both of these points. On the question of the sale of milk for feed I take it we are selling as much as we can at the 10.75 price.

Mr. PALMBY. Could I make a comment on this?

Mr. POAGE. Certainly; that is what we want. That is what we have you here for.

Mr. PALMBY. Mr. Chairman, again, it goes back to the basic legislation under which we operate to be competitive in a world market, and 8 cents presently is our determination as being the competitive price on dry skim. You can take any number of commodities but this is a situation unto itself. Domestically, we sell it at 10.75, or thereabouts. We will supply the exact figure. We have a limited outlet here, and as to whether we could sell more or not, I am not in a position to say whether we could by drumming up sales.

I do not know.

Mr. IOANES. This would be information I wanted to bring out, Congressman, and Mr. Poage, that the higher price you get for feed is in a limited market. The 8-cent price for export applies to all sales of nonfat milk no matter where they go. Your point, sir, is it not time to close up shop is one that has had us scratching our heads for a number of months, and the problem we have is this. It is probably true that the Philippines are going to keep on producing filled milk. We are not the only country in the world that produces nonfat milk. A number of other countries do. We have one of two choices; we can make. We can close up shop and stay out entirely,

but there is a good chance that they will be able to buy their nonfat milk from somebody else, or we can in the long run try to maintain that part of the market for the United States.

So, what we have done in looking at this program is to try to find a way to hold the current level of U.S. commercial marketings of evaporated milk by requiring the Philippines to buy that amount with dollars, and then say "if you want nonfat milk, which you have the right to use in making filled milk, that would have to be in addition to the amount of evaporated milk you have been buying for dollars."

That was the reasonable approach, we thought, which would meet the point about keeping the two in balance.

Mr. POAGE. That sounds rather reasonable, but let us find it out for a fact.

Are you requiring the Philippines to buy as much evaporated and condensed milk as they previously bought?

Mr. IOANES. Sir, I would have to check the record on this. I know we have a specific number under negotiation and as I recall it is related to the amount they have been buying; it is not as much as they bought a few years ago.

It does recognize in part the downtrend in purchases.

Mr. POAGE. But, I was under the impression, and I am sure, as you have stated, that their purchases of condensed and evaporated milk have been falling off.

Mr. IOANES. They have.

Mr. POAGE. That is right.

If they had been falling off, it seems to me, even though we have such an agreement, the agreement is not being carried out.

Mr. IOANES. No, sir; I had better repeat this, Mr. Congressman, if I can: The agreement that you are talking about was initiated in 1956 and signed in 1957. All shipments under it have been completed. So, there is no agreement now. It is over. At that time the filled milk plants we are talking about were not yet in production and we did not know whether the product was going to sell. They do not all succeed. We did not know for a fact that the nonfat would be used in the plants. It turned out that they were, and it turned out that the plants were successful. At that time we did not have the protective features in the agreement for the evaporated milk that I described in the agreement now in negotiation.

Mr. POAGE. You mean, then, that we do not have an agreement with the Philippines to maintain the purchase of evaporated and condensed milk?

Mr. IOANES. No, sir.

Mr. POAGE. But you think that if you enter into another agreement that you will put it in there?

Mr. IOANES. That is right, sir.

Mr. POAGE. Well, I just did not understand. I understood you to say that we had required the Philippines—

Mr. JOHNSON. That agreement, as I understand it, was entered into before they started making the filled milk in the Philippines. Since the agreement was entered into they started taking the dry skim milk and making it into filled milk and selling it through that area.

It was going into other countries as well as the Philippines.



Mr. POAGE. That confuses me still further. Let us find out about it.

Mr. IOANES. Sir, he understands what I said.

Mr. POAGE. He probably does, but I do not, and it is probably just because I do not understand the business when you are talking about filled milk.

Mr. JOHNSON. They are using coconut oil instead of the fat.

Mr. POAGE. I know what they are doing with dry skim milk, of course, and how they make filled milk, but let us understand this and find out what the facts are. I do not understand the facts. He said that the agreement was in existence. He did not say what agreement. Do you mean you had an agreement with the Philippines to maintain the purchase of evaporated and condensed milk at the then existing levels prior to 1956?

Mr. IOANES. Would it be useful, sir, if I would repeat it? We started negotiating an agreement with the Philippines in 1956.

Mr. POAGE. You did not have any agreement prior to 1956?

Mr. IOANES. That is right. In that agreement there was no provision to protect the evaporated milk market. Subsequently, the plants got into operation to make filled milk. It happened that part of the nonfat was used in that production. The plants turned out to be successful ventures. The shipments under that agreement of nonfat have been completed. If we do it again and if we have another agreement, it would be our opinion that we should protect the evaporated milk market by getting the requirement that they buy a certain amount commercially as a condition to getting nonfat milk and as a condition to make filled milk.

Mr. POAGE. One more question, and this is not a question of policy, but of fact:

Do you think it is adequate to provide in any future agreement that they agree to purchase a certain amount—"A certain amount"—of condensed and evaporated milk, or do you think that the agreement, in order to protect our market, ought to provide that they purchase the amount that they have been purchasing in the past? A "certain amount" could be a dozen cases, but are you telling us that you are going to have a token amount or that you are going to maintain the amount that we have been selling? That is what I want to know.

Mr. IOANES. Sir, it would be an amount related to what we have been doing in the recent past. You have a history——

Mr. POAGE. I know it is an amount related to it, but so is 65 percent of parity related to parity, but it isn't parity. I want to know whether you are going to maintain that market as it now exists, or whether you are going to accept a percentage of that market?

Mr. IOANES. We would do our best to maintain it as it now exists.

Mr. JOHNSON. Not as it was in 1956?

Mr. IOANES. No, sir.

Mr. PIRNIE. Would the gentleman yield?

Mr. JOHNSON. Yes, sir.

Mr. PIRNIE. I would like to ask about this question of price on this skim milk that you are selling.

Is it your understanding that if we were not to supply it that there are other sources in the world market that would supply it at that same figure?

Mr. IOANES. Yes, sir.

Mr. MILLER. We have New Zealand right at the south of us.

Mr. PIRNIE. But, the figure is the world market price, and it is competitive?

Mr. IOANES. Yes, sir.

Mr. MILLER. We have recently advanced our price of dried skim from 7 back up to 8 cents. We were selling it at 9 and reduced it to 7 and then advanced it to 8 cents because of improvement in world market prices for dried skim milk.

Mr. BREEDING. Mr. Chairman, I have a personal letter here from Mrs. Breeding. She has just been to India. The letter was sent to me from Karachi, Pakistan. Mr. Secretary, if you will permit me, I would like to read you this letter which bears on Public Law 480, and the use of wheat in that country:

When I arrived in Bombay yesterday I received your telegram about looking into the wheat situation. I took your telegram to Mrs. Turner, who met me at the airport. She is wife of consul general at Bombay. She took me back to the American consulate building and introduced me to her husband, who in turn called a Mr. Sellers (or something like that), who is with Foreign Marketing, U.S. Department of Agriculture. I showed them your wire and they really talked. They said India is a vegetarian country and raises what they call food grain and up to 1954 raised 12 ounces per day per person food grain. In 1954 raised 14 ounces per person, and that in thin, bad years our wheat was a godsend. Also, they could use all the surplus we have if Indian could find money or something to pay for it. They said 200 ships in the last year had been unloaded in Bombay and returned empty. If only something could be found for exchange to send ships back full. They said India is very much in debt and is beginning to worry about paying.

It is their belief that they can never pay, but even at that we can't let India go any way but a democracy. Also, India has to feed her people now if this new government lasts. Nehru said India gained her independence before economy, where we gained our independence after economy—if you can understand that. All of India is so bitter about colonialism that they are afraid of U.S. help, for fear we will take away their freedom. When I was in New Delhi, Chargé d'Affairs Brown talked to me about the same thing. How can we get the money? Indian wants our products but—. Also, I talked to Clarence Raymond Eskildsen, agricultural attaché, Embassy of the United States of America, and he brought up the same thing. Both groups brought up the subject of cleaner wheat coming in. Said they were getting ready to set up testing facilities, and test exactly what comes in and then send a report back to U.S. Department of Agriculture, so thought that might help get cleaner wheat, and also cotton.

In Bombay I was told there is so much Public Law 480 money there they can't begin to ever use it up as the rules and regulations are now. They thought something should be done to let some of that money move into different channels. They didn't exactly say what. One man talked about barter trade and said we couldn't expect to get return shiploads from the harbor. It is his thinking that we would have to go back into the interior and bring out some barter. In fact, to take Public Law 480 money and build roads, railroads, maybe mines or whatever it would take. Some of their talk was over my head, but they were very emphatic that India needs American food and help, and if she doesn't get it and has to turn to some other country, she may lose her democratic form of government, and that would be the end of American prestige in all of this area.

Mr. Singh (Congressman Saund's brother) brought in the same kind of talk to me, and said, "We are trying; how it will come out we don't know." Also, Mr. Nehru brought in the same idea. The country is now 11¾ years old and if it is going to survive it has to feed its people and give them jobs. Their first 5-year plan was improvement of agriculture to feed the people. The second 5-year plan they are now in is some agriculture, but to get more industry started. Now they are working on what they will do in the third 5-year plan, and by this talk will go back to improving agriculture production as first order. So, you can see where India would be a big user of our surplus agriculture if payment could be worked out.



Mr. Brown was very emphatic something had to be worked out, for we couldn't afford to lose India to another country. Also, our technical assistance program had to be kept up. He went into great length on what we are doing in that. Also, in Calcutta a U.S. Information Service (USIS) man spoke at great length about our technical assistance and how great it was helping. We also had in Calcutta, Bruce Butler, American consul to Calcutta, speak and he brought in the same idea of how the wheat and food products were helping. Said 76 American ships, mostly wheat, had been unloaded there.

I hope this helps you and the committee.

I will try and see someone here in Karachi about the same thing.

I appreciate your yielding for a personal letter because it did pertain to the subject we were talking about, and what to do with Public Law 480 funds in that country, and how to get food to them.

Mr. MILLER. Mr. Breeding, first, I would like to say it is a very comprehensive letter. It is a very good analysis of the situation as we know it in India. India, as you know, has been the largest single recipient of our aid programs certainly since the recovery period of the Marshall plan days. She is by far the largest recipient of products under title I of Public Law 480 that we have had. At the present time under our barter contract that we have with her and under title I we are now unloading about all of the wheat through Indian ports that we could possibly unload at the present time.

I think the single biggest controlling factor on the amount of food going to India has been the country's ability to absorb the quantity we are putting in there. I think through our food-for-peace program—and not committing anything specifically for India—this is an example where we could use our agricultural surpluses to generate the funds to pay for increasing unloading facilities, storage facilities, and inland transportation to enable this food to get back from the port inland, where the people can actually consume it.

Mr. BREEDING. In other words, you would use Public Law 480 to help build highways back into the area and transportation facilities?

Mr. MILLER. Yes, sir; help improve transportation. You know you can move a tremendous quantity of wheat and get it back in 15 miles, but when you get to that point then it starts being transported in a bushel bag or a can on somebody's back, or in a sack that somebody carries in their hand.

You do not move very large quantities of wheat that way, because the people who are going to use it cannot come down to that railhead to get it.

That is the controlling factor on the amount of food you are able to put into a country such as India, and this is true of Pakistan or any other country.

I have just been handed a note to the effect that 34 percent of the total U.S. wheat exports in fiscal year 1959 went to India alone—34 percent of all of it—and we exported 444 million or 450 million bushels of wheat. So, tremendous quantities have gone into India.

There have been in addition to that some feed grains and corn.

Now, the quantity of wheat that we have been putting into India and the quantity of other title I products that we have been putting into India has created a vast amount of counterpart funds. The use to which this currency will be put is a concern to India and it is a concern to us—the State Department and the Department of Agriculture and all other interested agencies in Government.

The continuation of such a program could be expected to increase the amount of currencies owned by the U.S. Government in India. The use to which we will be able to put these funds and the use to which India will be able to put these funds in terms of future contracts are of grave concern to all of us.

Certainly, the United States has no intention of requiring the use of those funds to be made in such a way that might get India or any other country back in a position of being a colony of someone. That is certainly not the intention.

Mr. POAGE. For how long a period of time do you loan those funds back?

Mr. MILLER. For about 20 years, I think, in the majority of them, and up to 40 years.

Mr. POAGE. Up to 40 years?

Mr. MILLER. Yes, sir.

Mr. POAGE. At what rate of interest?

Mr. MILLER. The prevailing rate of interest.

Mr. POAGE. What is that?

Mr. MILLER. The going rate of interest.

Mr. POAGE. What is the prevailing rate of interest in India?

Mr. IOANES. It is about 4 or 5 percent.

Mr. MILLER. Four percent.

Mr. POAGE. And at what rate of interest is India getting development funds from Russia?

Mr. MILLER. I do not know. I would have to ask the State Department.

Mr. POAGE. It is reported in the press that it is 2 percent, but I do not know whether that is right or not.

Mr. MILLER. The State Department probably could answer that question better than I.

Mr. IOANES. I think that is correct. There was a loan at 2 percent.

Mr. POAGE. How can we expect the Indians to use this money at 4 percent even though the Russians are not lending much? Is not the very fact that they are lending some money at 2 percent calculated or intended to make it practically impossible for us to get them to use this money at 4 percent?

Mr. SMITH. Mr. Chairman, when did we start making loans at that rate of interest?

Mr. MILLER. We are going to collect this interest paid in rupees and not in dollars, Mr. Chairman.

Mr. POAGE. On that I would like to ask what you are going to collect in rupees. When did you make the original agreement with India about repayment? Was the original agreement for it to be repaid in rupees?

Mr. MILLER. Yes, sir.

Mr. POAGE. Was there a maintenance of value clause in the original agreement?

Mr. MILLER. That is right, but that has been since removed.

Mr. POAGE. That has been since removed?

Mr. MILLER. Yes, sir.

Mr. POAGE. At what value did you take those Indian rupees?

Mr. MILLER. The second statement that we passed out this morning gives that information, Mr. Chairman. It was 4.74 at the outset, and the rate got down to—that is what it is all the way through.



Mr. IOANES. I might add that this is one of those countries where you do not get the ups and downs in the value of the currency that you do in the other countries.

Mr. POAGE. You do not get the ups and downs, then what advantage was it to India to remove the maintenance of value clause?

Mr. IOANES. You have not gotten them up to now, sir. I do not think any country which could get this removed would object to it, including a country which has had a stable currency.

Mr. POAGE. I do not think anybody who owes money would object to the removal of that clause. We do not have to force it on anybody, I am sure.

Mr. IOANES. The maintenance of value——

Mr. POAGE. The removal of the maintenance of value clause?

Mr. IOANES. That is correct.

Mr. POAGE. Did they ask for it?

Mr. IOANES. They had objected to it but they still signed the loan agreement with it in previously.

Mr. POAGE. Why did we remove the maintenance of value clause?

Mr. IOANES. To speed the money into use.

Mr. POAGE. What?

Mr. IOANES. To speed the money into use.

In a country like India, for example, even though the wheat is sold in the country and the rupees paid to the United States, so long as the loan agreement is not signed and the funds not disbursed, the money stays on deposit and is not used.

We were unhappy about that and most of the people here would like to see the money put into use. So, to remove any incentive to hold it there endlessly, we removed the maintenance of value provision and there is no gain in holding the currency on deposit. It might as well be put to use. There is no gain until there is a change in the rate of exchange.

Mr. POAGE. If the situation is such as we have observed that it was in some of the South American countries, the United States would lose very heavily; would it not?

Mr. IOANES. Yes, sir.

Mr. POAGE. Why would it not have been better to give them a competitive interest rate rather than to abandon this maintenance of value clause?

Mr. IOANES. Because I think that by and large most of the countries would regard as more attractive the dropping of maintenance of value instead of the interest rate. I do not think the interest rate would have had the effect of getting loan money into use as the dropping of maintenance of value would.

Mr. POAGE. No country that has stable currency objects to the maintenance of value clause.

Mr. IOANES. None of them like it.

Mr. POAGE. You and I would rather be able to pay in chips and whetstones than pay in money when our notes come due, but obviously when I sign a note it requires payment in dollars.

Japan actually volunteered to pay us in dollars, is that not so?

Mr. IOANES. Yes.

Mr. POAGE. And they did it for prestige reasons, I understand?

Mr. IOANES. With their foreign exchange situation, it was just as cheap for them to pay in dollars as in yen.

Mr. POAGE. You mean that it was just as cheap for them at that time, but unless they had absolute confidence in the stability of their own country they would not figure it would be just as cheap for them 10 or 40 years from now.

Mr. IOANES. Their expectation was that their yen, if paid to us at that time, would have been converted to dollars by us through sales in Japan and they did get the benefit of the lower interest rate by repaying it in dollars.

Mr. POAGE. That is right. So they got the lower interest rate. It was attractive to Japan. The lower interest rate is available to any nation that has a stable currency?

Mr. IOANES. And a sound foreign exchange backing for the currency which Japan has, but some underdeveloped ones do not have enough.

I would say that there is a point—and I can bring it up—that I should have mentioned before. Even though the 4-percent rate sounds high, it is much lower than the prevailing rate for relending of money in most of the countries we are dealing with, so in a country like Brazil they never gave us trouble on the interest rate because their relending of those funds would produce 8 or 9 percent.

The answer to you is, since they in effect made money on relending, the interest rate at 4 percent was still attractive.

Mr. POAGE. Let us see what the United States lost by the abandonment of maintenance of value. Do you have any figures as to how much has been lost up to the present time?

Mr. IOANES. No, sir.

Mr. POAGES. Certainly you did not enter into a far-reaching program of this kind without some idea of what the cost to the United States would be? You had some idea what it would cost us.

Mr. MILLER. We have it, but we do not have it here.

Mr. POAGE. Will you send it up—an analysis of the anticipated losses that the United States will suffer as a result of this removal of the maintenance of value clause?

Mr. McINTIRE. Might I ask: If this figure is to be significant as a statistic, then must there not be a date?

Mr. POAGE. I think that there must. We made an agreement with Argentina and we agreed to accept pesos at 13.95 to 1. Actually, on the market at that time they were 69 to 1.

Mr. McINTIRE. In December of 1958 it took 69.

Mr. POAGE. That is the time we abandoned the maintenance of value.

Mr. MILLER. Let us take it from that date to today. We can calculate that.

Mr. McINTIRE. I think we should get a date somewhat like a current date rather than an anticipated date.

Mr. POAGE. Let us take the value in dollars we would have received under the original agreement when the maintenance of value was in effect, and then let us take what we would have received with the exchange rate as it existed at the time that you abandoned the maintenance of value. You know how much that loss would have been. Then let us take the present value. That will give us three figures.

Mr. IOANES. The last two are so close together, why do we not skip from the first to the last?



Mr. POAGE. Because I do not know they are that close together. That is what I want to see.

Mr. IOANES. It is only a couple of months old.

Mr. POAGE. I thought you just said back in 1958.

Mr. IOANES. No. We did it when we testified before this committee about 5 or 6 weeks ago.

Mr. POAGE. I beg your pardon. I thought it was 1958. You made it retroactive to 1958, did you not?

Mr. O'LEARY. It applied to an agreement signed in the fiscal year 1959, beginning June 30, 1958.

Mr. POAGE. Then you had a value on June 30, 1958, did you not?

Mr. O'LEARY. The currencies under many of these agreements have been approved, so they are not in a position to be loaned out. Maintenance of value goes into effect the day the money is disbursed under a loan.

Mr. POAGE. The exchange rate that existed on the day that the loan goes into effect; is that right?

Mr. O'LEARY. We can take the date of the loan agreements being signed and compute from there as to when the repayments were made and what the amount of rupees they would have had to pay if there had been maintenance of value.

Mr. POAGE. Do that.

Mr. O'LEARY. And by which they would pay without maintenance of value, but bear in mind no payments would be due so we will calculate something that did not exist. Payments do not come due for 3 years after the loan is made.

Mr. POAGE. Of course not, but payments that become due would be due at the rate of exchange that existed at the time that the loan went into effect had you not changed this thing. Now the amount that you are going to get back is going to be the exchange rate as it exists on the day of repayment.

Mr. O'LEARY. No, sir; just the opposite.

All maintenance of value means really is that we loan 1 million rupees on the date that we make the loan, 1 million rupees are worth, let us say, \$550,000. As each payment is made, beginning the date of the loan—and we will say it is made over a 10-year period—that would be 100,000 rupees a year if you did not have maintenance of value. If they borrowed 1 million rupees over a 10-year period, they would pay 1 million rupees with interest without maintenance of value. With the maintenance-of-value provision when the first payment comes due, they would pay us the rupee equivalent as of the date of that payment—

Mr. POAGE. Enough rupees to buy—

Mr. O'LEARY. 50,000 American dollars.

Mr. POAGE. Let us get the figures to see how much we would be losing on this basis.

(The requested figures follows:)

As a requirement for section 104(g) loans, maintenance of value was eliminated by the National Advisory Council on International Monetary and Financial Problems on April 14, 1959. How much depreciation in book value will result depends on what happens to the currencies which are involved. This cannot be predicted.

It is possible, however, to look at the past record of loans and currency depreciation to see what might have happened had there been no maintenance-of-

value requirement. The best indicator of the fiscal significance of the requirement is the loan principal—the face value of the loans. We have calculated the present value of all existing section 104(g) loan agreements which would exist had there been no maintenance-of-value requirement and compared this with the original value. The decrease in value works out to 4.6 percent. The average (median) loan agreement had been in force slightly over 16 months.

It is emphasized that future currency depreciation cannot be statistically predicted with assurance from past events. But if continuance of the past record is assumed, then the annual loss in book value can be expected to be about the same, or slightly less, than the rate of interest.

Mr. POAGE. Then I would like to ask what your attitude is going to be when we try to put back into this bill this maintenance-of-value clause. We did not have it in here and we did not think it necessary. I am of the opinion it is necessary now and unless I change my mind we are going to try to put it back. What is going to be your attitude on that?

Mr. MILLER. We think that it will work to the disadvantage of our program because we instituted it as an adjunct to remove part of the objections that interested countries participating in title I had. We think that it will hurt the operations of our programs.

The CHAIRMAN. Suppose that you had the maintenance-of-value clause in the contracts that you have with Brazil, what would be the situation with the deterioration of their currency?

Mr. MILLER. The end result would be, Chairman Cooley, that the Brazilian Government is going to have to pay back more of their assets to the U.S. Government when the period comes to pay back.

Mr. O'LEARY. The amount of the loan is about triple now.

The maintenance-of-value provision has not been removed from U.S. Government loans made in dollars to a foreign country. It still applies.

Mr. POAGE. What about the Development Loan Fund?

Mr. O'LEARY. The Development Loan Fund makes dollar loans which are repayable in the local currency. There, the maintenance of value applies because we have loaned that country dollars. Here we are not loaning dollars; we are loaning the currency of the country in the country. The attitude they take is if they borrow 1 million rupees they should repay 1 million rupees just as if in this country you borrow \$1 million you repay \$1 million. You do not submit to a maintenance-of-value provision that says that if the value of the dollar declines you have to pay more dollars.

Mr. POAGE. We did until the Supreme Court handed down a decision saying that the language "You should pay back in gold of a fixed weight and fineness" did not mean what it said. I suppose that these people over the rest of the world are entitled to the protection of the Supreme Court of the United States and possibly it is your purpose to extend the benefits of the U.S. Supreme Court to the rest of the world.

Mr. O'LEARY. No, sir. All I am doing is pointing out the attitude of the people within the country.

Mr. POAGE. That was in 1933 under the Roosevelt administration. It was the "nine old men."

Mr. O'LEARY. All I want to point out is the attitude of the people in the governments of the countries that are accepting these loans. They say that we are borrowing our own money, we will pay our own money back one for one. If we were loaning dollars it would be a different thing.



Mr. MILLER. We believe it would be more difficult to operate title I of Public Law 480 with the reinstitution of the maintenance-of-value clause.

Mr. POAGE. If you believe that, and you do, why do you not destroy the maintenance-of-value clause in your contracts prior to 1958? I know what you are going to do. When are you going to do that?

Mr. MILLER. I cannot answer that at the present time.

Mr. POAGE. Why have you delayed?

Mr. IOANES. We will face it when we have to, when we get people coming in and saying to us that we have to face it.

Mr. POAGE. These people did not force you to do it. You did it voluntarily. Why do you treat some of these people so much better than you treat others?

Mr. O'LEARY. There is this difference: this was done with respect to future agreements. Now, in the course of a year's operations you cannot pick an arbitrary date and say one thing applies tomorrow different from what applies today, so we treated all the agreements during this particular year's program alike. This was for the purpose of convincing governments they could take maximum amounts of commodities knowing the obligations they were incurring when they borrowed the currencies—

Mr. POAGE. You are not going to say to me, and neither are any of the rest of you gentlemen, I think, that it is not your plan to change the existing contracts so that you will destroy maintenance of value in every Public Law 480 obligation now outstanding?

Mr. O'LEARY. All I am saying is there we have binding agreements. We are in a position to negotiate the things we want.

Mr. POAGE. You are not going to negotiate. You are not suggesting to me you are really going to negotiate. Is it not a fact that you are going to release every outstanding Public Law 480 agreement and destroy the maintenance of value in every one of them, and if you do not do it you are going to be under severe pressure as being unfair and discriminatory?

Mr. MILLER. We have not made that decision. We have not had the proposition made to us for us to make that decision. We will make that decision at the proper time. I am not in a position to commit us as to what we will do at that time.

Mr. POAGE. You do not have the slightest idea that you cannot do anything other than wipe that out of all contracts, have you?

Mr. MILLER. No, I am not willing to make that statement. There are a lot of intervening circumstances that might arise before that decision will have to be made.

Mr. McINTIRE. Do I see this situation correctly, that this substantially amounts to a creditor relationship on existing contracts, a customer relationship as far as future business is concerned, and you will deal with the creditor situation just as any man to whom an indebtedness is owed, and he will look at the creditor's situation and deal with him on the basis of what goes on and what the circumstances are when the due date comes up? Is that about it?

Mr. MILLER. That is a very good analysis of our position. I suspect one of the times we will be faced with it will be when the reckoning day comes for repayment.

Mr. POAGE. Will you come up here a year from today and give me a list of the countries that you have released during the past 10 or 12 months?

Mr. MILLER. If we have done so we will be happy to submit their names to you.

Mr. McINTIRE. On this maintenance of value and your comment, Mr. Miller, that to require a maintenance of value provision of the contract would diminish your opportunity to develop these exports, is it a fair observation that this maintenance of value provision is more of a substantial problem in the countries that are economically insecure, or underdeveloped, which reflects in the instability of their currency and are the very areas that you should get into with this program?

Mr. MILLER. You are correct. The areas in which we have the greatest opportunity to do more are those areas in which there is more likelihood of a devaluation problem, or a reevaluation problem. You are correct.

Mr. POAGE. What about the maintenance of value in the Italian agreement?

Mr. O'LEARY. The Italians probably do not want it out. I think that there would be an upward adjustment in the interest level that would go with that, and since the lira is one of the most stable currencies in the world, they do not intend to lose, and I do not think they will ask for it to be taken out.

Mr. POAGE. What is the difference in interest?

Mr. O'LEARY. I am not sure. We can find that out for you. I think it is a half of a percent.

Mr. POAGE. Does anyone know?

Mr. MYERS. We can look up that particular one and get it for the record. The difference is usually a half of 1 percent, or less than that.

Mr. POAGE. You are not offering choice at the present time; are you?

Mr. O'LEARY. No, sir.

Mr. POAGE. You are not requiring maintenance of value from anybody, so there is only one interest rate and there is only one type of note that they can sign now; is that not right?

Mr. O'LEARY. Yes.

Mr. POAGE. If you made a new agreement with Italy you would not have maintenance of value in it?

Mr. MILLER. That is correct, we will not if we can make a new one.

Mr. POAGE. That would be true if you were to sell to any other country. Japan will be in the same shape if you make a 480 agreement with them, which I suppose you will not do. You have not made any 480 agreement with Italy this year?

Mr. O'LEARY. No, sir.

The CHAIRMAN. Mr. Myers, can you provide some information tomorrow, or the next day, about pending applications? I would like also to ask this question—Is there any uniformity in the amounts of commission paid to businessmen to promote these transactions? The reason I ask is because of some rumors that I have heard, that some people have made exorbitant profits in promoting these transactions. I have heard of others who have barely broken even. I



realize that it might be difficult for you to have any uniformity because each problem is entirely different.

Mr. MILLER. We do not pay any promotional fees.

The CHAIRMAN. I do not mean promotional fees. Perhaps I used the wrong expression.

Mr. MILLER. Profit that they might make in selling commodities?

The CHAIRMAN. Profits that businessmen have made not only with regard to title I provisions but with barter transactions. I realize that it would be difficult to have any uniformity. I have heard with regard to French military housing that the man who actually constructed the houses would be doing well if he could break even. On the other hand, I have heard of others that—and I do not know their names, or any particular cases—have made outrageous profits. I realize that you must have a profit motive, otherwise the businessmen of America are not going to engage in these operations. Could you give us any information that would be helpful to the committee? In other words, I would like for you to take some transactions from their inception up to the time they are consummated and concluded and show on paper to the committee just what happens, or what has happened. Take any transactions and just give us an example.

I have a lot of people coming to me and saying, "How can I engage in this business?" Some people from the tobacco section say: "Why can't we get more tobacco in these barter transactions, and how do we go about doing these things?"

I do not know what to tell them except to direct them to see you. I would just like to know how profitable or unprofitable these transactions have been to businessmen, for the record.

Mr. MYERS. As I understand it, the first question was pending applications. We shall be glad to tell the committee about them. We will have to go off the record on some of this. We would not want it to be publicized.

The second question is regarding title I. If the same information is desired on barter—

The CHAIRMAN. I would like to have it on barter. I know of one transaction that involved tobacco. I just want you to pick out some samples and show the committee just how these things start and how they are concluded and who handled them and what profits were made.

Mr. MYERS. With regard to barter, Mr. Palmby is here.

With regard to the sample transactions on title I, I would like to call your attention to the fact that the point you are referring to is something happening in the private trade between the American seller and whoever is the purchaser in the other country, and is not a subject on which we would have complete statistics.

Mr. MILLER. Let me say this, Mr. Chairman. Under title I we in effect loan money to the recipient countries. They buy in the American market the commodities that we have specified might be purchased. The profits that are made by the American businessman depend upon the best kind of deal that the recipient country can negotiate with the American exporter.

The CHAIRMAN. Do you not exercise some sort of supervision or watch over transactions like that? The reason that I bring that up is because of this: I do not want to call any names here, but I have been

told that one company bought \$1 million worth of cotton. They actually bought the cotton for \$800,000 and made a \$200,000 profit on the transaction which was not very difficult for them to consummate and conclude, and the profit appeared to me to be outrageous.

If the committee is given some fair examples we can at least study them and see if anything else needs to be done.

You tell me now if you authorize India to buy \$1 million worth of our surplus commodities you leave it up to India to make the best deal they can with the American exporters.

Mr. MILLER. Generally that is true. Mr. O'Leary is going to pick it up from there and tell you what supervision we give to satisfy ourselves that they are getting approximately their money's worth in the negotiation.

Mr. O'LEARY. Mr. Chairman, the statute provides in several different places that this program shall be carried out as a private trade program. The sales shall be made through the private trade and the private trade practices and facilities shall be used.

When a sale is being made by an exporter to a foreign importer, we do not make the exporter come to us and show us what his costs have been, where he might have bought the goods, whether he got a very favorable price when he bought them, or whether he had to pay a high price when he bought them. We do this: we require that the sales price to the foreign importer be reported to the Department. This price is compared with prevailing export prices at which sales of the same commodity from the same area are being made at that same time. If this price is higher than the prevailing range of export market prices, an exception is taken and a man is required to return the difference. The exporter is required to return the difference if he has overcharged. As I say, we do not require each exporter to prove to us what his costs have been in acquiring the commodity. If we did that, we would not do much business under this program without an awful big staff.

So we can supply you with many samples of what the sales price was under the program, what the prevailing range was, and if it was higher than the prevailing range, we can supply you with the information. It has already been supplied to Mr. Fountain's subcommittee, the action taken, the claims collected, the claims investigated and found not to be valid claims, and the claims which are still in process. But we could not tell you how much profit was made on a given transaction any more than we can tell you how much profit a man made on any sale that he might make because we do not have his cost figures and his books.

Mr. POAGE. Mr. O'Leary, do you not imagine the basis for the complaint which came to the chairman was that some exporter moved a million dollars worth of cotton and he paid only \$800,000 for it?

Mr. O'LEARY. I think the basis for the complaint is this particular fellow made a really good buy.

Mr. POAGE. No. Every man who exports cotton from the United States gets a subsidy in kind, and he doubtless got a million dollars worth of cotton for \$800,000. Whether he got it under this program or whether he got it by buying the cotton on the square and picking it up a bale at a time, he still got the subsidy when he exported the cotton. Do you not imagine that somebody simply heard that "X"



concern shipped a million dollars worth of cotton and paid only \$800,000 for it? That is as much as anybody pays for cotton that they ship. There is a 20 percent subsidy on all the cotton which is shipped, is there not? Is any cotton moving out of the United States with less subsidy than that?

Mr. O'LEARY. It is actually subsidized.

Mr. POAGE. Of course.

Mr. O'LEARY. But it is not 20 percent, I think.

Mr. IOANES. Yes, it is 20 percent.

Mr. POAGE. Of course, it is 20 percent or more.

Mr. O'LEARY. If there was an exorbitant profit in this case——

Mr. POAGE. That is not an exorbitant profit. It is just normal operation.

The CHAIRMAN. I was just reporting what I heard. The man who gave me the information was in error, because there was not \$200,000 profit, but a \$200,000 subsidy. He got an order for a million dollars worth of cotton and paid only \$800,000 for it.

Mr. IOANES. Could you give us the particulars of that and we will investigate it, if you wish.

The CHAIRMAN. I am sorry, I cannot give you the particulars. These rumors are flying around. I do not have information on it.

Mr. IOANES. You see, to boil it down to language I understand, what we have done is this: To guard against the point you are looking at right now, we look at the sales prices which are charged on these transactions, and if, in our judgment, the price charged is higher than it ought to be in terms of what the market is at that time, we institute claims against the seller.

Would it serve your purpose, perhaps, to give you the results of those claims studies so you could see what the range of problem is? Maybe that would meet your problem.

The CHAIRMAN. That would be very helpful. I think maybe Mr. Poage sized it up right, that the man who gave me the information just did not understand the cotton subsidy. He figured here was a man who paid \$800,000 for a million dollars worth of cotton and sold it on the market and still made more profit in addition to that.

Mr. IOANES. It could be.

The CHAIRMAN. Mr. Heimbürger wants to ask a few questions so we will have information for the record.

Mr. HEIMBURGER. As the chairman said, I have a few questions here in an area which has not been touched on, and we would like you to provide us with as simple as possible an answer.

In connection with your determination of "usual market" which you make, I believe, with respect to each country before you enter into a 480 agreement, will you describe how you arrive at this determination of what that country's usual market is and indicate clearly all of the kinds of imports which you take into consideration, as to whether or not they include donations, ICA assistance, and other types of Government programs, and also how you calculate what their usual marketings of other commodities should be.

I would like you also to tell us in that connection how your determination of usual marketing differs from that used by CCC in arriving at usual marketings for barter purposes, so you can rationalize the making of a 480 agreement with the country, having determined for

your purposes that usual marketings have been complied with, when barter proposals for the same country are being turned down on the basis that there is no showing that usual marketings are being complied with.

I refer specifically to France.

(The information requested follows:)

#### HOW USUAL MARKETING REQUIREMENTS AND ADDITIONALITY REQUIREMENTS ARE DETERMINED

Public Law 480 directs that reasonable precautions be taken to safeguard usual marketings of the United States involving sales for foreign currency and barter of surplus agricultural commodities. In negotiating programs for the disposal of surplus agricultural commodities under title I sales agreements, appropriate assurance are obtained from participating governments that reasonable safeguards will be taken that such sales shall not displace U.S. usual marketings or be unduly disruptive of world prices or normal patterns of commercial trade with friendly countries. Similarly, in negotiating barter contracts, the Secretary of Agriculture is directed to take reasonable precautions to assure that barter does not replace cash sales for dollars or unduly disrupt world prices of agricultural commodities. Protection of usual marketings under title I is accomplished by requiring the importing countries concerned to maintain their usual commercial imports from the United States and other free world sources by establishing "usual marketing requirements."

These usual marketing requirements are determined on the basis of a representative historical period of from 3 to 5 years unless there are extenuating circumstances. The average annual commercial imports from the United States and from friendly countries during the historical reference period become the annual usual marketing requirement for title I agreements. Exceptions have been made where the importing country's foreign exchange position is so weak that it would be undesirable in terms of overall U.S. objectives to insist that a substantial part of its limited foreign exchange holdings be used to maintain usual commercial imports of food or fiber. Inasmuch as title I sales programs are government-to-government agreements, it is possible to protect commercial marketings under the procedure outlined above. If an importing (title I) country falls behind schedule in maintaining its commercial imports, purchase authorizations under title I are withheld until the commercial marketing requirements are fulfilled.

Title I sales agreements specify the minimum quantities that the importing countries agree to purchase as their usual marketing commitment.

We have signed agreements with France for the sale of cotton and tobacco under title I. All of these agreements provided for the purchase from the United States of specified amounts of these commodities (in addition to the title I amounts) as the usual marketing requirements. All of the French usual marketing requirements have been met except those in effect for the current period, and we have no reason to expect that these requirements will not be met within the specified period.

Department records do not show that any barter offers involving exportation of cotton or tobacco to France were rejected on the basis of inadequate assurance that such exports would be additional to usual marketings of United States. A number of such offers have been received and turned down for other reasons—such as that the material offered was not eligible for acquisition through barter, the price of the material offered was excessive, or the offeror failed to supply acceptable documentation regarding the auxiliary leg of a proposed multilateral transaction.

In contrast to title I, the barter program is conducted generally without government-to-government agreements; thus under barter it is not possible in most cases to employ the same type of devices which have been adopted to protect U.S. usual marketings in connection with title I sales transactions. Under the barter program, a country-by-country analysis is made of current economic and financial conditions and the country's record of dollar imports of U.S. agricultural commodities eligible for barter. In countries having a poor or fair financial position, no limitation is placed on barter transactions except in those instances where the country has a sizable record of dollar purchases from the United States. In such instances, bilateral or multilateral barter



transactions are required in lieu of usual marketing assurances on the basis that such transactions will maintain or expand the country's purchasing power. In countries in a relatively good financial position having a history of dollar imports from the United States, not only must the barter transaction be bilateral or multilateral but also the Department must reasonably satisfy itself that the proposed transaction will not result in replacement of dollar sales or unduly disrupt world market prices. Where such countries do not have a sizable record of dollar purchases of the agricultural commodity, the only limitation is that the barter transaction must be bilateral or multilateral. In those cases where the Department must be reasonably satisfied that a proposed barter will not replace dollar sales (additionality), the Department has established the following guidelines:

(1) In countries where a title I, Public Law 430 program exists, the Department attempts to reach an understanding with the importing country that any barter commodities would not apply against U.S. usual marketing requirements established under title I. The importing country is requested to notify its importers of this requirement which obviates the need for individual importer assurances. However, there are very few title I sales agreements with countries in relatively good financial positions.

(2) In cases where the government of the country importing barter commodities is in position to assure that such imports will not replace imports for dollars, documentation from the government of such country to this effect is obtained whenever possible. Such documentation is similar to a usual marketing requirement developed under a title I agreement.

(3) In cases where there are no title I agreements or where governmental assurances cannot be obtained, individual importers are invited to submit documentation demonstrating that barter imports will be additional to their regular dollar purchases from the United States. The documentation generally includes the importer's historical imports from the United States and other countries, quantities, exclusive of barter, that the importer has purchased and plans to purchase from the United States during the current year and reasons why imports under barter would be additional to imports for dollars from the United States. These data are evaluated by comparing them to the firm's past dollar purchases, the country's past dollar purchases, and the Department's estimate of the country's dollar purchases of the commodity in the current year. Such other factors as may be appropriate are also taken into consideration. In the case of wheat, additional consideration is given to preserving the normal trade patterns of wheat exporting countries signatory to the International Wheat Agreement.

As approved by the Additionality Committee on July 23, 1959.

Mr. HEIMBURGER. Will you give us a table showing the use to which these foreign currencies are put, what percentage of these foreign currencies we are receiving in payment for surpluses are actually being used or planned to be used to replace dollars which would otherwise be spent.

That is one of the questions asked every time the committee considers this matter, and we have never had any satisfactory figures on that.

Mr. IOANES. That would be otherwise spent by the U.S. Government?

Mr. HEIMBURGER. By the U.S. Government, that is right. How much of this soft currency is actually going to replace dollars which it would otherwise appropriate and spend.

Mr. MILLER. That is all uses, Mr. Heimbürger—foreign aid programs, military expenditures?

Mr. HEIMBURGER. All operations of title I. Don't get into ICA and the rest of it. Confined to all possible uses of title I currency.

Mr. O'LEARY. That involves the question of how much more money would have to be spent for defense purposes in Pakistan if we did not have the title I currency being used to support Pakistan forces. It involves how much larger would the mutual security program be in

many countries if we did not have title I funds to use for those purposes.

Mr. HEIMBURGER. I will leave up to you the criteria that you use in determining what is a saving of appropriated dollars. That is the reason we are asking for the information. We do not know the answer.

The CHAIRMAN. May I interrupt just a minute. What you must show is that the entire American economy profits by the use of these foreign currencies in places where we otherwise would spend dollars. Is that right?

Mr. HEIMBURGER. That is right. I do not mean a dollar saving necessarily to the Department of Agriculture.

(The information requested follows:)

#### DOLLAR SAVINGS RESULTING FROM PUBLIC LAW 480 OPERATIONS

During the recent hearing, the committee expressed an interest in the amount of dollar savings to the U.S. Government as a result of the availability of foreign currencies under title I of Public Law 480. There is no precise answer to this question. In the case of some currency uses dollar savings can be shown. In some instances indications of dollar savings can be shown but there is no statistical method or even a good basis for estimating the amount of such saving. And in still other cases there is no dollar saving. The difficulty in answering this question stems basically from the difficulty of coming to a judgment as to how much additional dollar funds executive agencies of the Government might have requested and the additional amount of dollar funds that the Congress would have provided in the absence of the availability of foreign currencies. Take, for example, the use of foreign currencies under section 104(a) of title I of the act. Funds are provided under this subsection for use in agricultural market development abroad. Prior to the availability of the funds under this subsection, this Department carried on market development activities through the use of section 32 funds allotted by the Secretary of Agriculture. The amount of funds requested for this purpose and for payment of agricultural attaché expenses during the current fiscal year is \$7,442,000.

The law requires that a minimum amount of 10 percent of foreign currency proceeds under each agreement must be made available for sale by the Treasury of the United States unless this requirement is waived by the President. As of June 30, 1959, a total of \$566.7 million had been made available for such sale under this subsection. As of May 31, 1959, Treasury sales had amounted to \$295 million. These dollars are returned to the Commodity Credit Corporation. The amount returned may be less than the amount sold by the Treasury, due to exchange losses. In a strict technical sense these are not dollar savings to the entire U.S. Government but they certainly are dollar savings to the Commodity Credit Corporation since the return decreases the need for appropriations by the Congress to the Corporation to restore its capital structure.

There are potential dollar savings to the Defense Department as the result of Public Law 765, 83d Congress, as amended, which authorizes the use of not in excess of \$250 million worth of foreign currencies generated by title I or other transactions of the Commodity Credit Corporation for the construction, rent, or other acquisition of U.S. military family housing and related community facilities in other countries. This legislation provides that CCC shall be reimbursed from appropriations otherwise available for the payment of quarters allowances to the extent the housing is occupied. As of March 31, 1959, \$110.9 has been allocated for the construction of 6,775 housing units utilizing title I foreign currencies, of which 1,511 units have been completed and occupied in the United Kingdom and 1,582 almost completed in Spain and 1,313 in Japan. An additional 140 units are under construction in Morocco, 493 in Italy, and 819 in the United Kingdom. Initially, the Defense Department attempted to use foreign currencies obtained under this authority for the entire cost incurred in obtaining housing abroad. It was possible to do so in some instances but not in others. The Defense Department has been authorized to use appropriated dollars together with foreign currencies in their family housing program abroad. Such dollar use is limited to 25 percent of the total cost of the project. It is assumed that the housing is only being obtained in those areas where the Defense Department



has an essential requirement they would otherwise have to meet if foreign currencies were not available. Therefore, it is entirely probable that the Defense Department would have had to increase its dollar appropriation requests for military family housing abroad if foreign currencies were not available to them.

Another use of foreign currencies accruing from title I, Public Law 480 sales that has some attributes of dollar saving is to procure military equipment, materials, facilities, and services for the common defense. This use is handled as a grant under section 104(c). A total of \$279 million equivalent in foreign currencies has been used or set up for use for this purpose since the beginning of operations under title I. If these funds had not been available for this purpose some portion of this amount might have been required from dollar appropriations. This, however, would be contingent upon the priority of the program when viewed in terms of worldwide objectives of the mutual security program.

For other uses of foreign currencies accruing from title I, Public Law 480 sales it is equally difficult to state to what degree dollar savings have been achieved. Loans and grants of foreign currencies for economic development make an important contribution to the economy of the countries and to U.S. foreign policy interests. It is not possible, however, to make a reliable estimate of the amount of additional dollar appropriations which would have been required or made had these foreign currencies not been available for these purposes. The same is true for other uses of the currencies which are authorized by Public Law 480, such as international educational exchange activities. Availability of foreign currencies for the purposes authorized by the law permits the conduct of very useful and effective programs of great interest to the U.S. Government and to the governments of countries where these programs are undertaken. Again, however, it is not possible to say to any reliable degree to what extent dollar appropriations might have been made to conduct these programs if foreign currencies resulting from sales under Public Law 480 had not been available.

Mr. HEIMBURGER. To get back to the subject Mr. Cooley was talking about just a moment ago, suppose that under a title I sale an exporter in this country—and let us use cotton just as an example—a cotton exporter in this country makes a sale under one of your title I agreements and purchase authorization. He makes this sale to a subsidiary or a branch of that same firm in the purchasing country. For some reason—and one reason might be that that country has a freeze on the export of its currency earned in that country, or another reason might be that there is a substantial difference between the exchange rate in your Public Law 480 agreement and the actual street rate in the foreign country—the subsidiary or branch of this exporter in the foreign country has a substantial amount of the currency of that foreign country which it wants to convert into dollars, but cannot because of certain restrictions. Suppose this exporter under the title I agreement certifies to you that he has exported X number of bales of cotton with a value of \$150 a bale, for which he will receive reimbursement. Suppose he has actually exported cotton of a value of \$125 a bale—in other words, a lower grade cotton than the manifest calls for. Obviously there will not be any complaint from the branch office in the purchasing country because the net effect of that will be to move foreign currencies from that country to the United States for redemption in dollars at the rate stipulated in the agreement.

My question is, What procedure for check do you have on the quality of the cotton shipped and the quality of the cotton actually received to prevent that sort of thing from taking place?

Mr. O'LEARY. You want that answered for the record, do you not?

Mr. HEIMBURGER. Yes.

(The information requested follows:)

Where it is indicated that sales may be made by a U.S. exporter to an importer who is also an affiliate of the exporter, special provisions have been provided

in the purchase authorization. The purchase authorization provides for documentation of the initial purchase price of the commodity, the actual or average cost of any processing and handling, and any markup regularly charged. As to actual or average costs of any processing or handling and any markup regularly charged by such an affiliate, CCC has the right under the purchase authorization to require the affiliate to substantiate its costs and markup and to audit its books and records in this regard.

Title I regulations currently are being revised. The revised regulations will provide that the special provisions referred to above will automatically become part of each purchase authorization.

In connection with the discussion of price review and profits of U.S. exporters, the Department is furnishing a list of claims undertaken as a result of price review.

The list shows claims for excessive price and excessive or improper commissions, listing the U.S. supplier, the amount, nature of the claim, and disposition of the claim. This information was furnished to the Governmental Operations Subcommittee as reflects operations through January 30, 1959.

*Claims for excessive price and excessive or improper commissions under title I,  
Public Law 480*

Name	P.A. No.	Amount	Nature of demand	Disposition
WASHINGTON				
Interoceanic Commodities Corp.	14-01-OT	\$1,949.65	Improper commission	Collected.
Liggett & Myers Tobacco Co.	25-19	10,330.00	Excessive sales price	On hand.
Do.	25-19	2,730.00	do.	Do.
Do.	25-19	6,840.00	do.	Do.
Do.	25-19	8,000.00	do.	Do.
Do.	40-18	15,936.75	do.	Do.
Do.	40-18	10,651.75	do.	Do.
Do.	40-18	3,252.75	do.	Do.
P. Lorillard Co.	25-19	4,600.00	do.	Do.
Do.	25-19	9,395.00	do.	Do.
Do.	25-19	1,820.00	do.	Do.
Do.	25-19	7,280.00	do.	Do.
Philip Morris, Inc.	25-19	12,619.54	do.	Collected.
Do.	25-19	5,463.00	do.	Do.
Do.	25-19	3,591.65	do.	On hand.
Do.	25-19	11,933.22	do.	Do.
Do.	40-18	904.65	do.	Do.
R. J. Reynolds Tobacco Co.	25-19	2,730.00	do.	Do.
Do.	25-19	455.00	do.	Do.
Do.	40-18	308.95	do.	Do.
CINCINNATI				
Barns & Koppstein, Inc.	15-24	566.80	do.	Do.
Do.	15-24	270.98	do.	Do.
Do.	15-24	270.98	do.	Do.
Do.	15-24	270.98	do.	Do.
Do.	15-24	270.98	do.	Do.
California Date Growers Association.	40-11	100.00	Improper commission	Collected.
Consolidated Dairy Products	42-04	1,755.23	Excessive sales price	On hand.
Do.	42-04	2,574.66	do.	Do.
Do.	42-04	1,517.13	do.	Do.
Do.	42-04	616.86	do.	Do.
Do.	42-04	773.75	do.	Do.
Do.	42-04	1,192.49	do.	Do.
Do.	42-04	1,653.60	do.	Do.
Do.	42-04	797.10	do.	Do.
Do.	42-04	1,146.25	do.	Do.
Do.	42-09	1,313.51	do.	Do.
Do.	42-09	1,330.88	do.	Do.
Do.	42-09	827.51	do.	Do.
Do.	42-09	2,097.00	do.	Do.
Do.	42-09	763.50	do.	Do.
Do.	42-09	1,674.75	do.	Do.
Do.	42-09	1,769.37	do.	Do.
Do.	42-09	1,033.25	do.	Do.
Do.	42-09	1,382.63	do.	Do.
Do.	42-09	795.45	do.	Do.
Do.	42-09	2,386.35	do.	Do.
Do.	42-09	1,060.60	do.	Do.
Do.	42-09	7,424.20	do.	Do.
Do.	42-09	3,147.33	do.	Do.



*Claims for excessive price and excessive or improper commissions under title I,  
Public Law 480—Continued*

Name	P.A. No.	Amount	Nature of demand	Disposition
CINCINNATI—CONTINUED				
California Packing Corp.	40-06	67.24	Improper commission	Collected.
Foremost International Dairies	37-06	664.04	do	Do.
June Dairy Products Co.	37-06	90.72	do	Do.
Do	37-06	79.80	do	Do.
Nestle's Products (Export), Inc.	15-24	673.73	Excessive sales price	On hand.
Sunkist Growers	40-05	50.00	Improper commission	Collected.
World Over Export Trade Corp.	15-03	1,666.72	Excessive sales price	Withdrawn.
DALLAS				
Balfour Guthrie & Co.	29-01	15,292.75	do	Withdrawn.
Do	29-01	6,265.85	do	Do.
Do	29-01	1,552.77	do	Do.
Do	29-01	862.45	do	Do.
Do	29-01	12,964.02	do	Do.
Do	29-01	532.81	do	Do.
Bernadine Shipping Co.	29-01	261.77	do	Do.
Bunge Corp.	13-01	4,239.14	do	Do.
Do	13-01	2,469.39	do	Do.
Do	13-01	8,725.21	do	Do.
Do	29-01	1,274.12	do	On hand, adjusted to \$432.18.
Do	29-01	1,885.46	do	On hand, adjusted to \$1,207.31.
Do	25-05	8,228.30	do	Withdrawn.
Do	29-01	794.27	do	On hand.
Do	25-05	11,794.08	do	Withdrawn.
Do	25-05	11,794.08	do	Do.
Do	29-05	2,707.21	do	Adjusted to \$2,026.61 and collected.
Cargill, Inc.	26-06	21,067.20	do	Withdrawn.
Do	26-06	17,232.32	do	Do.
Do	10-14	24,466.99	do	Do.
Continental Grain Co.	26-01	17,462.70	do	Do.
Do	26-01	29,500.00	do	Do.
Do	26-01	41,157.08	do	Do.
Do	26-01	23,649.43	do	Do.
Do	26-01	19,706.00	do	Do.
Do	16-11	6,866.05	do	Do.
Do	16-11	1,323.91	do	Do.
Do	16-11	11,701.20	do	Do.
Do	16-11	13,239.07	do	Do.
Do	10-14	22,491.45	do	Do.
Do	13-06	50,323.65	do	Do.
Louis Dreyfus Corp.	26-06	6,068.16	do	Do.
Do	26-06	1,926.40	do	Do.
Do	25-05	5,445.73	do	Do.
Do	28-06	36,305.69	do	Do.
Do	28-06	27,008.80	do	Do.
Do	39-15	12,397.00	do	On hand.
Garnac Grain Co.	26-01	4,000.00	do	Withdrawn.
Do	26-01	4,000.00	do	Do.
Do	26-01	8,000.00	do	Do.
Do	26-01	3,600.00	do	Do.
Do	26-01	3,600.00	do	Do.
Do	26-01	2,800.00	do	Do.
W. R. Grace & Co.	25-11	1,167.31	do	Do.
Do	25-11	1,129.64	do	Do.
Interoceanic Commodities Corp.	35-01	26,035.52	do	Do.
Sinason-Teicher (Inter-American Grain Co.).	32-05	37,051.97	do	Do.
Smith-Murphy Co., Inc.	29-01	31,170.41	do	Do.
EVANSTON				
Bunge Corp.	41-09	1,966.29	do	Do.
Grange League Federation	40-15	2,331.00	do	On hand.
Do	40-15	2,008.00	do	Do.
Do	40-15	873.48	do	Do.
Iceland Cooperative Society	40-16	1,070.28	do	On hand, adjusted to \$384.06.
Do	40-15	2,270.57	do	On hand.
Do	40-15	72.17	do	Do.
Do	40-15	2,555.78	do	Do.
Do	40-15	281.98	do	Do.
Do	40-15	159.26	do	Do.
Do	40-15	1,946.71	do	Do.
Do	40-15	60.82	do	Do.

*Claims for excessive price and excessive or improper commissions under title I,  
Public Law 480—Continued*

Name	P.A. No.	Amount	Nature of demand	Disposition
<b>KANSAS CITY</b>				
Cargill, Inc. ....	17-37	2,916.67	Excessive sales price	Withdrawn.
Do. ....	17-37	1,385.33	do	Do.
Continental Grain Co. ....	10-19	447.93	do	Do.
Do. ....	39-04	12,320.00	do	Do.
Do. ....	39-04	485.33	do	Do.
Do. ....	39-06	19,424.24	do	Do.
Do. ....	15-21	1,470.00	do	Do.
Do. ....	39-06	19,198.67	do	Do.
Do. ....	39-06	22,628.67	do	Do.
Louis Dreyfus Corp. ....	39-06	16,332.40	do	Do.
Do. ....	39-06	16,492.00	do	Do.
East River Sales Corp. ....	34-02	20.00	do	Collected.
Interoceanic Commodities Corp. ....	17-37	5,538.87	do	Withdrawn.
Do. ....	17-37	2,096.56	do	Do.
Pillsbury Mills, Inc. ....	34-10	1,805.00	do	Do.
<b>PORTLAND</b>				
Bunge Corp. ....	24-22	6,158.52	do	On hand.
Dalichi Bussan Kaishs, Ltd. ....	22-02	7,530.10	do	Withdrawn.
Do. ....	22-02	8,932.99	do	Do.
Do. ....	22-11	13,004.80	do	On hand.
Do. ....	22-14	29,933.87	do	Do.
Louis Dreyfus Corp. ....	24-15	18,491.20	do	Withdrawn.
Do. ....	24-15	11,658.65	do	Do.
Do. ....	39-01	18,565.12	do	Do.
International Dairy Engineering Co. of Asia. ....	23-03	1,320.69	do	Collected.
Do. ....	23-03	862.67	do	On hand.
Isbrandtsen Co., Inc. ....	39-01	4,451.13	do	Withdrawn.
Kanomatsu New York, Inc. ....	22-02	10,140.48	do	Do.
Pacific Vegetable Oil Corp. ....	24-14	1,414.98	do	Do.
Robin International, Inc. ....	39-01	313.34	do	Do.
Do. ....	39-01	5,502.00	do	Do.
Do. ....	39-01	6,588.74	do	Do.
Do. ....	39-01	1,255.61	do	Do.
Do. ....	39-01	16,983.53	do	Do.
Do. ....	39-01	2,362.50	do	Do.
Do. ....	39-05	62,567.80	do	On hand.
Seed & Feed Corp. ....	34-04	36,086.38	do	Withdrawn.
Tricarri Grain Corp. ....	39-01	746.67	do	Do.
Uhlmann Elevator Co. of Texas. ....	39-05	38,826.29	do	Do.
Tricarri Grain Corp. ....	39-01	485.33	do	Do.

Mr. HEIMBURGER. Just one more question, and I would like an answer now on this one, Mr. Chairman.

I am not asking you for a policy determination, but for an answer from the technical standpoint.

If Congress were to authorize the commitment of more than \$1.5 billion in the title I program for the upcoming year, in your opinion, could you use it properly?

Mr. MILLER. As of this time, it is our considered opinion that we could not.

Mr. HEIMBURGER. Thank you.

The CHAIRMAN. Any further questions?

Mr. McINTIRE. Just one short question, Mr. Chairman.

Mr. Miller, in table 10 of this report, "Selected data, and so forth," on page 8, I notice that 1.4 percent of the total foreign currencies accumulated under title I has gone into market development programs. My offhand observation is that it is low.

I noticed in your statement that we have now reached the point where there is some 21 different ways to use this money.

Have you any suggestion as to how we could appropriately strengthen your hand in bargaining for the use of this money to get



a greater use in the market development area? It seems to me if there is one area where we could get some real long-term benefit out of this program, this is one of the areas. I realize there are others, but it seems to me you ought to get more money there.

I realize you have negotiating problems. Whether you do it now or some time later, I, for one, would be interested in exploring how we may improve your bargaining in this area, if you feel there is any necessity for it.

Mr. MILLER. Mr. McIntire, we appreciate your interest in this field. There are not unlimited avenues to which we can put moneys to use for market development. We always feel maybe we would like to have more at certain times, and in certain instances for certain programs, but we feel that we have sufficient latitude within our present authorization to negotiate, and that we are getting, so to speak, our fair share.

We would like to evaluate your offer of assistance, and, if we can explore and find a need for any assistance which this committee might give us, we would like to reserve the right to come back and ask you for that assistance some time in the future.

As of this time, we feel that we have full authority and ample opportunity to negotiate for a fair and reasonable amount of money.

Mr. STUBBLEFIELD. Mr. Chairman, I have just one short question.

Would American investors in cotton operations, say, in Mexico, be interested in U.S. cotton being maintained at a high level of price?

Mr. MILLER. You are speaking now of a high support level for cotton, Mr. Stubblefield?

Mr. STUBBLEFIELD. I am saying, there is a considerable investment of U.S. dollars in Mexican cotton. Would those who have that investment in Mexico be interested in maintaining a high level of price of U.S. cotton?

Mr. MILLER. I would say it is only a logical conclusion to draw, Mr. Stubblefield, that a company or individual, for that matter, having interests outside the United States would expect to make a profit from raising cotton on those interests. I have reason to believe it would be to his advantage to have cotton as high as possible in the United States and, as a result——

Mr. STUBBLEFIELD. He could move his better.

Mr. MILLER. He could move his cotton in the world market. It would also be to his interest, I think, to see that the export price of the American cotton be maintained as high as possible.

Mr. STUBBLEFIELD. I referred to export price.

Mr. MILLER. I think you are right. That is a logical conclusion that one could draw.

(The following data was submitted by the Department of Agriculture:)

#### PENDING REQUESTS FOR TITLE I, PUBLIC LAW 480 PROGRAMS

There are three requests pending (as of July 14, 1959) for title I, Public Law 480 programs. All of these requests were received during the past few days and are now being processed within the Department of Agriculture. It is estimated that the market value of the commodities to be included in these programs will total about \$60 million.

In addition to the three country programs now being developed, there are seven proposed title I agreements now in negotiation. The market value (including some ocean transportation costs) of the commodities in these seven programs total \$359 million. Barring unforeseen difficulties these proposed agreements should be signed soon.

Information with regard to pending barter offers is being furnished each month to the chairman of the Committee on Agriculture as requested in his letter of October 7, 1958.

The CHAIRMAN. We thank you gentlemen very much for coming here, and the hearing is now adjourned until 10 o'clock tomorrow morning.

(Whereupon, at 4:50 p.m., the committee adjourned, to reconvene at 10 a.m., Wednesday, July 15, 1959.)





## EXTENSION OF PUBLIC LAW 480

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WEDNESDAY, JULY 15, 1959

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, D.C.*

The committee met pursuant to recess at 10:10 a.m., in room 1310, New House Office Building, Washington, D.C., Hon. Harold D. Cooley (chairman) presiding.

The CHAIRMAN. The committee will please be in order.

We are delighted and honored to have with us this morning our former distinguished colleague, who for many years presided over the sessions of this committee. [Applause.]

He has made many contributions to the welfare of agriculture. I know of no man with whom I have served during the past 25 years who was more devoted to the cause of agriculture than perhaps Cliff Hope, and who, I suppose, sponsored as much legislation as any man who ever served on the committee. He has assured me that he has, as usual, this morning all of the answers to the problems. [Laughter.]

I do want to tell you on behalf of all of your colleagues on the committee that we are extremely delighted to have you with us; and feel free to speak out and tell us what you think we ought to do.

### STATEMENT OF CLIFFORD R. HOPE, PRESIDENT, GREAT PLAINS WHEAT MARKET DEVELOPMENT ASSOCIATION, GARDEN CITY, KANS.

Mr. HOPE. Mr. Chairman and members of the committee, it certainly is a very great pleasure to me to be back here occupying an unusual position for me in the committee room, that is, on the witness stand. I appreciate your very gracious words of welcome. You certainly make me feel at home. And there is no group that I can think of that I would rather appear before than this committee. I am sure that all of the old members of the committee realize the deep affection that I have for all of them. I haven't met all of the new members, but I feel the same way toward them because I am sure from their association with you that they are the same kind of people that I worked with when I was on the committee.

I have a rather long statement this morning, and if I take too much time just give me the signal and I will try and shorten it up.

The CHAIRMAN. Do not worry about the time. You may take all of the time you need.

Mr. HOPE. Thank you very much.

Mr. Chairman, I am grateful for the opportunity to appear before this committee today and I especially want to thank you for arranging



to hear me at a time which suited my convenience perhaps more than it did your own. I know this week has been set aside to hear the Government departments. I appreciate your willingness to change the schedule to hear me at this time.

Public Law 480 is, as I am sure every member knows, a very complex piece of legislation. There are a number of aspects to it which are well set out in the statement of policy. Certainly market development is one of the most important if not the most important activity provided for in this legislation, and this is indicated by the title "Agricultural Trade Development and Assistance Act of 1954." What I would like to do today is to tell you what is being done by an organization of wheatgrowers in the field of market development. Public relations of farmers being what they are, there are some people who have the idea that wheat farmers are sitting idly by watching the surpluses accumulate and doing nothing about it. I could take considerable time in refuting that idea but will content myself by pointing out what wheat farmers in the Great Plains area are actually doing under the market development program set up under Public Law 480.

I might say that what I am saying about wheat farmers in the Great Plains area also applies to wheat farmers in the Pacific Northwest area and to even a greater degree perhaps, because they got into this picture before we did, and I ask permission that at the conclusion of my statement I may submit a statement on behalf of the Western Wheat Associates, which is the regional organization for market development among the wheatgrowers in the Pacific Northwest.

The CHAIRMAN. You may have that permission.

Mr. HOPE. I would like to urge that the committee give very close attention to that statement because it recites the record of market development, which I think is quite remarkable. They have had several years' experience; we have had much less. I believe it would be of interest to the committee to learn of the progress which has been made by the Pacific Northwest wheatgrowers along this line.

I am appearing here as president of the Great Plains Wheat Market Development Association, Inc. This is a grassroots organization set up by wheat farmers in the Great Plains States. We are a nonprofit corporation and our principal office is located at Garden City, Kans., in the very heart of the Hard Red Winter Wheat Belt. We also have an office in Washington, with Mr. Lester L. Mort in charge.

This organization was set up by the Kansas Association of Wheat Growers, the Kansas Wheat Commission, the Nebraska Wheat Growers Association, the Nebraska Wheat Commission, and the Colorado Wheat Administrative Committee, which has the functions of both a State wheat growing organization and a wheat commission. It opened its office at Garden City on January 1, 1959. Its governing body is a board of directors composed of members of the organizations which I have just mentioned. Its sole source of funds is from the wheat farmers of the three States. In each State a small tax (2 mills per bushel in Kansas, 2½ mills in Nebraska, and 4 mills in Colorado) is levied by law. The expenditure of these funds is in the hands of the State wheat commissions in Kansas and Nebraska and the Colorado Wheat Administrative Committee in Colorado. Our association receives its funds under contractual ar-

rangements with these agencies, based upon project agreements worked out between the association and the agencies.

At this point I would like to say that while only three of the Great Plains States are members of our organization at the present time, we have a close relationship with wheatgrowers organizations in other Plains States. We anticipate all of them will have wheat commissions and funds for market development within the next 2 or 3 years and be in a position to join our organization. We also enjoy friendly relations with Western Wheat Associates and are engaged in a joint project with them in New Delhi, India.

The Great Plains Wheat Market Development Association has broad powers to carry out a program of market development embracing foreign markets, domestic markets, and new uses, and also included in its activities are the improvement of transportation rates and facilities, economic and statistical research, and public relations.

Our foreign marketing activities which at the present time are by far the major part of our operation are carried out as a cooperator with the Foreign Agricultural Service of the Department of Agriculture. We have the benefit of the experience and facilities of the Foreign Agricultural Service, including its marketing specialists and technicians, and work closely with the splendid corps of agricultural attachés which has been built up in recent years. The expenses of our foreign market development program is shared between the Foreign Agricultural Service and ourselves. We put up what is required in the form of dollars and the Foreign Agricultural Service supplies foreign currency which has been assigned to it for market development to cover all expenditures where foreign currency can be used.

We are a service organization not primarily concerned with legislative matters, but in view of our activities in market development we are vitally interested in the extension of Public Law 480 and believe that this extension should be for a substantial period with the power to make agreements with other nations for periods of 5 years or more.

Since my principal purpose in appearing here is to discuss market development, I believe I can best do this by relating the experience of our organization up to date and telling what we hope to do if the program is continued.

Now may I proceed to discuss as briefly as I can what we have done and are doing in the field of wheat marketing activities. In doing this I shall go back to the activities of our constituent organizations which were begun first by the State of Nebraska which established a wheat commission in 1955, then jointly by Nebraska and Kansas, which latter State established a commission in 1957, and then by Colorado, Kansas, and Nebraska, after the Colorado Wheat Administrative Committee was set up in June of 1958. These activities were carried out under contract with the Nebraska Wheat Growers Association. As already stated, our organization took over on January 1, 1959.

#### FOREIGN OFFICES

Our office in Rotterdam was formally opened in January 1959 although Harvey E. Bross, its director, reached Rotterdam in September 1958 and our activities date from that time. In March 1959 Earl Lester of Nebraska joined Mr. Bross as assistant director. The



area covered is all of Western Europe. Our South American office is located in Lima, Peru. Jack L. Smith of Oregon is director. He has been in Lima since January 1959. The area served includes all of South America except Venezuela. The Millers National Federation is associated with us in the operation of this office. We have in contemplation opening an office during the present fiscal year in the Caribbean area which will include Venezuela, Central America, and Caribbean islands. This spring a survey team consisting of a representative of Foreign Agricultural Service and a representative of our organization was sent to Africa to explore wheat marketing possibilities there. The formal report of this wheat survey team has not yet been filed but if conditions and prospects justify it we will give early consideration to the establishment of an office on that continent. In Asia we are associated with Western Wheat Associates in an office at New Delhi covering India and Pakistan. Consideration is now being given to opening a new joint office in Pakistan.

#### FOREIGN SERVICE ACTIVITIES

European office: It may be of interest to describe the activities being carried on in our foreign offices. They are new. The work of establishing them has been considerable and the Lima office has not yet been formally opened. However, we feel much has been accomplished.

Rotterdam is the commercial center of Western Europe and an excellent location for our office. Mr. Bross and Mr. Lester have put in much hard work in getting the office organized and in making contacts with government officials, millers, bakers, representatives of the grain trade as well as the consumer organizations in the countries served by this office. They have worked with our agricultural attachés in each country, have participated in the selection of trade teams to come to this country, and have made many connections which we are sure will be helpful in developing markets.

One of the projects which we have just started in Western Europe is to take samples of all cargoes of wheat coming to Western Europe for a period of 3 months and possibly representative samples for sometime thereafter. This work will be supervised by an experienced cereal chemist who has been made available by the Department of Agriculture. We feel the results of this sampling program will be invaluable in giving us an idea of the kind and quality of wheat now coming to Western Europe and its place of origin. We believe that Great Plains wheat has no peer in the world as far as baking quality is concerned and that this survey will show whether our customers in Europe are getting the quality of wheat which they desire and how our shipments compare with those from other countries in this highly competitive business.

In September we will send a well-known American cereal chemist to the Rotterdam office for the purpose of working with millers who desire to learn of the quality of Great Plains wheat and the specifications which they should use in ordering the kind of wheat which they need to produce a high quality flour when blended with locally produced wheat.

We are also arranging to send a home demonstration agent from this country to the Rotterdam office for the purpose of working with consumers in nutrition demonstration and educational projects in Western Europe.

Another project contemplates bringing a young milling engineer from Portugal to attending the Milling School at Kansas State University. Our agricultural attaché in Portugal has recommended this project most highly. Our relations with the millers and Government officials in Portugal at the present time are on an excellent basis and we feel that this educational project will help bring about an even better understanding.

We expect to further augment our staff in Rotterdam by the addition of a man experienced in the international grain trade who can work with grain dealers, handlers, and millers in Western Europe with a view of ascertaining ways and means of improving trade relations and how to come more nearly giving purchasers what they want in the way of service and quality.

South American office: Jack Smith, our South American representative, arrived in Lima with his family in January. Starting from scratch he had many problems to be overcome. These problems have been met. We have a well-established office and are very much in business. In the meantime Mr. Smith in company with Marx Koehnke of our foreign marketing office has made a 2-months trip covering Colombia, Ecuador, Chile, Argentina, and Brazil. This trip put him in touch with the people with whom he will be working in market development projects involving our agricultural attachés, government agencies, and those engaged in the grain, milling, and baking business.

One project which we are starting in Brazil immediately is the collection, for a period of 3 months, of samples from all imports of wheat received in Rio de Janeiro. These samples will be inspected, graded, and analyzed for quality according to U.S. grain grading standards. The results with information as to specification, price, and freight will be used to determine the comparative value and quality of shipments to Brazil from various countries. This trial will serve as a basis for establishing a permanent grading and inspection service at the present time.

We also expect to start a nutrition program in Brazil beginning about September 1. This will include nutrition demonstrations, training of local technicians, testing methods of food preparation, preparation of recipes, preparation of various types of nutrition education material for schools and adult education including folders, bulletins, et cetera, development of programs, writing of scripts, and presentation of radio and television broadcasts.

This program will be in charge of a competent home economist and nutritionist who speaks and writes Portuguese fluently and will be carried out in connection with a Brazilian technical agricultural institute and a school of home economics.

Another important project is to train personnel in Peru and other South American countries in inspecting and grading wheat and testing wheat samples for quality factors. This activity will be carried out in connection with the Peruvian Agricultural Research Agency and the Wheat Testing Laboratory at La Molina.



A part of this program will be the training in the United States of an employee of the Peruvian Agricultural Research Agency, in the United States for a period of 3 months. This employee is at present in the United States with the Peruvian wheat team and with the departure of the team will receive specific training in grain grading and inspection with the U.S. Department of Agriculture.

We regard the projects mentioned as only a beginning and expect to begin others as plans can be worked out and funds become available.

As soon as possible we want to put a second man in the Lima office.

New Delhi office: I have already referred briefly to our joint activity in New Delhi with Western Wheat Associates and the contemplated opening of an office in Pakistan. There are opportunities in both countries for numerous effective market development projects and as time goes on they will undoubtedly be instituted.

Just this month a sampling and inspection project similar to those just getting underway in Europe and South America is being started in India with Mr. J. H. Shollenberger in charge.

#### TRADE TEAM ACTIVITIES

Turning now from our oversea offices I want to briefly report on what I think has been our most significant and fruitful activity to date. That is the visits of trade teams from various wheat importing countries.

Trade team activities antedate the formation of our organization by more than 2 years. The first was the Italian wheat delegation brought over by the Nebraska Wheat Commission in the fall of 1956. In 1957 two delegations came over, a wheat delegation from Greece and a technical pasta mission from Italy.

I might say that all of these delegations, of course, are brought over in connection with the Foreign Agricultural Service Administration. It is a joint program. They put up whatever is necessary in the way of foreign currency and we take care of the dollar expenditure.

In 1958 there were five delegations as follows: Finland, Brazil, India, Colombia, Portugal, and two buyers for important English flour mills of which I will have more to say hereafter.

This year we have five delegations which are coming over on our invitation, and may possibly have one or two more. These teams are the German which has been here and gone, the Netherlands which is winding up its trip in Washington today, the Peruvian and the Belgian teams, both of which are in the country at this time, and the Pakistanian team which will arrive on July 21 and spend some time in the Pacific Northwest before coming to the Great Plains area.

These teams are composed of millers, bakers, government officials, and in some cases farmers and consumers. Their members are carefully chosen by our agricultural attachés and the head of our office in the area from the groups which we feel should be represented. Some idea of the type of personnel who come may be gained by referring to the teams from Netherlands and Peru. The Netherlands team consists of Mr. G. A. I. Wijne, adjunct director, Marketing Board for Grains, Seeds and Pulses; Mr. C. J. Ulrich, vice president, Netherlands Bakery Foundation; Mr. H. Boeve, secretary, Dutch Millers Organization; Mrs. Elizabeth A. Schadee, chairman, Neth-

erlands Consumers Association; and Mr. B. J. Lequin, adjunct manager, Cooperative Mills. The Peruvian team is as follows: Mr. Jorge Bellido, vice president, Peruvian Agricultural Bank (he is the agricultural representative); Mr. Angel Hernando, president, Bakers Association of Lima; Mr. Fernando Reyes, president, Bakers Association of Callo; Mr. Miguel Rasic, manager, Nicolini Flour Mills; Mr. Armando Cabanillas, general secretary of the Bakery Labor Union; and Mr. Alfonso Quevedo, agricultural engineer, LaMolina Experiment Station. It will be seen from these lists that the men and women composing these teams are of the highest caliber and people of substantial standing and influence in their own countries particularly with respect to the importation, processing and consumption of wheat. Government officials are always included because in practically all importing countries there are controls of one kind or another on wheat imports.

In addition to these teams which are formally invited and the expense of whose members is fully paid from the time they leave home until they return we have had the pleasure of escorting numerous other individuals and groups who come to this country on their own initiative or on other missions and who were interested in learning more about Great Plains wheat, its production, transportation, marketing, and processing together with its most effective use.

Among some of the groups which have visited our area in 1959 and which have been the guests of our organization or its State affiliates are the following:

#### A GREEK TECHNICIAN DELEGATION ON GRAIN STORAGE AND MARKETING

Miss Maria Papanastassiou, Greek Ministry of Commerce, April 1959; Mr. Nicholsos Zanglis, Greek Ministry of Commerce, April 1959; Mr. Spyridon Sgouros, Greek Ministry of Commerce, April 1959.

West German group, May 16-17 guests of Colorado Wheat Administrative Committee; May 18-19 guests of Nebraska Wheat Commission and Nebraska Wheat Growers Association.

Dr. Theodore Sonneman, Deputy Minister of Food and Agriculture; Mr. Edmund Rehwinkel, president, German Farmers Union; and Dr. W. Shoel, agricultural secretary, German Embassy, Washington.

Foreign agricultural specialists, who serve as assistants to the U.S. agricultural attachés in their native countries; June 11-16, guests of Nebraska Wheat Commission; June 16-18, guests of Kansas Wheat Commission.

Mr. Willem J. Sevenster, agricultural assistant, Pretoria, Union of South Africa; Mr. Tomitoro Sutani, agricultural specialist, Tokyo, Japan; Mr. William A. H. A. Luykx, senior agricultural assistant, The Hague, Netherlands; Mr. Bhorndchai Kunalai, agricultural specialist, Bangkok, Thailand; Mr. Andre G. dePauw, senior agricultural assistant, Brussels, Belgium; and Mr. Uldarico A. Diaz, senior agricultural economist, Bogota, Colombia.

Two grain officials from Argentina in United States to attend Wheat Utilization Committee of Food for Peace program.



Mr. Ricardo Jurro, assistant manager, Argentine Grain Trade and Inspection Service; Mr. Federico G. Dussel, technical manager, National Grain Board.

June 24-26, guests of Kansas Wheat Commission; June 26-28, guests of Colorado Wheat Administrative Committee.

Mr. H. Tokoro, wheat expert, Japanese Embassy, Washington, D.C., Colorado and Nebraska, July 12-21.

Expected in near future are: Mr. Ole Nordstad, State Grain Corp., Oslo, Norway; Mr. Alberto Moons, manager, Gramoven Mills, Caracas, Venezuela; and Mr. M. S. Ram director of the India supply mission.

#### TRADE FAIRS

Now let me refer briefly to the other principal activity up to date of our organization and its State affiliates, namely, trade fairs.

Probably most of us in this country do not realize the commercial importance which is placed on trade fairs in many parts of the world. I know I did not. Since our organization has gotten into market development work we have learned of the vast amount of business direct and indirect which flows from these fairs, many of which go back through the centuries.

In 1957 and 1958 our State affiliate organizations participated in the following trade fairs:

Anuga—Fine Foods International Trade Fair, Cologne, Germany, September 28 through October 6, 1957.

Brazil Food Exposition, Sao Paulo, Brazil, July 5 through August 3, 1958.

British Food Fair, London, England, August 27, through September 12, 1958.

International Fall Fair, Vienna, Austria, September 7-14, 1958.

International Food Fair (IKOFA), Munich, Germany, September 25 through October 5, 1958.

This year we have just finished participation as a part of the American exhibit at the Fine Foods Fair at Lausanne, Switzerland, which ran from June 13 to 28. We plan to participate also in the Femina Fair, Rotterdam, September 13 to 24; the Cologne Fair, September 26 to October 4; and the Lima Fair, October 1 to 18. In connection with Western Wheat Associates we expect to participate in the New Delhi World Agricultural Fair, December 11, 1959, to February 14, 1960. This will be one of the most important fairs to be held during this year and in view of our step-up in activity in India we want to make the most of it.

In order to make the best possible showing at these important trade fairs we have placed Mr. William H. Crotinger on our staff as trade fair manager. Mr. Crotinger has just returned from Lausanne where he was in charge of our exhibit. With him there was Mrs. Peggy Walton, home economist for the Nebraska Wheat Commission who was in charge of the cooking and baking demonstrations of American wheat products.

#### VALUE OF PROGRAM

The proof of the pudding in all of this market development activity is whether it is developing and expanding markets for wheat. Our newness in this field precludes us from being able to report a record

of outstanding and important achievements. That can only come with time. Market development is a slow process under any conditions. We have seen enough already, however, to convince us that we are on the right track. We can already show some modest but substantial achievements and this encourages us to push forward with new interest and enthusiasm.

Let me bring the following to your attention. In Japan where the Oregon Wheat League has been working at market development for several years wheat consumption has increased 20 percent. There is a very full account of what has been done in Japan in the statement which has been submitted by Western Wheat Associates, and I hope all of you will carefully read that statement because it is not only very interesting, but very encouraging, I think, so far as market development activities are concerned. While most of the wheat consumed in Japan is White wheat from the Pacific Northwest (they do import a considerable amount of hard wheat from Canada) we learn through Western Wheat Associates, that there is now considerable interest in Hard Red Winter wheat. This is confirmed by the visit to the Great Plains of Mr. Tokoro of the Japanese Embassy.

The Italian pasta delegation headed by Dr. Pasquale Barracano, one of the world's great wheat experts, after testing and consuming pasta products made from Hard Red Winter wheat pronounced them satisfactory. I understand that Dr. Barracano has since recommended Hard Red Winter wheat for this purpose. At the present time Dr. Barracano is engaged in setting up a meeting in Rome next April to establish an International Hard Wheat Congress, which we believe can be of great value to both exporting and importing countries.

Since the visit of the Portuguese team a year ago that country, which is self-sufficient in wheat, has, in order to improve the quality of its bread, purchased 40,000 tons of Hard Red Winter wheat for dollars (in spite of the very great shortage of dollars in that country) and the market in Angola has been reopened for U.S. flour. We have every reason to believe this is a direct result of the team's visit and subsequent market development activities.

Last fall we invited two wheat buyers each representing a large English milling company to visit the United States and see for themselves what we had to offer them in Hard Red Winter wheat. Both companies had been users of this kind of wheat but dissatisfaction with the quality of what they had been receiving had resulted in one company getting out of the market altogether and the other cutting its purchases by one-half. As a result of this visit both companies have resumed purchases at their former rate.

The trade team program has done much to bring about a better understanding between us and those who are our customers or potential customers in importing countries. Our foreign offices have found that after a trade team's visit doors are opened to them which were closed before. And entirely aside from what trade benefits we might secure there is nothing I know of to bring about a better understanding between nations than visits of this kind.



## WORLD'S NEED FOR HARD WHEAT

I believe that if we were to entirely ignore the importance of disposing of our wheat surpluses that the times are right to promote the export and sale of Hard Red Winter wheat.

I base this opinion first on the fact that most of the wheats grown in importing countries are soft wheats, good wheats for certain purposes, but not suitable to be used alone in modern mechanized bakeries. And the use of modern bakery machinery is fast driving the small bakers out of existence. It has already taken place in this country. It is fast taking place in Western Europe, Japan, Latin America, and in metropolitan areas everywhere. This means an increasing demand for hard wheats to blend with local soft wheats in the importing countries.

In most of these countries requirements for using local wheat, currency controls, shortages of hard currency, desire for self-sufficiency in food supplies may delay but cannot prevent eventual increases in hard wheat consumption.

The areas in the world where hard wheats are grown are limited. The Great Plains of North America, the pampas of Argentina, and the Ukraine, Crimean, and perhaps other areas in Russia are responsible for practically all of the world's production.

What I want to emphasize is that there is going to be an increasing demand for hard wheats. It is a very highly competitive field. In our market development program, I think we have a chance to get our share of that market. Otherwise, I am not sure.

The program for market development which our organization is carrying out in cooperation with the Foreign Agricultural Service takes cognizance of this situation. Everything which we are doing, establishment of offices abroad, bringing trade teams to this country, exhibiting our wheat and its products at trade fairs is done with the idea of stimulating and hurrying what we think is an inevitable expansion of hard wheat consumption and securing for the producers of hard wheat in this country their proper share of the world market based upon our large production of hard wheat of demonstrated high baking quality and our ability to continue production at a high level.

The development of expanded markets in some of the areas to which I have referred may temporarily require some sales for local currency (I am thinking now of the Latin American countries and some of the countries in Asia and, possibly, Africa) but in the main I believe an aggressive and realistic market development program geared to conditions in each country will gradually bring about expanded dollar markets over a period of years.

Wheat surpluses will continue in spite of everything which we and other exporting countries may be able to do in market expansion, and regardless of what policies our own and other governments may follow in the fields of production and distribution it seems certain that for the present and the immediate future the world will continue to produce more wheat than can be sold through the normal channels of trade.

However, this does not mean that we are producing and will produce more than can and will be consumed if ways can be found to put in the mouths of hungry people.

The most generally accepted view on the question of what use we should make of existing and continuing surpluses is that they should be used to feed hungry people in friendly nations. This is what the man on the street thinks, I believe it is what a majority of Congress thinks, and since the President's food-for-peace statement in his agricultural message I have felt it is what the administration thinks. In view of the history of Public Law 480 and its administration an important part of our foreign policy in the last few years has been to feed hungry people in friendly countries, which did not have dollars, by selling wheat for local currencies. Even more significant from the standpoint of foreign policy has been the inclusion of provision for sales of surplus agricultural commodities for local currencies in legislation for foreign economic and military aid.

So firmly is this policy established that the question before us now is not the determination of policy but the most effective way to implement existing policy. If the policy of sales for local currency in countries unable to buy otherwise, is to achieve its end it must have assurance of continuity. Recipient countries must know for some time ahead what they can count upon. To be able to purchase a food supply of certain proportions in one year and then have it seriously reduced or eliminated altogether the next year by a change in our surplus food disposal policy could well result in serious political problems if not revolution in the recipient country. In such situations these countries cannot effectively cooperate with us. To make our policies in this respect effective we must substantially increase the length of time for which we extend this law.

There may be those who say that such a policy will create an unhealthy position of dependency on the part of recipient countries. If that is the effect of this policy then 5 years of it has already created this condition of dependency. And if it has, the policy should be abandoned and not be given approval by 1-year extensions.

I do not believe this policy has been bad either for us or the recipient countries. I think it has been good for both of us. And administered as well as it has been administered during the last 5 years (I think with experience it can be administered better), it will continue to be good for both of us. It is good because the contracts we make are two-way deals. In return for our agreement to sell for local currencies or other practical arrangements recipient countries must agree to programs which will strengthen their economy and productivity.

My appeal is for us to be realistic in this matter. Everyone in this room knows that we are going to have more wheat than we can sell in normal market channels during the next few years. This will be true no matter what political party is in power or what farm programs are in effect. We know that under some arrangement or another we are going to dispose of it to hungry people who need it. We have had enough experience to know that the most serious fault with this program has been its temporary, uncertain, and year-to-year status. My suggestion is a 3-year extension with authority to make contracts for as long a period as 5 years. I regard that as the very minimum. But having the confidence I do in this committee, its wisdom and good judgment, I shall be happy for any substantial and realistic extension it may see fit to make.



(The statement of the Western Wheat Associates, U.S.A., Inc., is as follows:)

STATEMENT BY RICHARD K. BAUM, EXECUTIVE VICE PRESIDENT, WESTERN WHEAT ASSOCIATES, U.S.A., INC.

Mr. Chairman and members of the committee, we appreciate the opportunity of presenting to your committee today a statement strongly supporting the extension of Public Law 480.

Western Wheat Associates, U.S.A., Inc., is a new regional association of wheat-growers' organizations and wheat commissions in the three Pacific Northwest States of Washington, Oregon, and Idaho. The articles of incorporation and bylaws were adopted on April 23, 1959. Our 12-man board of directors includes 2 representatives from each wheatgrowers' association and 2 representatives from each wheat commission in the three States.

The main office for Western Wheat Associates is located at Portland, Oreg. Foreign offices are located to Tokyo, Japan, and New Dehli, India. Another office will be opened this fall in Pakistan and within a year we plan to station a man in Washington, D.C. This brief review outlines the organizational plan of our association.

We are joint cooperators with the Great Plains Wheat Market Development Association in a program for India and Pakistan. We also have a joint agreement with the Millers' National Federation that provides for certain types of project work in many countries in Asia.

The primary purpose of organizing our regional association was to provide for a centralized means of coordinating the efforts of the separate State associations and commissions in the field of market development to avoid duplication. Therefore, the programs that the separate State groups have underway are now being turned over to the regional association. The accomplishments under these programs have been significant and will prove of interest to you.

First, though, my I point out that the wheat commission movement is a self-help program. Today, wheat commissions have been established by vote of growers or action by State legislatures in seven of the primary wheat-producing States. Kansas, Nebraska, Colorado, Washington, Idaho, North Dakota, and Oregon, all have wheat commissions under which the growers are contributing a total of more than \$1 million per year in an effort to meet the problem of increasing surpluses, lower prices for their products, and increased costs of production.

Dr. D. D. Hill, Head of the Farm Crops Department at Oregon State College, has written a history about the activities of the Oregon Wheat Commission. To quote from his article, he says, "This is not a saga of pioneer days. Instead it is a story of modern times, a story of accomplishments in which the pioneer spirit of 100 years ago still lives. Perhaps in some ways the modern wheatgrower has outdone his predecessor of 50 or 100 years ago. The Oregon Wheat Commission represented the first action of its kind by wheatgrowers anywhere in the United States, and as will develop presently, this set the stage for some very significant developments. "They Broke The Trail."

Farmers all over the United States have rapidly awakened to the fact that a maximum effort must be made to expand markets for their products and improve the marketing system. No longer is the producer principally interested in the problems associated with growing his crops.

The Pacific Northwest is separated from U.S. population centers by restrictive freight rates which have increased to a level where we must rely almost entirely on the export market. Before the acreage allotment program was put into effect, this region produced about 150 million bushels of wheat a year. Under the allotment program, our production is now about 120 million bushels. Since World War II, exports have averaged 68 percent of the region's production, compared to 34 percent for the rest of the United States. These figures emphasize the importance of the export market to our area.

The administrator of the Oregon Wheat Commission was a member of a three-man government team which traveled through Asiatic countries for 4 months in the fall of 1949, exploring market opportunities. The foundation for a program to increase consumption of wheat foods in the rice-eating areas in Asia began when the Millers' National Federation and the Commission initiated a project at the Women's Christian College at Madras, India, in 1952. The objective of this program was to teach the nutritional values of wheat

foods to people who had traditionally eaten rice with little else and were suffering from malnutrition. People in such areas are so ignorant of how wheat should be used that during periods of famine when wheat is available they try to prepare it as they would rice, become ill and refuse to eat it even though they are on the verge of starvation. To overcome this problem, the Women's Christian College has developed a recipe booklet on wheat foods adapted to the facilities and local customs long in use in rice-eating areas. The director of agriculture in the State of Madras, told me that with the aid of Commission-Federation funds, people in the State of Madras have accepted wheat as a supplemental food with rice.

When Congress passed Public Law 480, in the closing days of the 1954 session, they removed the obstacle, a shortage of dollars, to increased trade. We were extremely optimistic about the possibilities of this program. No sooner was 480 signed into law than Eral Pollock, gain marketing specialist for the Foreign Agricultural Service, Gordon Boals, director of exports for the Miller's Federation and I left the United States to explore the opportunities for using 480 to promote wheat and wheat products in Asiatic markets.

A new program takes time to get underway. It was almost a year after 480 was passed before Japan signed an agreement to purchase \$85 million worth of farm products from the United States. Under this first agreement, \$2 million in yen were set aside for promoting increased use of U.S. commodities in Japan. Japan offered more opportunities for expanding the consumption of wheat foods than any other Asiatic country.

After World War II the Japanese Government adopted an official policy favoring increased use of wheat foods. First, because wheat cost about half as much as rice on the world market and second, because the nutritionists strongly recommended eating it to improve the people's health. This favorable attitude has proven extremely important because the Government of Japan is a monopoly buyer and controls the amount and price of the basic foods which are produced locally, as well as those which are purchased from other countries.

The problem in Japan was similar to the problem in most other Asiatic countries, an overdependence on rice. To overcome centuries of the rice habit, it was decided to conduct an educational campaign based on nutrition and a promotional program to compete for the housewives' yen. Bread has been baked in Japan on a small scale for at least the past 100 years. Many communities, however, have no bakery and transportation is often very inadequate from baking centers such as Tokyo. Many children throughout Japan have never eaten bread due to prohibitive prices or lack of availability.

I would like to use a chronological order in reviewing several projects in Japan. Joe Spiruta, then Far East representative for the Oregon Wheat Growers League, was responsible for development of the grain exhibit at the International Trade Fair held in Osaka, April 9 to 22, 1956. The wheat exhibit proved to be very popular. Three Japanese bakers worked every day making cakes from American prepared mixes, plus scones, rolls, sweet breads, and other specialty products made from the type of flour which is milled from Pacific Northwest wheat. Trade fairs are proving to be an effective way to promote American agricultural commodities. Consideration should be given to establishing permanent U.S. agricultural trade centers in such important world markets as Tokyo. In effect, these centers would be permanent exhibits similar to what are used temporarily at trade fairs.

The second project began on May 18, 1956, when the league signed an agreement with the Japan Nutrition Association for the development and operation of eight kitchen demonstration buses which would travel throughout Japan. Three Japanese nutritionists assigned to each bus show housewives how to prepare low-cost nutritious meals, including wheat foods. We believe these buses are the most useful and positive approach developed for bringing a promotional message to the homemaker's doorstep. A typical Japanese homemaker's attitude toward the demonstration buses as recorded in one of Japan's leading newspapers, is included here.

"MAINICHI, May 15 (contributed by Mrs. Setsuko Inoue, 227, Mohara, Mohara Shi, Chiba Prefecture).—The 'Kitchen Car' has visited us, this gleaming large body, kneading its way along the green fields and hills, playing gay melodies—drew up by the roadside. The rear window opened, the top part becoming a mirror, and the lower part a gas cooking range. Like magic, an attractive kitchen is there. Women and children from the neighborhood scurry to the place. Two young lady nutritionists in clean white coats and their hair covered



up in white cloth were preparing vegetables and flour in an expert manner, with a touch of humor.

"Teaching us the importance of one meal a day being of flour, that protein content foods should be accompanied with vegetables, and the nourishing content of dark colored vegetables, the correct combinations of foods—these things were already known to us, and yet they were explained to us in a scientific way. It was brought so close to us, by this demonstration right before our eyes, made us realize health condition is the result of such simple things.

"The materials they used were such that one could find in any shop around the corner, like fish meat, sausage, whale meat, ramen (noodles) and the recipes that we could put to immediate use. While we were happily looking on, in no time these were finished—e.g., a dish of Chinese noodles, attractively garnished with chopped egg, ginger, string beans—sandwiches made with whale meat, apple, and peanut butter dressing. These foods were divided among us and we all enjoyed the taste. What an up-to-date and splendid idea is the Kitchen Car."

This project was set up to operate over an 18-month period. It has proven so popular that 4 more buses have been added and the 12 buses now promote the use of soybeans as well as wheat foods.

The third project, closely related to the demonstration buses, was the preparation and distribution throughout Japan of educational material on wheat foods. This project has now been completed.

The fourth project was the establishment of a bakers' training school to improve the quality of bread and other products. A training center is now located at the Japan Institute of Baking in Tokyo. Four 3-month courses were planned for the year. Thirty to forty bakers receive training during each course. Graduation ceremonies for the third class were held during the last week of June. After the bakers have received their training at Tokyo they conduct classes in their home prefectures. It is estimated that in June classes were held at 200 locations over the country with approximately 10,000 students in attendance. Funds have been approved for continuing this project on a reduced scale for 1 more year.

The next project concerned the training of home improvement extension workers to increase per capita consumption of wheat foods in the rural areas. Generally speaking, the agricultural segment of Japan is the poorest fed portion of the nation because they try to sell as much as possible from their tiny 2- and 3-acre farms, keeping barely enough food to get by. Also, due to their extremely low income level, they fail to buy off-farm foods to vary their diet. In the rural areas, the per capita consumption of wheat foods is only about 8½ percent of the diet compared to about 35 percent for the Tokyo adult. One home improvement extension worker from each of the 46 prefectures received two courses of 10 days' training, each, during the year in Tokyo. Following this training, the workers conducted courses at the district level for other home improvement workers. Such prefectural schools were conducted three times during the year. This project was completed as of June 30, 1957.

To encourage the purchase of U.S. wheat, the league sponsored an award for the annual golf tournament of the Japanese Grain Importers Association. A permanent rotating trophy, known as the American Wheat Cup, was presented to the association on July 25, 1956. League officers felt it was desirable to sponsor this contest since the Canadian and Australian Wheat Boards were supporting similar events. This is not a project, since no 480 funds were used, but it is mentioned to illustrate the type of activity generated as a byproduct of the market development program.

One of the best methods we have found for using market development funds is the exchange of qualified United States and foreign personnel. When foreign delegations visit the United States, they observe firsthand the kinds and qualities of wheat and develop direct trade contacts. They are impressed by the efficiency demonstrated by our modern methods of producing, handling, transporting, storing, loading, and exporting wheat. We try to convince them that the United States is a stable source of supply of quality wheat at reasonable prices.

On August 12, 1956, the league brought a five-man delegation of top Japanese Government officials and industry representatives to the United States for a 5-week visit. The group included the Parliamentary Vice-Minister of Agriculture and Forestry. Before returning to Tokyo, the head of the delegation expressed appreciation to the league and the Foreign Agricultural Service for sponsoring this visit which had allowed these key officials to obtain a much better understanding of the wheat industry in the United States.

As a followup to the Japanese team, four men from the United States visited Japan and South Korea in May of 1957. The purpose of their trip was to see firsthand what progress was being made in the market development program, to participate in the Tokyo Trade Fair, and to further relationships with government officials and industry representatives.

This completes a description of the first series of projects that have been completed in Japan. Many additional activities have since been carried out including a nationwide advertising and promotion program in cooperation with the five wheat food industry groups, preparation of exhibits for the International Trade Fairs held in 1957 and 1958, and an expansion of the school lunch program.

The purpose of the latter project is to expand the school lunch program into rural areas, where children are not presently participating. Out of 12 million primary-school children in Japan, 6 million receive a complete school lunch and 1 million receive milk only. The remaining 5 million children who do not participate are mostly the children of farmers. School lunch meals include a hot dish, a bowl of powdered milk and a large wheat roll.

Many Japanese leaders feel that school lunch has had more effect on increasing consumption of wheat foods than any other single activity, because the children learn to like the taste of wheat rolls at school and want them to eat in the home. The unpopularity of school lunch in rural areas is due partly to the poverty of the farmers. The main reason, however, seems to be the farmers' lack of understanding of the advantages offered by this program.

A series of educational meetings will be held in the rural areas to create a desire among the parents to bring the benefits of school lunch to their children. If successful, this project would expand the consumption of wheat and dairy products to an additional 500,000 primary-school children. Such an expansion would mean an immediate additional requirement of 10,000 metric tons of wheat flour, and 2,000 metric tons of skim milk, and in the long run mean a growing market for such foods among Japanese people generally.

The league has concentrated marketing activities in Japan because the situation there is favorable and it is so important to the Pacific Northwest as a wheat market. During the past 5 years, Japan has imported an average of 40 million bushels of wheat each year from the Pacific Northwest. Japan is a dollar market and will purchase some wheat, whether she has a 480 program or not. She needs to import about 4 million metric tons of grains each year.

Japan has not signed a Public Law 480 agreement since 1956 and there is little local currency left for market development. This is regrettable, since there are many projects in Japan that would continue to effectively expand the use of wheat foods. It is impossible for wheatgrowers' associations to finance such large scale programs with their own dollars. During the past 3 years, the total foreign currency cost of the Japanese wheat program has exceeded one million dollars. These funds have been contracted from the Foreign Agricultural Service and without them the program would never have developed. The dollar contributions from the grower's associations during this period exceeded \$100,000, however. We are continuing to station a man and family in Tokyo, James Hutchinson, and make the best use of the small sums of yen that we can contract from FAS.

The wheat market development projects have been underway long enough in Japan for a judgment to be made on their effectiveness in expanding markets. The evidence is encouraging. Before the war, the average per capita consumption of rice was 330 pounds. Today, it has declined to 264 pounds. In contrast, consumption of wheat before the war was only 30 pounds, while at present in urban areas, it has increased to over 90 pounds. Rice is still the primary food but consumption of wheat has increased 300 percent during the past 14 years.

The Washington Association of Wheat Growers actively participated in the market development program starting in March of 1957. They sponsored the school lunch project which is now nearing completion, the Korean mission to the United States in the summer of 1957, and the promotion of Bulgour wheat in Korea in the spring of 1958.

The Oregon League and the Millers' National Federation have had a program underway since June 24, 1957, that involves seven countries: Japan, Taiwan, Thailand, Burma, Indonesia, India, and Pakistan. Preliminary work was done in Thailand, Burma, India, and Pakistan under this project. The Philippines and Ceylon have been added to the project and it has been extended to June 30, 1960.



In the spring of 1958, the Oregon growers decided to expand the program in India. A man was employed, Wayne Gentry, and an office was opened at New Delhi, India, in May. Shortly thereafter, the project was turned over to the Washington Association of Wheat Growers and the Nebraska Wheat Growers Association. This project is now being expanded to include Pakistan.

The program in India is just getting underway. Two Indian bakers were sent to Japan for 6 weeks of intensive training in May of 1958. An Indian wheat mission was brought to the United States in July of 1958. A U.S. mission traveled to India and participated in the trade fair at New Delhi in December of 1958. Since then, an exhibit has been held at the trade fair in Calcutta in the spring of 1959 and other exhibits are planned for fairs to be held at Madras in September and New Delhi in December.

The vast majority of wheat presently consumed in India is eaten as a "chap-pati," a flat, unleavened loaf resembling a pancake; it is always eaten with a curry, vegetable, or sauce. Other popular Indian wheat food forms are as porridge or in sweets. Relatively little wheat is consumed in the form of bread, rolls, or pastries since western wheat food processing, excluding noodle or macaroni products, require baking and ovens. Outside the few major cities the knowledge of their use is nonexistent. It is thought that with the increasing industrialization of India, as well as the ease, cheapness, and sanitation of western mechanized baking methods, the future of increased wheat foods consumption in India would be along western lines.

On March 26, 1959, we entered into a contract with the College of Catering and Institutional Management at Bombay, India. The college is under the aegis of the All India Women's Central Food Council, an organization originally started during the last war to propagate wheat in a rice economy when India was cut off from her traditional Burma rice markets. The college has as its principal a Britisher on loan by the Food and Agriculture Organization of the U.N.

Our contract provides funds for the enlargement of their existing kitchen facilities; purchase of modern bakery and kitchen equipment; and, to a small extent, subsidizes tuition. It is the intention to train approximately 300 Indian bakers during the next 2 years in commercial bakery operation. These young Indians will be working throughout India in bakeries, canteens, restaurants, hotels, etc., preparing more and better Indian and western style wheat foods. Consumption cannot rise until a tasty product is available for people to purchase. In addition to this commercial bakery course, the college has been requested to train the catering and baking staffs of Indian Airlines, Indian National Railways, Burma Shell Canteens, and others.

As was mentioned earlier, the projects that are still underway by the individual states are being turned over to the regional association. Western Wheat Associates has the administrative responsibility for the projects in India and Pakistan. We are working there in a partnership with the Great Plains Wheat Market Development Association.

J. H. Shollenberger, a retired USDA wheat specialist, has been employed as a consultant to organize a program for sampling and testing U.S. wheat being imported into India and Pakistan. Mr. Shollenberger departed for New Delhi on July 12.

Joseph Spiruta, manager of the Washington Wheat Commission, has been given a 2-years' leave of absence to work in India and other countries in Asia to develop new projects and set up programs in new countries. Spiruta initially will replace Gentry as administrator of the India program. He will leave the United States about August 1.

Terence McDonald, a milling specialist from Kansas, has been employed to work in India and Pakistan with the local millers and bakers to encourage better use of U.S. wheat and improve the quality of the flour and bakery products. He is scheduled to depart with his family about September 1.

An office is to be opened in Pakistan to encourage better use of U.S. wheat and flour. Ivan Packard, executive secretary for the Washington Association of Wheat Growers, will fill this assignment and is scheduled to arrive in Pakistan about October 1.

The two regional growers' associations have approved sending two additional staff members to work in India and Pakistan as soon as the situation warrants it. Meanwhile, plans are underway for expanding projects in Ceylon, the Philippines and Indonesia in cooperation with the Millers' National Federation.

In concluding this report, I want to emphasize the importance of the 480 program to our Nation's wheatgrowers. There are unlimited opportunities for

market development projects with local currency in foreign countries. These funds make possible a unique cooperative effort between agriculture, industry, and government. The large export movements during these past 4 years have been no freak of the market. In countries of underconsumption, millions of people for the first time have had the money to buy wheat, flour, and other foods that they need. Public Law 480 has been referred to as a temporary program, but why should this be the case when it is a program that works? May I suggest to this committee that serious consideration be given to development of a permanent program to last a minimum of 5 years? The program should incorporate those features of Public Law 480 that make it possible to sell U.S. agricultural commodities to people who need them.

We wish to thank the chairman and members of this committee for inviting our organization to present this testimony.

The CHAIRMAN. Mr. Hope, on behalf of the committee, I want to congratulate you upon a splendid presentation of a well prepared document and to congratulate you and your associates for the work you are doing.

I would like to ask whether or not the money that is being made available from foreign currency to carry on and expand the marketing development of the program which you contemplate is sufficient. We have Public Law 480 and under it there are certain funds for market promotion. And we are giving consideration now to the question of whether or not the law is adequate in that respect, whether we should provide for an increased use of foreign currencies for market promotion.

Mr. HOPE. In answer to that I would say, as far as our operations are concerned, and we are a new organization, we have not suffered up to this time from a lack of foreign currency.

I understand that some restrictions have been placed upon the transfer of foreign currencies in the appropriation bills. I know the Department of Agriculture appropriation bill has some provisions relating to that, whether they were in the bill as finally enacted I do not know.

So, I am not able to say whether we are or are not going to be handicapped by those provisions.

I feel that this program should be expanded and will be expanded if ample local currency is made available.

It would be possible to say that we have an ample amount of local currency, but it could not be made available in some instances for the best and most effective use if there was not interchangeability there so that it could be used in the countries where our activities could be carried on to the best advantage. In other words, there is probably no shortage of rupees, we will say, but at the present time if we are to carry on activities which we think are very necessary in Western Europe, we are going to have to use some other currencies than Western European currencies because most of those countries are not operating under Public Law 480. There has to be an interchangeability of foreign currencies, a free interchangeability, so far as the FAS is concerned if we are going to use them to the best advantage. I am not in a position to advise the committee just how that situation should be handled so far as legislation is concerned. I know that the people in the FAS who are working on the matter can undoubtedly give the committee some suggestions as to where the weak spots are and what need there is for use of currencies in some of these countries where we do not have available local currencies. I do not know whether that answers your question or not.



I hope the committee will very carefully review that question because a great deal, I think, is going to depend on whether these currencies are available in the right places to do the most effective work.

The CHAIRMAN. It seems to me that you and your organization should be given every possible support and assistance because it is rather strange to me that our USDA has not taken the steps to encourage the opening of offices in different parts of the world to carry on the work that is contemplated by your organization. We have been told that we had a Commodity Credit Corporation agricultural attaché in Europe, and his office has been closed and he was brought home. It seems to me that instead of closing up the office and bringing him back, we should have been opening up 50 other offices in other parts of the world to accelerate the marketing of the products that we have.

Mr. HOPE. On that point, if I may reply, Mr. Chairman, I feel that we have had very fine cooperation from the Foreign Agricultural Service during the time I have been working on the program. I understand that possibly a year or 2 years ago there were complaints that other commodities were getting favored treatment over wheat. Of course, I expect every commodity makes some complaint of that kind; I do not know. But at the present time, I feel that our organization is getting wholehearted cooperation from the Foreign Agricultural Service. There may be some redtape which could be cut, there may be some administrative changes that should be made to facilitate the work. Those situations always exist. But I believe that we are getting very, very good cooperation from the FAS; in fact, within recent months they have actually been a little ahead of us in some projects because we haven't had the personnel to send out to carry on some activities which they had suggested.

The CHAIRMAN. The recalling of a Government employee would not be so bad if we knew that we had the assurance that the Department would cooperate with civilian agencies. I would prefer to have them operated by civilian agencies rather than by bureaucrats. One man in Europe was being recalled at a time when the American Farm Bureau was opening an office in Rotterdam for the purpose of expanding farm markets. Now you come along with your organization on a worldwide basis and it seems to me that you should have every possible cooperation and assistance to use foreign currencies. That is one thing we will look into, to assure ourselves whether it is ample under the law now or should be increased.

Mr. HOPE. I sincerely hope the committee will give very careful consideration to that question.

The CHAIRMAN. In your statement you referred to long-term commitments. We have a bill pending which provides for long-term commitments. I would like to ask further questions on that, and to discuss that phase of your statement further.

I would like to yield to Mr. Hoeven.

Mr. HOEVEN. Mr. Hope, I am delighted to see you again. I have many happy memories of our service together on the Agriculture Committee during past years.

Mr. HOPE. Thank you; I can say the same thing.

Mr. HOEVEN. You made a very splendid statement. And I certainly want to congratulate the Great Plains Wheat Market Develop-

ment Association for the work it is doing. I had no idea that you were already operating in such an extensive way. You are rendering a great public service in the work you are attempting to do.

I note with interest that your association is placing a great deal of emphasis on the grading of wheat and seeing to it that our exports to other countries are of the type of wheat which they can use.

It was my good fortune, along with Mr. Poage and other members of this committee, to visit South America in the fall of 1955 as members of the Foreign Agricultural Operations Subcommittee of the Committee on Agriculture. I recall a specific instance in which the importation of American wheat was discussed. We were told very frankly that we were shipping so-called dirty wheat, which could not be used.

South America is one of the greatest potential markets for some of our surplus agricultural commodities. Don't you think we should make a real attempt to ship so-called clean wheat to these countries?

Mr. HOPE. That is certainly one of the objectives of our organization—to see that is done. It goes even beyond that, Mr. Hoeven. It not only goes to the question of shipping clean wheat. We have had a lot of complaints about dirty wheat and foreign matter and that sort of thing which are bad, of course, and we are trying to do what we can to eliminate those complaints. We cannot very well do it without the cooperation of the grain trade. But it goes beyond that in this respect: That we feel our exports of hard wheats will increase as soon as the millers and the bakers in other countries are able to order wheat and flour in the same way that the millers order wheat in this country.

In this country a revolution has taken place in the last 5 or 6 years in the buying and selling of wheat. Formerly, it was sold by grade. But, as a matter of fact at the present time, about all the millers of this country use the grades for is hedging on the board of trade. Practically every bushel of wheat that is bought by millers of this country is bought on specifications. That is, they do not ignore grades altogether, but they buy it upon sample and upon test for its milling quality, upon the amount of protein, upon the quality of gluten, the ash, and all the things that go into the question of baking quality. They can do it in this country. Foreign buyers up until now have had very little opportunity to order wheat in that way. They have to buy it by grades because that is the way in which the international grain trade is conducted.

What we are trying to do in our educational activities is to inform the millers of countries in western Europe, we will say, or in Latin America, as to what specifications they should write in order to get the kind of wheat they want. And, that is, perhaps, the most important part of our work in developing dollar markets, I think. It probably will involve some other changes in the grain trade. It will take some time to do it, but I think it will involve the erection of a great deal more storage at our ports and, also, storage in the importing countries, so that there can be stored in these port elevators in both our country and the importing country various types and grades of wheat, so that millers will have a choice and can order by specification. If they want a 14-percent protein wheat, if they want the gluten of a certain type and other qualifications, they can put it in their specifications, and the seller will give them just what they want. You



can go to any terminal elevator in the Great Plains area today and you can order any kind of wheat you want. If you are a miller you can get any percent of protein you want; you can get all of the other qualities which make up good milling wheat. And many times even those things which are shown in the chemical tests do not necessarily mean baking quality. They take the samples and see what kind of bread it will turn out before they buy the wheat.

That is what we would like to see established in the importing countries, because we think it will lead to a greater appreciation of the quality of our wheat. I think it is only a matter of time. It is a matter of education. But it is one of the most important things that we have undertaken in this activity, I think.

Mr. HOEVEN. Thank you, Mr. Hope. I am glad to have the information.

Just one other question. I appreciate the fact that your association is comparatively new, but you have already made rapid progress, as I have indicated. What do you anticipate is going to be your greatest handicap? In all of our exports to foreign countries, we have to contend with foreign policy and are often charged with dumping wheat in other countries so as to disturb their economy. Do you foresee any problem in this regard?

Mr. HOPE. Well, I think in the past those problems have gradually worked out as we have gone along. I am not convinced that this program has seriously interfered with the economy of either the importing countries or other exporting countries. I think that, perhaps, we have leaned backward in most cases in seeing to it that it did not happen. I do not know—it is difficult to say—how far we should go in that kind of a program. I think that we have offered the other exporting countries of the world in the food for peace program an opportunity to join with us in trying to bring surplus wheat to hungry people. If they do not take advantage of that opportunity, if they do not care to go along with it, I think they are in a rather poor position to object to whatever steps we may feel are necessary in that direction. I would like to see all of the exporting countries cooperate. I am not talking about pooling of wheat or anything of that kind, but to cooperate in a program to help feed the world's hungry people with these great surpluses of food we have in this and other exporting countries.

The question you bring up, of course, is a very important and practical question. I do not think there is any pat answer to it. I think we have to give some consideration to the effect that these policies will have upon the economy of exporting and importing countries, but I think so far it has been handled in a way that these countries will have very little ground for complaint.

The CHAIRMAN. I want to refer to Public Law 480 on the use of foreign currency. In fact, section 104 says:

The President may use or enter into agreements with friendly nations or organizations to use currencies which accrue under this title for one or more of the following purposes.

And the very first purpose is—

(a) To help develop new markets for U.S. agricultural commodities on a mutually beneficial basis.

So if your organization needs the use of foreign currencies, the authority already exists for unlimited use of foreign currency for the purposes specified.

Mr. HOPE. As I say, there may be some limitations. I understand there are limitations in legislation that does not come before this committee. That is one of the problems.

The CHAIRMAN. Section 104 states:

Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use—

if something has been enacted since then I am not aware of it although it may have been done.

Mr. HOPE. The legislation contained in the annual appropriation bills.

The CHAIRMAN. Mr. Hoeven suggests perhaps there was a limitation placed in the appropriation bill. I know that with reference to certain specific uses that is true.

I yield to Mr. Breeding for a question.

Mr. BREEDING. It is nice to see you here this morning, and I am sorry I was not here at the beginning of your testimony.

I am glad to have you here this morning. Since you and I live in the same neighborhood in the United States, it is a pleasure to have you here.

Mr. HOPE. Thank you.

Mr. BREEDING. I want to congratulate you on this statement. I want to say this, that I have known you for many years and I do not think there is another man that I have met who knows as much about wheat and wheat problems in the marketing of wheat as you do.

Mr. HOPE. You are very kind.

Mr. BREEDING. I know about your work. I have certainly heard it said many times that if you had been head of the Department of Agriculture, we would not have been in the same position as we are today.

Mr. HOPE. I might have been in a lot of trouble in that case.

Mr. BREEDING. I want to compliment your organization, the Great Plains Wheat Marketing Development Association in the work that you are doing. As a wheatgrower, as a Member of Congress, it is very heartening to me to see the good work that you are doing and the accomplishments that you are making.

Have you noticed any appreciable increase in the market for wheat from the United States worldwide since this organization has been in existence—has been organized—has been working on this problem.

Mr. HOPE. We have seen some increases in the specific instances, some of which I recounted. Of course, wheat exports during the fiscal year just closed are above the exports for the previous fiscal year, but are not up to the exports for the fiscal year 1956-57. That was the recordbreaking year, I believe about 545 million bushels. And we haven't come up to that. And we do not pretend that we have been in existence long enough to have exerted any great influence upon the markets up to this time. We think we have laid the groundwork for some expansion, and we feel sure we have, and we



can point to some particular instances like the case of the English millers I mentioned a while ago, and those purchases by Portugal that are the direct results of the activities of this organization. And I am sure that in another year, we could report a great deal more than I can report to you now because I think these activities are going to increasingly bear fruit as we go along.

Mr. BREEDING. I think one of the great problems we have world-wide is getting it to the hungry people of the nations. It has been brought to our attention many times here that we get it into Government hands, in South America and other places, and the hungry person still has to pay an exorbitant price or does not get the wheat or the food. In your connections with this organization, have you noticed any improvement that hungry people were getting this wheat?

Mr. HOPE. Well, I think that is right, there are certainly some examples of that. Now in Colombia—I was down in Colombia, about 3 months ago and there has been a very effective program carried out there by several organizations.

The Foreign Agriculture Service, the ICA, the CARE organizations, and the Miller's National Federation and our organization have all joined in a program in Colombia which I am sure is getting some results. When I was in Bogota every schoolchild in Bogota was getting a bun and a glass of milk in the school lunch program and it was a very effective campaign which was being carried on in the field of nutrition to encourage the increased consumption of wheat and dairy products.

Now Colombia is a country with a very low consumption of wheat. I think only a little over 30 pounds per capita per year, whereas Chile consumes over 300 pounds per capita per year. There is a great field in most of the South American countries outside of Argentina and Chile for an increase in the per capita consumption of wheat.

They use corn. They use rice—and I am stepping on other toes, I realize when I am talking about that, and they use certain roots instead of wheat. Corn was the native food of the country before the Spanish came, as far as that is concerned.

We feel that there is a great deal of opportunity in those countries to increase the consumption of wheat as times goes on. It will be gradual and it will depend on the policies of the local governments. It will depend on economic conditions, and in a country like Colombia I think it will depend a good deal on the amount of storage that is constructed down there, because that is one of the factors now about which everyone is complaining, the millers and the bakers and the farmers all told us if they could build port facilities in Colombia so that shipments of wheat could be brought in in bulk it would save in the very beginning a considerable amount of freight and handling charges because at present it all comes in sacks.

The CHAIRMAN. Do you think we should build the storage facilities or the foreign country should build them?

Mr. HOPE. There is a wonderful opportunity to build storage under the Cooley amendment. Our contract with Colombia expires this year and as soon as we enter into a new contract with Colombia they will be eligible for Cooley amendment funds. And I anticipate that there will be a request for those funds at that time.

I think American capital could very well go into a country like Colombia and build grain storage. It would be sounder and more profitable than to continue building storage in this country at the rate it has been going on recently.

I feel there is a great opportunity to construct storage facilities in these countries that will be a profitable venture from the start.

The CHAIRMAN. Mr. Poage.

Mr. POAGE. I do not want to prolong the discussion because everyone would want to talk about other problems with you, but I do want to express my appreciation for the way in which you have handled this problem of long-term contracts. The law specifically authorized 10-year contracts for the United States. In section 104, subsection B, there is a specific provision that the Secretary can enter into a contract, or the President may enter into contracts for supplies extending over a period of 10 years. That is, in using the money that we accumulate from the sale of the commodities, we can enter into contracts that will bring us strategic material over a 10-year period.

There is not in the present law a comparable provision as to which we can enter into contracts for selling our goods, but it seems to me that it is perfectly clear that if the United States with its resources must know that it can get a supply for 10 years and that it is reasonable to assume that these underdeveloped countries need it even more than we do and if they don't get that kind of protection and simply get an adequate supply of wheat for 1 year and the next year may be cut off completely, it may be much worse than getting it in the first place.

Mr. HOPE. I think you have made the point I have tried to make and you have done it more effectively.

Mr. POAGE. We have taken care of the United States and we are proposing that we give to the recipient countries the same kind of safeguards that we ought to require for our own country. I think if we expect other people to abide by the terms of this provision we have to recognize that they must have the same kind of problem, and probably more serious than we have, and if we are going to make a real constructive program for the development of the peace over the world—and we talk about food for peace—but if we are going to make our food actually serve as an instrumentality of peace, we are going to have to make commitments for a rather extended period of time.

The Department recognizes that they have the power now to make commitments and yesterday they recognized that there was no actual limitation on this but that they won't make the commitments. I believe the Secretary told us 2 years was about his limitation on commitments but it seems to me that right there is a point where we will have to broaden what we are doing and we will have to extend it for a period longer than 2 years and I think we will have to extend the terms of payment for longer than 2 years.

Again, there is no provision in the bill that limits the period of repayment on the loans that we make from the funds that we secure from the sales of the commodity.

Do you feel that we should conduct a program of rather liberal repayment—and I am talking about time?

Mr. HOPE. Yes, I do, depending on the circumstances, of course; but I think it would be a great advantage to the program and to our



interest and to the interest of the recipient countries also were we to have the authority to make longer agreements as far as payments are concerned.

Mr. POAGE. That has been my feeling. Of course, there are cases where you won't want to make long-term loans.

Mr. HOPE. I think in many cases it would be a sounder contract, with a better chance of realizing something from it in the end if the terms were made for a longer period of time.

Mr. POAGE. I think it is exactly the same sort of thing as our farm loan program. If you had a farm loan program system that would make no loans for 2 or 3 years—2 years, as has been suggested—you would not have much of a farm loan program. You wouldn't have a very sound loan program unless you make the repayments go over a much longer period of time. It seems to me that one of the things that the land banks did for this country was to greatly extend the period of repayment as well as reducing the interest on repayments. It seems to me we are going to have to do the same thing for the sale of these commodities abroad.

Do you envision—and you have already said that as far as wheat is concerned you do envision a surplus of wheat for a number of years to come—do you feel that the same thing is true of several of our other agricultural commodities?

Mr. HOPE. Well, I am not in a position to know too much about some of the other commodities. I think that is probably true, and the reason I think it is true, without knowing too much specifically about what is going on now with regard to other commodities, is that this explosion in production that we have had in this country is going to make it absolutely certain that we will have a surplus of agricultural commodities to export in the years ahead.

Mr. POAGE. As long as we are probably going to have surpluses of agricultural commodities for some time to come, it seems to me we have to develop a long-time program of distributing those commodities throughout the world, and even if we have to permit ourselves to supply some commodities that are no longer actually in surplus; but we had better make commitments that will enable us to move the things we want to move rather than refusing to make commitments because we might find ourselves faced with an increasing price on some of these commodities. We are going to be able, at least for the foreseeable future, to supply any reasonable amount of agricultural commodities we commit ourselves to supply. There is no real problem of the United States not being able to meet the commitments on agricultural commodities, within reason.

I would like to discuss the matter of usability.

The CHAIRMAN. Are there any more questions?

Mr. BREEDING. We are having trouble in Congress in coming up with a bill that is satisfactory to the wheat growers and other organizations. What kind of a plan would you suggest?

Mr. HOPE. I am afraid that if we got started on this there is no telling where we would end up. I have no magic plan. I want to say that to start with. I think most members of this committee know that for many years I supported the domestic parity program. I still have my early enthusiasm for it. I think it will work, although it may have to be modified somewhat from its original form. But I still think

that it is the best program for wheat. That is not news, I know, because everybody knows my position on it.

The CHAIRMAN. You have long been regarded as one of the outstanding wheat experts in the country. I wish you would do us one favor before you leave Washington, and that is to write a wheat bill that we can send to the White House.

Mr. THOMPSON. Mr. Chairman.

The CHAIRMAN. Mr. Thompson.

Mr. THOMPSON. Mr. Hope, you and I were joint advocates of the domestic parity plan.

Mr. HOPE. That is right.

Mr. THOMPSON. And I am strongly in favor of and I am very much interested in the plan.

In the rice industry it still stands out before the producers as the greatest hope that we have.

Mr. HOPE. I am glad to hear that you are still strong in the faith.

Mr. THOMPSON. Before you go, and while you are convincing the Department of what should be done, I wish you would convince them of that.

Mr. HOPE. My efforts so far have not been anything to brag about, I will say that. I am willing to keep trying.

The CHAIRMAN. Thank you very much, Mr. Hope, for coming to see us and we trust that you will come by again.

Mr. HOPE. Thank you, Mr. Chairman.

The CHAIRMAN. I will now call Mr. Thomas C. Mann, Assistant Secretary of Economic Affairs of the Department of State.

**STATEMENT OF HON. THOMAS C. MANN, ASSISTANT SECRETARY OF ECONOMIC AFFAIRS; ACCOMPANIED BY HOWARD BRANDON, ASSISTANT CHIEF, COMMODITY DIVISION, OFFICE OF INTERNATIONAL RESOURCES; AND MISS DOROTHY M. JESTER, INTERNATIONAL ECONOMIST, COMMODITY DIVISION**

Mr. MANN. Mr. Chairman and members of the committee, thank you for this opportunity to present the views of the Department of State on general aspects of the administration of Public Law 480. The Department of Agriculture has already testified at some length and I assume that the committee wishes me to direct my remarks primarily to the foreign policy aspects of the program.

I wish to say in the beginning that the existence of agricultural surpluses in our country provides us with an opportunity to improve standards of health and nutrition, to promote a more rapid rate of economic growth through development loans and grants from sales proceeds, to increase commercial marketings by expansion of food consumption, and to help nations cope with the difficult task of providing food for rapidly expanding populations.

The Department of State is therefore interested in finding ways to utilize our agricultural surpluses in the most effective way possible in the service of humanity and freedom.

We have made considerable progress. In the fiscal year just ended we have negotiated agreements with 23 governments for the sale under title I of agricultural products having a CCC cost of approxi-



mately \$1,150 million. In addition, we are currently in the process of negotiating eight additional agreements involving commodities having a CCC cost of about \$528 million which, added to the previous figure, makes a total of about \$1,678 million. This is a record which, considering the difficulties involved, we may regard with some degree of satisfaction.

In the search for ways to make a fuller and more effective use of our food surpluses, the United States took the lead in arranging last May an international food for peace conference of the major wheat-exporting countries. And in June a food for peace wheat utilization committee was set up to consider specific program problems. There is reason to hope that we shall, as a result of these meetings, have better international understanding and better coordination in carrying out the objectives of the President's food for peace program.

Also there have been submitted to the Congress amendments to Public Law 480 designed, among other things, to—

- (1) increase the authorization under title I by \$1.5 billion, and under title II by \$300 million, both for the calendar year 1960;

- (2) permit under title I the grant of foods for the establishment of national food reserves and for certain development projects in less developed countries;

- (3) authorize the use of foreign currencies acquired for non-food emergency relief;

- (4) authorize under title II the use of commodity grants and proceeds derived therefrom for economic development purposes not practical to administer under title I;

- (5) authorize the payment of general average claims for title II commodities involved in loss or damage actions against cargo shipments.

In addition, pursuant to the recommendations contained in the report of John Davis, the Berenson-Bristol-Strauss report and the Boeschstein report, steps have been taken to liberalize loan terms and permit a more expeditious use of currencies for economic development. For instance, the National Advisory Council has approved a provision to eliminate the maintenance of value provisions in loans of local currency. The maintenance of value requirement has impeded negotiations with foreign governments simply because a borrower is unwilling to assume a long-term risk of devaluation when he can borrow from internal sources free of this risk. Also, we have adopted the practice of reaching mutual understanding on the principal features of the loan agreement at the time the sales agreement is negotiated. Again, our missions in the field have been given authority, subject to general guidelines, to conclude agreements for the use of local currency in specific projects and programs. Another change has been to use a larger part of the local currency proceeds for grants to assist in financing non-self-liquidating projects, with the aim of increasing the attractiveness of the program, avoiding the excessive accumulation of local currencies and promoting a more rapid economic growth of the country concerned.

These administrative changes will eliminate or diminish some of our negotiating difficulties and, with the proposed legislative changes already referred to, will make the surplus disposal program more flexible and efficient.

There are, however, a number of considerations which we believe deserve the particular attention of this committee and of the Congress.

First, there is a limit on the quantity of our surplus agricultural commodities which can be disposed of under Public Law 480 without injury to our economy, the economies of our friends and allies who export the same commodities, and the economies of the recipient countries themselves.

Countries with convertibility and balance-of-payments problems find it advantageous to purchase food with local currency, especially since a substantial part of the currency is returned to the country in long-term, low-interest loans for economic development. It is, therefore, not surprising that they sometimes seek title I commodities not only to obtain agricultural products which they would find it difficult to pay for in convertible currencies but as a substitute for commercial transactions for which they can allocate foreign exchange. If we were to permit this, our own commercial sales would inevitably decline, as would those of our friends and allies. This is why we strive to avoid displacing normal marketings.

It is sometimes thought that excessive disposals of agricultural surpluses are harmful only to those economies whose commercial exports are displaced. But the disposal of excessive quantities can be harmful to the recipient country itself.

For one thing, it can discourage domestic agricultural development by reducing producer incentives. The Argentine nation is today paying the price of austerity largely because its agricultural production, on which its economy rested, sharply declined because of previous price policies which removed the producers' incentive to raise livestock and grains. The reduction in agricultural production, in turn, contributed directly to balance of payments difficulties which we have been helping to alleviate and to inflation and rising costs of living which it is not so easy to remedy quickly and painlessly.

Countries which are striving for rapid economic growth need all of the exchange they can get for the purchase of capital imports. Our disposal program contributes to their ability to buy these needed imports. But this advantage can be offset if their agriculture declines and a situation of dependence on foreign food is created which they cannot hope to pay for in the foreseeable future. This could in time result in a serious problem for them as well as for us and for the free world.

When a Department of State officer was discussing this general problem the other day before another committee, he correctly pointed out the recipient countries themselves may find that other parts of our program displace their exports and reduce their export earnings. He said:

A good example of this type of problem was brought out by a statement made by a delegate from Pakistan to the GATT meeting in November 1958. He said that his country had greatly benefited from the U.S. surpluses and he thanked the U.S. Government. But he pointed out that the disposal by the United States of cotton surpluses had resulted in lower foreign exchange earnings from Pakistan's cotton exports, and he went on to express his fear that the situation was getting worse, observing that in the first quarter of 1958 as compared with the first quarter of 1957, Pakistan's foreign exchange earnings from cotton had dropped nearly 50 percent.



\* \* \* It certainly would not make sense to the American taxpayer for us to tear down with one hand what we are trying to build with the other. This point was made recently by a representative of a country which has received substantial dollar aid from the United States. He said that his government greatly appreciated this assistance but could not understand why the United States was, at the same time, displacing his country's normal marketings by sales of Public Law 480 tobacco.

It is of course difficult to mark the precise line where our agricultural disposal program would do more harm than good. Consumption varies from year to year especially in a commodity like cotton where so much depends on whether the textile industry is in a recession or a boom period. Disasters due to natural causes may temporarily reduce crops and conversely a good crop year can create a burdensome surplus disruptive of market stability. The ability of importing countries to pay for their food imports is another variable.

Psychological attitudes also vary and determine, for example, whether buyers accumulate stocks or cease buying in the hope that lower prices will prevail later. At times, market stability and the attitudes of other exporting nations are governed not so much by what we actually do in administering our disposal program but what they fear we might do. Because we are such a large producer of agricultural products and because our stocks are so large, we have, in the eyes of the entire free world, an obligation to act in a responsible way.

We have developed a procedure for dealing with this problem which works remarkably well considering all the variable and sometimes complex factors involved in each and every transaction. This procedure was recently explained in these words.

After a request for Public Law 480 commodities is received—let us take a hypothetical example of country A, which has asked for 900,000 tons of wheat—we analyze the historical trade patterns for a past representative period. We evaluate the information concerning such factors as existing stocks, domestic production, estimated consumption, foreign exchange resources, and total import requirements. On the basis of the results we can determine approximately how much wheat we can put into country A without impairing normal commercial imports from the United States and other suppliers. Let us assume for instance, that 600,000 tons turns out to be a reasonable amount to offer under title I. We then consult the other suppliers and explain what we have in mind. We point out that available data show that country A should be required to import 300,000 tons of wheat on a regular commercial competitive basis, that we believe this leaves room for them as well as ourselves to maintain our respective normal commercial exports to country A and that we would like to have their views. If we have done our job well and our estimates are reasonable and realistic, the other suppliers will agree with us and express their sincere appreciation for taking their interests into account.

The considerations which argue against the displacement of commercial sales by title I transactions apply with particular force to barter. There are a number of reasons why we do not, in general, consider barter to be a very desirable way of disposing of large amounts of agricultural surplus:

First, we believe that all of our surplus which the world can consume, without disrupting normal trade channels, could be disposed of by commercial sales supplemented by the sale and grant techniques authorized in Public Law 480.

Second, often materials acquired in barter transactions cannot otherwise find a market in the United States either because of our import quotas, or because of restrictions imposed by international

agreements or because of a lack of demand here. The foreign seller therefore sometimes find it convenient to make materials available for stockpiling at a reduced price. This makes it possible for the United States entity to offer surplus agricultural products at a reduced price; and this, in turn, tends to lower world market prices.

Third, because a large proportion of our barter transactions has involved moving our surplus agricultural commodities to economically developed nations capable of paying dollars for their import requirements, our barter transactions are especially damaging to normal commercial trade. In this connection it is noted that the private character of the transactions and the lag in the availability of trade statistics make it especially difficult to prevent these barter transactions from displacing normal sales.

Fourth, we believe there is questionable value in the accumulation of additional amounts of commercially available materials for stockpile purposes when we already have quantities of the materials in excess of our military requirements and when there is no foreseeable prospect of being able to dispose of them in world markets without disruptive consequences. Large accumulations can constitute a burdensome surplus working for a lack of confidence in market stability.

Fifth, the displacement of dollar sales by barter transactions is of particular importance to us at this time. In 1958 the United States suffered a balance of payments deficit of about \$3.4 billion. The seasonably adjusted figure for the first quarter of 1959 was at an annual rate of \$3.7 billion. Each dollar earned from commercial exports of agricultural surplus tends to reduce the degree of deficit.

In the fiscal year just ended barter contracts to exchange agricultural products totaling \$156 million in export market value were entered into under the barter program. The national interest would, in our opinion, be best served by maintaining and strengthening the provisions in barter legislation regarding the undue disruption of world prices and replacement of commercial sales. We would consider it especially undesirable to require the barter of a fixed quantity of materials irrespective of world market conditions.

In conclusion, I wish to repeat what I said in the beginning. Public Law 480 has, on balance, made a constructive contribution to our foreign policy as well as our national objectives. It can continue to do so if we continue to administer it in such a way as to serve our broad interests and those of the free world.

The CHAIRMAN. Mr. Mann, we are delighted to have you and your associates here this morning for the purpose of discussing the important matter now under consideration. I had asked the members of the committee not to interrupt you until you had presented your statement fully. I wish to thank you for your statement. I would like to point out to you that I understand that the President is in favor of expanding the barter program and the Secretary of Agriculture told this committee he was in favor of expanding the barter program, and no official in any department has presented any definite evidence to this committee to indicate that barter transactions have displaced dollar transactions. We have had evidence to indicate that as barter transactions increased the dollar transactions increased and we had evidence that as barter transactions decreased that dollar transactions decreased.



Notwithstanding that evidence you are opposed to the barter because the barter interferes with commercial sales. I will ask you this question: Give us one case, one example, where any barter transaction has interfered with dollar sales and I will show you a man who is derelict in his duty because there was not supposed to be anyplace where a barter transaction displaced a dollar sale.

If you know of such an instance I would like to know the name of the Government agency or the person who approved that transaction.

Mr. MANN. Mr. Chairman, a barter transaction is entered into by private people here and somebody abroad. To get definitive proof that the person abroad would have done what he did had he not been able to acquire what he needed by barter is obviously, as any lawyer would know, a very difficult thing to establish. We don't have any contact with these buyers abroad. We don't talk to them. We don't see them. It is a matter of what their intention would be, what they would have done had they not been able to meet the requirements by the barter way.

I do not say that we are opposed to barter. I think there is a place for barter, as I said last year before this committee. I am talking about my worry about a requirement to move a fixed amount of goods and material in barter without reference to what the market condition is and without reference to what it would do to dollar sales.

The CHAIRMAN. There is no provision in the law that would require moving any fixed quantity of anything. We might propose that as an objective but it seems to me that instead of being a stumbling block in a program which apparently worked fairly well we should try to do something to expand the transactions through which we have acquired strategic materials valued at \$1 billion and have saved, according to the evidence we have, over \$500 million on storage of those strategic materials each year. You might indicate that we might be bartering for things we don't need in our own economy. If that is true then somebody is violating the spirit and the letter of the law because it was not contemplated that we would buy things we did not need or that we would buy strategic material in quantities that were not needed.

In the preparation of the last act we authorized the President of the United States to make up his own strategic material list and we would barter under his direction. While he was slow in making up the list, he finally made up the list.

Now it seems to me we have found a man who does not like barter, and you are the man. Everybody else says they like it and you say you don't like it and we have been pointing an accusing finger at somebody downtown as blocking these transactions. It looks to me like you are the person.

Mr. MANN. I thank answer No. 1 is that the State Department approved \$135 million worth of goods in barter in the year just ended.

The CHAIRMAN. \$135 million?

Mr. MANN. Yes sir.

The CHAIRMAN. It should be about \$335 million, shouldn't it?

Mr. MANN. \$156 million it may have been. I am told it was \$156 million. It may be that next year we will be able to move less. It may be that we will be able to move more. I can assure you that far

from wanting to place any stumbling blocks in front of any part of this program the State Department worked very hard to move large quantities of agricultural products last year. I think it is in the interest of the U.S. economy and the U.S. farmer to make a sale for dollars if we can.

The CHAIRMAN. Certainly.

Mr. MANN. The next best thing is to make a sale which in my judgment would be a sale for local currency, and the least desirable of the three techniques would be the barter transaction.

The CHAIRMAN. You talked about the impact these transactions and Public Law 480 would have on our own economy and the economies of specific countries and then you discuss the difficulties involved in barter transactions. Yet on page 4 of your statement in presenting an example of a hypothetical transaction you state that when the request is received—

\* \* \* we analyze the historical trade patterns for a past representative period. We evaluate the information concerning such factors as existing stocks, domestic production, estimated consumption, foreign exchange resources, and total import requirements. On the basis of the results we can determine approximately how much wheat we can put into country A without impairing normal commercial imports from the United States and other suppliers.

Now if you do all of that how could a barter transaction have the undesirable impact that you just said it might have? I asked you about barter and you said those transactions were carried on by private businessmen, but only under the direction of the Government representative.

Mr. MANN. That is correct. We are talking in here about title I transactions. The section that you read from did not apply to barter.

But I will say this, as I said in the statement here, that I don't think anybody is the repository of all knowledge as to just at what point an additional quantity of goods will force prices down or when it won't. These things are not exactly scientific estimates. They are only approximations. We do the best we can. We think that we have avoided any undue injustice to our commercial sales abroad. We are in favor of the program.

What we are saying, Mr. Chairman, is that we want to continue the same policy of being very careful about not disrupting markets.

The CHAIRMAN. Your statement indicates that you would be very careful.

Mr. MANN. We certainly try to be.

The CHAIRMAN. How do you explain that our exports are off 14 percent, and 70 percent of the loss or decrease in exports has occurred in countries in which you do not permit barter transactions? Seventy percent of the loss of our exports have occurred in the hard currency countries where you do not allow barter at all.

Mr. MANN. Seventy percent of the decline of our imports were from less developed countries?

The CHAIRMAN. I am talking about agricultural exports.

Mr. MANN. I am not familiar with those figures. I will be glad to look into them and give you our views on them.

The CHAIRMAN. We have a document which I commend for your consideration. It was prepared by a member of the staff, and in-



cludes several charts. Table No. 3 indicates just what I have said, that 70 percent of the loss of our agricultural exports has come about in the countries which do not permit barter.

Now we did barter away \$1 billion worth of agricultural surplus commodities and we still have those materials we bartered for in storage and they have increased in value and they are now worth more than when we bartered for them. What would be the objection to bartering wheat and other commodities away, commodities we don't need and don't want in exchange for commodities that we do need and do want?

Mr. MANN. Mr. Chairman, I am not suggesting there is a total disagreement. I think you know that the strategic stockpile objectives in nearly all of the commodities have been met and many times exceeded, in some cases 10 or 15 or so times as much as our defense requirements.

The CHAIRMAN. That isn't the fault of the law. That is the fault of the President or the person making the decision.

Mr. MANN. I understand you are saying to us now we should increase the accumulation of these goods.

The CHAIRMAN. I am not suggesting that at all. I don't suggest you accumulate anything we don't need. I am suggesting that here the President says we need certain materials and it is the duty of all other Government departments and agencies to acquire this material.

Mr. MANN. We certainly do that. We have a surplus stockpile that is quite large.

The CHAIRMAN. If it is too large in any particular commodity or material, it seems to me you could discontinue that and expand the activity in the accumulation of other material.

But we are told by you that you look with disfavor on barter and Mr. Berger looks with disfavor on it, but the President and the Secretary of the Department of Agriculture tell us that they favor barter.

Mr. MANN. I do not oppose barter, provided we exercise restraint and it is done within reasonable limits.

The CHAIRMAN. You do not oppose it but you don't look with favor upon it, do you?

Mr. MANN. Not unlimited barter, no. I don't think you would look with favor upon unlimited barter.

The CHAIRMAN. We have not directed you to engage in unlimited barter.

Mr. MANN. No; I just made the general statement that barter is good but there are limits beyond which we cannot go without injuring the economy of our country and other countries.

The CHAIRMAN. Now another thing that I don't think Congress intended you should do; there was some statement which indicated that before you put through a transaction or approved a proposal you conferred with the officials of friendly governments.

Mr. MANN. Yes, sir.

The CHAIRMAN. And if you sell them on the idea and they pat you on the head and say they appreciate the time you are taking and the time you have taken, you go on with it, but if they don't appreciate and approve it the whole thing is out.

Mr. MANN. No, Mr. Chairman. I think there is a great misunderstanding about foreign governments.

The CHAIRMAN. I think there is a misunderstanding. I think that is a fair statement and I have made it as plain as I can. If there is any way in the world we could put in a feasible and mandatory barter I think Congress would put it in effect.

We are primarily interested in getting rid of these surpluses and we don't care how you do it and under what authority. We have told you we want the commodities sold for dollars first and then for foreign currencies or then donate them.

Mr. MANN. I think there is no disagreement, Mr. Chairman because we have done that at a pretty good clip.

The CHAIRMAN. We haven't been able to give it away. We can't even give food away to starving people.

Mr. MANN. We have disposed of about \$1,400 million in the process in the last year.

The CHAIRMAN. And you have acquired an additional amount. So just look at what has happened to our surplus. In 61½ years the surplus has gone up from less than \$2½ billion to \$9 billion.

Mr. MANN. Yes.

The CHAIRMAN. In the meantime you have sustained gigantic losses. We disposed of the dairy stocks and we did not sell it but gave it away to the tune of \$1½ billion.

If we go on in the years of 1960, 1961, and 1962 as we have been going on in the last 61½ years look where we will be 5 years from now. We have got to do something in the future that we haven't done in the past. I am groping around trying to find some way that we can improve this program.

Mr. MANN. Of course the basic cause of this surplus is something we are not talking about today. We agree with you completely that to the extent that we can with Public Law 480 or commercial sales or any other way maximize our agricultural exports, whether you have barter or dollars or rupees, we want to do that. All I am saying is that you cannot without disrupting world trade dump the whole total of our excess onto the world market. There is a level beyond which it is not in our interest to pass. It is a matter of judgment. Our judgment is that we are putting our surplus on the market now at just about as great a clip as we can without injuring the economies of our country and other countries.

The CHAIRMAN. If that is true then our situation is hopeless.

Mr. MANN. If we can maximize that without doing damage to commercial trade we are in favor of doing it.

The CHAIRMAN. If we are doing all we can at the present time and if you don't think we can do any better than we have been doing then our situation is hopeless; isn't that true?

Mr. MANN. I believe myself that the magnitude of the program last year is not insignificant.

The CHAIRMAN. Yes, I know, but it has not accomplished what we wanted to accomplish.

Mr. MANN. Which is to take care of all our agricultural surplus?

The CHAIRMAN. We want to dispose of our surplus agricultural commodities. That is the program contemplated by Public Law 480, and we want to do what we can to improve our foreign relationship with the people of the free world.

What are we going to do with all the wheat stored in the Liberty ships at Hampton Roads and all over the country?



Mr. MANN. Dispose of as much as we can without breaking world markets.

The CHAIRMAN. It has been there 5 or 6 years. Will you leave it there another 5 or 6 years?

Mr. MANN. I think we are getting into another area of how much the world can purchase and consume, and part of the problem is a matter of production.

The CHAIRMAN. Mr. Teague.

Mr. TEAGUE. Lest the Secretary get the impression that everyone on this committee does not see any merit in his statement which, as I interpret it, emphasizes the importance of our overall trade relations and maintaining relations with important allies to us around the world, I feel as one member that what he has done is worthy of very considerable and careful consideration by this committee.

The CHAIRMAN. I certainly have anticipated in the preparation and passage of the provisions to which Mr. Mann referred that we will give due consideration to the interest of friendly nations, but not permit them to veto everything he proposes to do.

Mr. TEAGUE. I do not interpret anything the Secretary said as giving a right to veto. He said he consults with the nations that have problems and it is important to our commercial relations and trade that we maintain a spirit of cooperation with these friendly countries. It seems to me that is what the Secretary is saying.

The CHAIRMAN. His concluding statement is, "if we have done our job well and our estimates are reasonable and realistic, the other suppliers will agree with us and express their sincere appreciation for taking their interests into account."

That means to me that if you don't get their appreciation and thanks you don't go any further.

Mr. MANN. Let me clarify that. No. 1, no country has a veto on what the U.S. Government does.

No. 2, I don't recall in the last year a single transaction that was canceled out because of objections of a foreign government. We discussed such things as the quantity we would ship without breaking the price, whether there would be a normal marketing provision or whether it should not be a global marketing provision and things of that sort. I would say that the area of disagreement has been very, very small and never have we withdrawn from a transaction because a foreign government objected to it when we were convinced we were right. I want to make that very clear.

The CHAIRMAN. Can you give us an instance of a single transaction which you have consummated over the protest of a foreign friendly power?

Mr. MANN. Oh yes, I can do that. This is a public hearing and I don't know whether we should get into that but I can tell you that we have disagreed and gone ahead.

The CHAIRMAN. Mr. Poage.

Mr. POAGE. It seems to me we are getting into something, Mr. Chairman, and that we are going to do this country a lot of harm in our relations with Australia and Canada and so forth.

The CHAIRMAN. He has not answered the question and I did not press it at all.

Mr. POAGE. I don't think he should go into it.

The CHAIRMAN. He has not gone into it.

Mr. POAGE. Certainly we do want to deal with our friendly nations and I don't see any harm in the world in talking with them about mutual problems. I don't think there is a veto or anything, but certainly there is no harm in talking to our friends about the problems involved.

The CHAIRMAN. What I am complaining about is indicated by that statement, just what I pointed out, that it appears to me that unless he can get thanks from the countries to whom this is supplied he will not not go on.

Mr. POAGE. I think what he said was that these people appreciate what we have done and he did not say that he had to get thanks or anything.

Mr. COAD. Mr. Chairman.

The CHAIRMAN. Mr. Coad.

Mr. COAD. I note running through your statement is the thread of we must protect the markets and cannot endanger any markets and it might collapse. I have been led to believe and you can correct me if I am wrong that among the people of the free world there are times when they are at the point of starvation.

Mr. MANN. Yes, sir.

Mr. COAD. If this condition exists, as you say it does exist, then isn't there obviously something wrong with the market condition if we donate food and commodities to these countries and by the donation of it it upsets the normal market? The normal market is not taking care of these starving people. If it were they wouldn't be starving.

How can you say that the donation of the commodities upsets the market?

Mr. MANN. Well, let me see if I can make myself clear on this. I don't think there is any disagreement with anybody in the administration that I have talked to about this or with any member of this committee, that we ought to move as much as we can of our surplus agricultural products, and the only limit on that is destroying normal market.

Mr. COAD. You haven't answered my question.

Mr. MANN. I am coming to that as quickly as I can. Let us take the case of India. They may have dollar resources, and historically they may have bought 600,000 tons of wheat from Australia. I don't know what the figures are. These are hypothetical. Let us say because of the population growth and their development plans and all their economic needs we want to help them out by reducing the commercial imports to 300,000 tons. But if we supply India's total needs on the ground that they could take this money which they would otherwise use to buy wheat and use it to import capital goods, what we have done, as one minister of a friendly country said to me, what we have done is to transfer a balance-of-payments problem from India to our best ally whose people won't stand for it in the long run.

Mr. COAD. You have not answered the question about the problem which I presented.

Mr. MANN. Then I did not understand it.

Mr. COAD. The problem is for example if India—and she has some peculiar-to-herself ideas about this thing, but if they have one-half



billion dollars that they will spend for wheat, but if they need a total of \$1 billion of wheat for actual nourishment of the people for that year, why can't we sell her half a billion dollars worth of wheat and give her one-half billion dollars worth of wheat?

Mr. MANN. That is what we are trying to do.

Mr. COAD. Trying to do?

Mr. MANN. That is precisely what we are doing.

Mr. COAD. But I hear the comment time and time again that it will upset the normal market and break the prices, and that sort of thing.

How many countries have we supplied their needs and yet have taken the payment only in local currency?

Mr. MANN. The total need?

Mr. COAD. Yes.

Mr. MANN. I don't know that.

Mr. COAD. Would you submit it for the record?

Mr. MANN. Yes, I will be happy to.

The following instances may be cited as illustrative of countries to which, due to foreign exchange shortages and other factors, the United States has supplied in the recent past for local currency the import requirements of a certain commodity. The observations are based on available trade statistics and other data showing that the country concerned imported in a specific period all or practically all of the commodity concerned from the United States and that such imports from the United States were primarily sales for local currency under title I of Public Law 480 or section 402 of the Mutual Security Act. In addition, the country may have received limited amounts from the United States under the foreign donation program through volunteer agencies.

*Formosa.*—In fiscal 1957, all imports of wheat by the Republic of China were for local currency under section 402, plus a small amount under donation. In fiscal 1958, both Public Law 480 and section 402 sales for local currency, plus some donations, accounted for all but about 15 percent of Formosa's wheat imports. The 15 percent was for cash, also from the United States. Although later import statistics are not available, it is understood that Public Law 480 and section 402 wheat have continued to supply the great bulk of Formosa's wheat imports.

*India.*—This country receives larger amounts of wheat and flour under Public Law 480 than any other country. Such shipments accounted for about 75 percent of India's wheat and flour imports in fiscal 1957 and 1958, the remainder coming primarily from Australia and Canada. Import figures for fiscal 1959 may show a somewhat higher percentage from the United States.

*Israel.*—Except for insignificant amounts from other sources, the United States supplied under title I and section 402 for local currency all imports of corn and grain sorghums of Israel in fiscal 1957 and 1958. Essentially the same picture should develop for fiscal 1959, according to the size of the feed grain component in the corresponding Public Law 480 agreement.

*Korea.*—In fiscal 1957, the United States supplied all but about 3 percent, and in fiscal 1958 practically 100 percent, of Korea's wheat and flour imports, mostly under Public Law 480 and section 402 for local currency but also to a small extent for dollars. In both years, Korea's entire imports of feed grains, mainly barley and corn, were provided by the United States for local currency under Public Law 480 and section 402, with some donations. Korea has also received in recent years practically all of its cotton from the United States, mainly for local currency under section 402, with smaller amounts under Public Law 480. Tobacco is another commodity which Korea has recently imported, although in relatively small quantities, only from the United States for local currency.

*Philippines.*—Import requirements of the Philippines for cotton have in the last several years been consistently covered by the United States for local currency under Public Law 480 or section 402. The only exceptions have been in small lots difficult to identify but possibly from Hong Kong or Pakistan.

*Spain.*—Trade figures for the calendar years 1956 through 1958 indicate almost 100 percent imports of edible vegetable oils (soybean and cottonseed) from the United States. These were Public Law 480 and section 402 shipments.

*Turkey.*—Turkey, which earlier had been self-sufficient in wheat and even an exporter of this commodity, was provided under title I for local currency with all but about 7 percent of its wheat imports in fiscal 1957 and all such imports in the next year. In the same years all of Turkey's imports of corn and barley were from the United States under Public Law 480. More recently, Turkey has obtained vegetable oils (cottonseed and soybean) only from the United States under Public Law 480 to augment its own significant production of vegetable fats and oils.

Mr. POAGE. Mr. Chairman.

The CHAIRMAN. Mr. Poage.

Mr. POAGE. We are confronted with one problem that was aggravated, I think, in the last few weeks, and that is we are producing more commodities than our domestic market and our dollar market and all other kinds of markets world over can take care of; isn't that our basic problem?

Mr. MANN. Yes, sir.

Mr. POAGE. Wasn't that terribly aggravated a couple of weeks ago when the President vetoed the bill that would reduce the surplus by 25 percent? Isn't that the way you will be able to balance these sales in our production?

Mr. MANN. I refer that one to my distinguished colleague in Agriculture. This is out of my field.

Mr. POAGE. But that is a fact. We offered to cut the production, and cut it by 25 percent, and the President said, "No; we don't cut it unless you cut it on my terms."

Mr. TEAGUE. Mr. Chairman.

The CHAIRMAN. Mr. Teague.

Mr. TEAGUE. Isn't there some question about the 25-percent cut?

Mr. POAGE. Yes; it might be 27 or 28 percent.

Mr. TEAGUE. Or 10 or 12 percent.

Mr. POAGE. No.

Mr. TEAGUE. That is not the point here.

Mr. POAGE. It was 25 percent of the acreage, plus all of the so-called fringe benefits, which meant we would have gotten about a 25-percent cut in production. I know that acreage and production are not the same. It is not a 25-percent cut in acreage, but a 25-percent cut in production, plus all these other things.

The CHAIRMAN. I want to make one remark before we recess. I know I did help write the language in the bill which required that consideration be given to the markets of our friendly nations. I am led to believe by your statement that this would disrupt the world markets. And if that is true, then we will not be able to dispose of the surplus.

I am not going to insist that you should disclose it, but I certainly have had the impression that while Agriculture was diligently and faithfully trying to dispose of the surpluses they met with obstacles in the State Department when they say they cannot do this and cannot do that.

We will recess now; and when we come back at 2 o'clock this afternoon, I hope you and your associates can be around here so that we can ask you just briefly about your views on these barter transactions.

It seems to me we ought to be able to work on some kind of a transaction that is reasonable and feasible that will result in the final disposition of these surpluses.

Mr. MANN. I agree with that.



Mr. HOPE. Mr. Chairman.

The CHAIRMAN. Mr. Hope.

Mr. HOPE. I asked this morning that I would like to make a request that the statement of Mr. Richard K. Baum on behalf of the Wheat Association be placed in the record.

The CHAIRMAN. I gave you that permission and I will give it to you again.

Mr. HOPE. I wanted to be sure that it will follow the statement which I made.

The CHAIRMAN. Yes sir, it will be put in there at that point.

We will adjourn until 2 o'clock this afternoon.

(Thereupon, at 12:15 p.m., the committee recessed to reconvene at 2 o'clock of the same day.)

#### AFTERNOON SESSION

The CHAIRMAN. The committee will please come to order.

Under Public Law 480, as pointed out by Mr. Poage this morning, countries with whom we have contracts are permitted, over a period of 10 years, to provide us with strategic materials or other critical materials which are provided for in the contract.

The Secretary of Agriculture, apparently, looks with disfavor upon our having long-term commitments with other countries—that is, to provide the countries with agricultural commodities over a number of years. I think he indicated that he might approve a contract to provide surplus commodities for 1, 2, or maybe 3 years, under certain circumstances.

Are you in a position to express an opinion as to long-term commitments on our part to provide under-developed countries with agricultural surplus commodities as long as such commodities are in surplus supply?

As I have said, the Secretary of Agriculture seems to object to long-term commitments which might, under some circumstances, necessitate our going into the open market to buy these commodities to carry out our contracts.

I do not think that anyone would want to require the Secretary, or even to permit the Secretary, to commit us to furnish commodities other than those in surplus supply.

You give a recipient country a 10-year period within which to deliver the materials under the contract, and by the same token it seems to me that we should be willing to give the country involved a long-term commitment that we will supply wheat or corn or other commodities for 1, 2, 3, or 5 years.

Mr. Hope, who was the former chairman of this committee and served on this committee for 30 years, this morning advocated long-term commitments.

Mr. Poage has been a constant advocate of long-term commitments.

However, the fact remains that the Secretary of Agriculture is unwilling to permit long-term commitments.

There is an organization in Washington composed of the Ambassadors to Washington. The president of the organization is the gentleman from India. I met informally with him and some of his associates the other day. They are going to have another meeting and

are going to report to us informally how they feel about these long-term commitments. But everything indicates to me that almost all of the countries with whom we are dealing would like to have long-term commitments.

Are you in a position to speak for your department to say how you feel about long-term commitments?

**STATEMENT OF HON. THOMAS C. MANN, ASSISTANT SECRETARY OF STATE FOR ECONOMIC AFFAIRS; ACCOMPANIED BY HOWARD BRANDON, ASSISTANT CHIEF, COMMODITY DIVISION; AND MISS DOROTHY JESTER, INTERNATIONAL ECONOMIST, COMMODITY DIVISION, DEPARTMENT OF STATE—Resumed**

Mr. MANN. I cannot speak for the Department of Agriculture on this, but I can say that I believe our thinking in the State Department is that we should not base our decision in this particular case on any doctrinaire position.

There are really two problems, as we see it, in our Department. One is, Will the commodity be in surplus over a long period of years? I agree with you that that could be taken care of in the way the contract was drafted. It could be an obligation conditioned on our having the surplus.

The second basic problem, I think, is that the needs of countries, generally speaking, vary from year to year. We have had experiences in the last 12 months where countries have signed up for a certain amount of commodities. For example, in the case of wheat, one country, Greece, signed up in fiscal 1958, for about \$12 million; then it had a bumper crop, and within a year became an exporting nation. They decided that they preferred not to take all our wheat; they could use their own wheat instead.

We had a similar situation in Spain.

I think the difficulty with projecting oneself 10 years in the future is to make sure that there will be a need which is in excess of what you might call the normal commercial supply.

We in the State Department would be perfectly willing to examine the situation on a case-by-case basis, and if we found a situation where we thought we could safely make an unconditional—really a conditioned contract so far as we are concerned, but unconditional so far as they are concerned—commitment to dispose of that much surplus without damaging prices and stability in a particular commodity, I do not think that we would oppose it on doctrinaire grounds.

What I am saying is that I think maybe instead of trying to foresee all possibilities that we ought to look at this on a case-by-case basis.

I am giving you my personal opinion and not necessarily the opinion of the administration.

The CHAIRMAN. As I understand it, there has been a French housing project in France involving, I think, a million dollars' worth of American cotton.

Do you know of any reason why surplus agricultural commodities could not be used in projects for low-cost public housing in some of the foreign countries where housing is very badly needed?



I understood yesterday, from Mr. Miller, I think, that it was perfectly permissible and that it was contemplated by law, but I do not know of any instance where our surplus commodities have been used for civilian low-cost housing in these foreign countries.

Do you know of any places where you could use commodities for that purpose?

Mr. MANN. I think that in the case of military housing we have done a great deal of it, Mr. Chairman. We have done it in France and I think also in other countries.

I know of no reason why local currencies generated under Public Law 480 could not be used for economic development projects.

The CHAIRMAN. And low-cost housing would be an economic development project, would it not?

Mr. MANN. So far as I am personally concerned, yes, sir.

I would not want to try to speak—

The CHAIRMAN. The reason that I asked you is that I saw a letter the other day—I do not want to involve any country by name or any individual by name—where a proposal was suggested through which you might use surplus agricultural commodities, and it was for the purpose of building military barracks, housing for their own military personnel. It seems to me that would come under subsection (c) of section 104, which provides: "To procure military equipment, materials, facilities, and services for the common defense."

That is a provision of the law which is very broad and all embracing. It could be used in various areas of the world and we might dispose of our surplus commodities under that provision of law.

How would you feel about that?

Mr. MANN. I would say offhand that I do not see any difficulty with that. This is, however, a question for Mr. Fitzgerald. I am sure you are familiar with the distinction between the so-called social overhead projects and economic development projects. Of course, those projects are not self-liquidating. I do not know what their thinking is.

The CHAIRMAN. May I interrupt you there. This probably would not be subject to any project, but would be military equipment, military housing, in the form of barracks, and would be for the defense of our country. It seems to me that would be highly desirable.

Mr. MANN. I just do not know what the ICA's thinking is on so-called social overhead projects that are related indirectly to economic development.

The CHAIRMAN. Do you know whether or not the French have any interest in any programs in addition to what they now have?

Mr. MANN. Not to my knowledge, sir.

I believe what you are asking is: Is it possible that currencies generated under Public Law 480 could be used for public housing, either military or civilian?

The CHAIRMAN. That is right.

Mr. MANN. I know of no legal objection to that. I think that in certain countries where we have a large amount of these currencies generated and we are trying to find good uses for them, they could be utilized.

The CHAIRMAN. And I have also read of suggestions that our surplus commodities might be utilized to enable these backward countries to build recreational facilities and so forth, things of that kind.

Mr. MANN. That is correct.

The CHAIRMAN. That would be an approved proposal; would it not?

Mr. MANN. Yes.

The CHAIRMAN. Are there any questions from other members of the committee?

Mr. SMITH of Kansas. Mr. Mann, in determining a long-range program, the people in the United States are frequently interested in the stability of the Government, are they not?

Mr. MANN. That is one of the factors you would have to take into account.

Mr. SMITH of Kansas. You have to check into the stability of the governments. In other words, why would we want to make a 10-year commitment to Bolivia to protect them when we do not know anything about what will happen to their Government?

In other words, how many of their taxpayers are getting any help from these programs?

When you talk about help, take the country of Bolivia down there which built a road from no place to nowhere. They have got that and nothing else.

Mr. MANN. In the case of Bolivia, and this goes back, way back in my memory, I understand that one of the major problems in Bolivia is that they are living in this highland, Altoplano, where little grows, where for many centuries the people have lived principally off the mining industry. And especially in the case of tin, that industry is now in distress. There is nothing for those people to do, nothing productive, that can be done on the 12,000- or 14,000-foot Altoplano.

One cannot grow crops in abundance. There is a freeze or at least a frost every night. Potatoes do not grow so well, and so forth.

And so the idea was that if these people could gradually be transferred down into the lowlands, which are productive, and if an agricultural industry in the Santa Cruz area of Bolivia could be built to grow food and transport it to the highlands where the center of population was, it would probably be a service to the Bolivian economy and the people.

That road has been built. I have only seen it from the air, but agriculture is expanding. I think the future of Bolivia is down off the hills and into the lowlands where they can grow crops. And if we could accomplish that we could reduce our aid by some \$20 million a year which we are now spending to help keep the economy viable. If one can justify a road, it would have to be on those general, long-term economic grounds.

Mr. SMITH of Kansas. But we have not any assurance that we are going to get tin 10 years from now from Bolivia; have we?

Mr. MANN. Bolivia is a high-cost producer of tin.

Mr. SMITH of Kansas. In other words, Bolivia has priced itself out of the market, practically?

Mr. MANN. They are high-cost producers in comparison to other producers. But a large part of the problem is a world oversupply.

Mr. SMITH of Kansas. That is all.

Mr. HOEVEN. I have listened to your statement with great interest. In item 3, on page 2 of your statement, you make a reference to "non-food emergency relief." What does that encompass?

Mr. MANN. I understand it is to provide clothing for people who have been through a flood or a famine, the Red Cross type of activity,



in addition to feeding them—a pair of trousers or a shirt or a blanket, that sort of thing.

Mr. HOEVEN. Do you understand that is contemplated or authorized under Public Law 480?

Mr. MANN. I take it that the lawyers considered it. I have not studied this myself in detail. They were limited under the law as it is now written to providing food in case of natural disaster, and thought it might be useful to use some of these counterpart funds which are building up in some countries.

Mr. HOEVEN. Are you authorized to do that under the provisions of Public Law 480?

Mr. MANN. I understand that there are proposed amendments to Public Law 480 which would authorize us to do this.

Mr. HOEVEN. It seems to me that you are going far afield, and away from the original intent of the law, which was to dispose of surplus agricultural commodities. When you include clothing and other non-agricultural items, you are embarking on a relief program and not a food disposal program.

Mr. MANN. I think that really divides itself into two parts.

When we sell large quantities, as we have in India, for local currencies, we build up a tremendous quantity of rupees which are not convertible. Then we have a problem of what we can do with these without damaging the economy of India. And this was thought to be one of the ways in which we could, without additional cost to the American taxpayer, use some of the local currencies generated as the result of the other program in a way that would be useful.

Mr. HOEVEN. I doubt very much whether the law contemplated that we go into the open market for such items.

Mr. MANN. I believe it is to use the rupees in India or in Burma or some nearby place where the rupees would have some value.

The CHAIRMAN. Mr. Short.

Mr. SHORT. I would like to ask a question or two in regard to the barter program as related to strategic materials. I am not sure whether or not you are the right one to be asked these questions.

The question that comes to my mind, however, is as to who makes the determination as to what strategic materials this country requires. Is that a responsibility of the Defense Department, or does that hinge on our current defense program, the current thinking in regard to defense equipment of materials that we need, for instance, in connection with the construction of missiles, we will say, at the present time? What I am getting at is this: This aspect of the barter program seems to me to get out of the field of trade relations carried on by commercial firms and the Government very definitely gets into the picture. I am just wondering who makes the determination as to what we purchase, how much we purchase. And, perhaps, to carry it on a little bit further, some of the things that are used, which were encompassed within our thinking at one time as being strategic materials, have now become a material that we do not need. What becomes of it then?

Mr. MANN. Well, sir; I am not the most knowledgeable person, but I have some idea. It is the OCDM—the Office of Defense Mobilization—that makes the determination of what materials are needed for the defense and security of the United States.

In making this determination my understanding is that they consult, of course, with the Department of Defense and other interested departments.

They have had, I know, several committees of private citizens from the outside to make an entire review of the whole concept of what a war would be like, how long it will last, if there is a world war, and so on. And, as a result of all of these factors, they come to conclusions about what materials will be needed, largely those that are not readily available in the United States, and in what quantities they would be needed.

Those estimates have been scaled down largely as the result of different concepts. So that in general our strategic requirements as determined in this way, I have indicated, are now largely met and in some cases exceeded.

In addition to what we call the strategic stockpile, we have what we call a supplementary stockpile which is the creature of Public Law 480. And the supplementary stockpile, as distinguished from the strategic stockpile, is the repository of all the materials which we acquire under the barter program. I think some 96 percent, calling on memory, of the supplementary stockpile was acquired through barter. Now these materials are better than perishable agricultural commodities. And they have value.

There are two main difficulties that I see. One is the difficulty of ever selling them. We have more copper than we need, for example. And, if we were to go out and say that you were going to sell copper from the supplementary stockpile, the industry would correctly say that production and consumption are more or less in balance; and, if we were to add to current production sales from the stockpile, what we would do is drive the price down. And that in turn would cause mines to shut down, and it would cause unemployment and a whole chain reaction. So it is very difficult ever to dispose of this stockpile through normal commercial channels.

Mr. SHORT. I was thinking more in terms of something rather uncommon, rather than something as common and basic as copper. I was thinking in terms of something that might be vital, for instance, in defense, some of the lesser available metals, for instance, something that is used in the manufacture of, some of these peculiarly necessary to the construction of, jets and jet engines, and that sort of thing.

You get into the field, the same field that you get into when you are disposing of surplus war material, when you come up with something better than that which you have, even though what you have was good at the time, but when you come up with something better, it is obsolescent. And you have the problem of disposing of this very good piece of material that is practically worthless to anyone else.

I was thinking in terms, for instance, of an obsolete bomber. Who wants a bomber, regardless of how good it is? It may be indispensable, so far as the Government is concerned, but when you come up with something better, it has practically no value at all. That happens sometimes.

Mr. MANN. Yes; it does.

Mr. SHORT. I mean, in connection with strategic material. It would almost have to be written off, it seems to me.



Mr. MANN. That is correct. One of the factors they take into account, as in the case of uranium, is do we have enough in this country to satisfy our requirements? Even though it is still important, the answer a few years ago was that we did not have it. Now the answer is that we have uranium running out of our ears. And the mines in Canada and the United States are producing more than we can consume.

So we then have the problems of a stockpile here and an overproduction there, and of how we keep down distress in the uranium industry, and what we do with the stockpile.

There is a constantly shifting change of the requirements concept. What you say is right.

Mr. SHORT. Thank you.

Mr. GATHINGS. I wondered if you would, for the purpose of the record, give us your background and the college that you attended.

Mr. MANN. Yes, sir. I am a lawyer from southwest Texas and practiced law in Texas for 8 years.

I attended Baylor University, and got two degrees there. And I have been in the State Department—

Mr. GATHINGS. What degree did you receive?

Mr. MANN. A law degree and a B.A. I have been in this service for 16 or 17 years as a career officer. I am a career officer in the Foreign Service.

Mr. GATHINGS. What is your title in the Department of State?

Mr. MANN. My present title is Assistant Secretary in Charge of Economic Affairs.

Mr. GATHINGS. That is the same as an Assistant Secretary of any department?

Mr. MANN. Yes, sir; of any bureau in the Department. In the State Department we are divided into various areas, each of which is a separate bureau with a separate Assistant Secretary.

Mr. GATHINGS. You do assist in negotiations. Your office is involved in these negotiations with the various countries?

Mr. MANN. Yes.

Mr. GATHINGS. That seek to obtain surplus commodities under Public Law 480?

Mr. MANN. Yes, sir.

Mr. GATHINGS. Section 101 of Public Law 480 says, among other things—

In negotiating such agreements the President shall—

(a) take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this act will not unduly disrupt world prices of agricultural commodities.

Now that was the law up until the last Congress. And there was a period after the word "commodities."

The 85th Congress, 2d session, added the language, "or normal patterns of commercial trade with friendly countries."

Do you recall the background of that language being added to it in the act of the last Congress?

Mr. MANN. I believe I recall reading a conference report, but it has been some time ago since I read it.

Mr. GATHINGS. You do not know just what the moving force was

that went behind the scenes and brought that forth——

Mr. MANN. No, sir.

Mr. GATHINGS. And asked that it be incorporated, so far as subsection (a) of section 101 is concerned?

Mr. MANN. No.

Mr. GATHINGS. Has there been a change in policy, insofar as our relations are concerned, in dealing with these recipient countries under title I of Public Law 480, since the addition of that language?

Mr. MANN. No, sir. I think we always understood that Congress, in general, wanted us to dispose of as much as we could without wreaking havoc in the free world, and we have tried our best to do that.

Mr. GATHINGS. You come from the great Southwest, the State of Texas. You do have or should have, a knowledge of the growing of rice in that part of the country, and know something about these other commodities. Do you not think it would be well to bear in mind that we do have an awful lot of surplus crops in our warehouses, they are bulging at the seams, and that some effort should be put forth to move those surpluses into the various hands of people who seek them?

I take it that you know something about the negotiations with Indonesia, with respect to rice at this moment?

Mr. MANN. Yes, sir.

Mr. GATHINGS. I just wondered how that transaction is getting along—how is it doing at this time, where it is, and so forth.

Mr. MANN. May I just speak from memory, and if I am wrong, I would like leave to correct the record.

Mr. GATHINGS. Yes; certainly.

Mr. MANN. My understanding is that we signed some months ago a large Public Law 480 agreement with Indonesia in which we satisfied their entire rice requirements. That is my recollection. There may have been some usual marketing requirements, but we did sell a large quantity of rice under title I to Indonesia.

Mr. GATHINGS. The movement of rice under Public Law 480, increases, currently over a year ago, amount to about 1 percent. The demand is for an appreciable amount over and above just a small 1-percent increase.

You recognize the fact that only about one and one-half percent of the total rice production of the world is produced in America, yet we are an exporter of rice.

Mr. MANN. Yes, sir.

Mr. GATHINGS. And it grows right in your State of Texas.

Mr. MANN. That is correct, and in Louisiana, I think.

Mr. GATHINGS. What is that?

Mr. MANN. And in Louisiana.

Mr. GATHINGS. Yes, in Arkansas, in Louisiana, and in California, too.

Mr. MANN. We are on the verge, we think, of concluding eight additional agreements for some half billion dollars which we think we are very close to buttoning up. When we do that——

Mr. GATHINGS. Eight additional agreements now?

Mr. MANN. Yes, sir.

Mr. GATHINGS. I hope that those eight agreements will mean that we can stay in the business of growing rice.



Mr. MANN. Yes. We will be delighted to sell as much rice as we can. I can assure you of that.

I talked to Congressman Thompson some months ago about it. We understand the problem, and we are sympathetic. We want to do everything we can.

Mr. GATHINGS. That is all. Thank you.

The CHAIRMAN. Mr. Poage.

Mr. POAGE. Mr. Mann, I am sorry to have been called out so many times. I wonder if you have commented on the desirability of giving some longtime contracts to the undeveloped nations, and particularly what is your feeling on that. Do we accomplish all we should by giving 1-year contracts?

Mr. MANN. Mr. Poage, the chairman asked me that question a moment ago and I said that we did not take a doctrinaire position in that regard.

We do see two difficulties.

One is the difficulty of forecasting what the needs or the requirements of a country will be over a long period of time. And that one is hard to overcome, in our experience, even in a 1-year period up to now. I said that in Greece and in Spain the governments, themselves, had revised their own estimates in a 6 months' period.

The second difficulty, I think, usually could be overcome by including a proviso, as the chairman suggested, I believe, that the obligation on our part would be conditioned on having a surplus.

I said that we might consider this on a case-by-case basis. If we find a situation where we know, where we are certain that there will be a demand for a particular commodity over a 10-year period, regardless of whether there were drought or bumper crops or whatever, then I think that a long-term agreement would make a lot of sense, if it were that clear.

If, on the other hand, it is uncertain as to whether we have a large demand one year and a small demand the next year, it might be better administration to sit down every year and sell as much as we can.

Mr. POAGE. What would you think of the idea of saying to X country, "If you want wheat, and you want to buy 20 million bushels of wheat for your own currency, we will sell you that much every year for the next 10 years—we will make you a price—all subject to the current world price?"

Either way, I visualize an obligation on the recipient country to take as well as an obligation on the part of the United States to supply. I do not want it to be a one-way street.

I recognize that other people have to have some assurance, but we as well have to have some assurance.

For instance, take strategic materials. We ask them to provide them over a 10-year period and commit ourselves to take them over a 10-year period. Why should we not, also, ask people, who are going to deal with us, to take things over a period of years, as to how we will handle our surplus commodities, and our current production—why would it not be wise for them to know that they had a source of supply—why is it not of advantage to both countries?

Mr. MANN. I cannot speak for the Secretary of Agriculture.

Mr. POAGE. No one expects you to speak for the Secretary. We would not want that. He wants to study it. It seems to be a case of

study. I hope that it is not. I hope that you have already solved and studied it.

Mr. MANN. If we could find a country, or a group of countries, where we were certain that the level of exports agreed upon over a 10-year period would not interfere with normal marketings, would not displace our dollar sales, we would consider that with an open mind. We do not know of any countries right now where you can safely do that.

Mr. POAGE. You hope that in dealing with Y country today, that their condition will improve and that 10 years from now they will be a dollar market, which they are not now, but it seems to me that because of the hope that we can improve the conditions, that they probably will improve, we deny ourselves, and deny them, the advantages of stability, because we hope that our program will be a success, but I do not see how we will be hurt by giving a 10-year program, even if it went out in 4 years, if it brought the country up to a point where they could be a dollar purchaser. They are not that today. And if we could give them a program whereby they would be a dollar purchaser, I do not see how it would cost us anything by giving them a commitment for several years. If we can speed up the time when they will become a dollar purchaser by 2 or 3 years, why not give them that chance?

Mr. MANN. If I thought by this program we could bring about an economic development rate that was so rapid that they would become exporters of capital and goods within 4 or 5 years, I would be all for it. What I am really saying is that I think that we have to look at each case country by country.

Mr. POAGE. Not only that, but unless they are going to become a dollar purchaser—unless they move faster—I will not say faster than you anticipate, but faster than average, they are not going to be a dollar purchaser at the end of 3 or 4 years. And they will become slower unless you give them some assurance.

You heard Mr. Hope this morning?

Mr. MANN. Yes, sir; I heard him. I thought he made a very fine presentation.

Mr. POAGE. What Mr. Hope said is that if we feed a country this year, and pull the rug out from under them the next year, they may actually be in worse shape than they were to begin with.

Mr. MANN. I agree with that.

Mr. POAGE. I agree with it, too. And I should like to avoid that.

Mr. MANN. I really do not foresee any immediate scarcity in agricultural production in this country. I really have not worried about that too much.

Mr. POAGE. We have reached the point in some of these basic crops from time to time when we did not actually have the large supplies for export. When was it, 2 years ago, we had a situation in cotton where you could not export the types of cotton that the people wanted, the types that we had made commitments on.

Within the last year we have seen ourselves withdraw a great deal of dairy products that we had in vast supply. We had a vast surplus of dairy products, almost more than everything else. We have taken it away by spending a billion and a half dollars a year doing it. Suppose that the United States deliberately attempted to move the com-



modities under a subsidy, under, say, 40 or 50 percent subsidy—you can remove most anything from the market, if you are willing to pay sufficient subsidy.

Mr. MANN. Yes.

Mr. POAGE. We have seen within the last 12 months—I am not arguing about whether it is right or not—where we have removed dairy surpluses. They are no longer in surplus supply, consequently, they are not available, under these contracts that we wrote—they are not available right now—and yet a year ago you could write a contract with impunity and everyone would assume that you would have powdered milk, cheese, and butter for delivery for some years to come. The same thing happened to cotton and to feed grains.

Can these nations afford to deal with us on that kind of uncertainty?

Mr. MANN. One of the points I made in my statement was about creating a permanent dependence on the United States for food to feed their population.

Mr. POAGE. Is it not a pretty good thing for the United States, just thinking of it from our own selfish standpoint, to encourage them to become dependent upon the United States for their food, rather than to get it someplace else? If by giving somebody a favorable contract for a specific period of years, whether it be 5, 7, or 10 years, if by giving them such a contract, are we not in a better position at the end of that period of time than some other nation to sell them, if they are not geared to handle the goods?

Mr. SMITH of Kansas. Will you yield?

Mr. POAGE. Yes; in a moment. Am I not right on that?

Mr. MANN. I think, Mr. Poage, that under all of the conditions that you have mentioned, assuming they have the dollars with which to buy food, and assuming that we have the food to sell them for the dollars, that I would go along with that.

Mr. POAGE. The fact is that is the objective that we are striking at. Maybe we will not reach it, but that is what we are trying to do under this legislation, is it not, to build up the economies of the recipient nations during this period of time, so that they will have dollars with which to buy. For instance, if they use enough cotton for 8 or 10 years, it will not be as convenient for them to change and use Sudanese or Russian cotton or other cotton, as it will be to continue to use American cotton; is that not correct?

Mr. MANN. I think that is quite correct.

Mr. POAGE. Therefore, it seems to me that we have a selfish interest in stabilizing their industry for American products.

Mr. SMITH of Kansas. Will you yield now?

Mr. POAGE. Yes.

Mr. SMITH of Kansas. That is a remarkable statement, Mr. Poage. That is the first time I have ever heard you say that. You have just said Uncle Sam should be a Yankee trader instead of a Yankee giver. I want to commend the gentleman most highly for that.

I want to make this further observation. In one country, they said that they were using 480 funds for purposes of increasing rice production, and that in a couple of years the X country would be able to export rice. I said, "That is fine—what about the people of Mississippi and Arkansas—where will they sell their rice?"

"We do not know about that."

So that is something that most people do not realize about this Public Law 480 program. When you start using 480 funds to increase production of products we are eventually depriving the American farmer of his livelihood.

I still want to commend the gentleman for being a Yankee trader.

Mr. POAGE. I agree with the gentleman from Kansas that we may be simply using our funds not for ourselves.

Let me ask Mr. Mann one more thing. Could you give us the reason, and I do not know of the reason, why during the past year when the United States had all of these ancillary programs to try to move our agricultural surpluses, we had a loss of about 17 percent in our wheat exports? I understand that is for soft currency. Is that right? During the same period of time, I understand that Canada for cash, that is, for hard currency, advanced their wheat exports. It went up a few points. How can we explain that sort of situation? I do not know the answer. I hope that you can give the answer. Maybe the Department has some explanation for it.

Mr. MANN. Mr. Poage, I am one of those who believe that American agriculture should gradually be freed from production controls. I do not want to get involved in a field that does not belong to me, but just from the standpoint of international trade, I believe that we could compete with anyone in the world.

Mr. POAGE. Let us follow that a moment. That is the thing we are talking about. We had as much as 86 million acres of wheat in the United States. We are now limiting it to 55 million acres. You can argue how much that will reduce the production of wheat. And I will grant that you do not get a reduction in bushels in exactly the same ratio as you reduce the acreage, but you do get a substantial reduction. You cannot cut from 86 million to 55 million acres without having a reduction in production. If we wiped out all controls entirely, regardless of price, and regardless of what the farmer would get, there will be more wheat coming on the world market. I do not think anybody questions that.

I think we have to do the same thing with cotton.

It dropped from 43 million acres down to 17 million acres.

To put it another way, currently today with our modern techniques we would grow a whole lot more cotton than we have grown on the 17 million acres, if you had no controls at all and were producing all of the cotton that we could produce on the 17 million acres.

If we were producing all of the wheat we could produce on 86 million, with no assurance that we would stop at that point, and those are points that we reached some time in the past—if we were producing all of those commodities and selling them on the world market who would buy them and then what would be happening to these other commodities? I have always taken the position with people who talk to me from Canada or Australia or Argentina and who have complained about our programs—I have taken the position with them, I thought candidly that, "At least you are better off than if we had no program; if we offered the products on the world market at whatever price they would bring, then what would happen to your development, to your underdeveloped countries, and to those people who are in the market, what would happen to them who are trying to sell?"



Mr. MANN. If my premise is sound, I think it leads to the conclusion you have just expressed, that if there were no controls and we were free to produce cotton, let's say, all of the cotton increase which we have seen in the last decade under the U.S. price umbrella would then have to compete at a low price with U.S. cotton, and I think that we would have a problem of considerable magnitude.

Mr. POAGE. We would have it and everybody else would have it, wouldn't they?

Mr. MANN. That is correct.

Mr. POAGE. Probably we would hope we would get a dime for that cotton. And the only comfort we can get would be that as we went broke we would have the pleasure of seeing our neighbors south of the Rio Grande go broke before us, and we would have the opportunity to see the people of Egypt starve probably before we starved, and we would see revolution break out in the Sudan before it broke out here. We would simply have the comfort that misery loves company.

That is all we can hope for out of such a program as that. Can you see any other logical conclusion to it than that kind of comfort?

Mr. MANN. Mr. Chairman, I think that when you pass, in any commodity, from a period of artificial controls, price controls and other things, into free competition, that everybody goes through the wringer, and the natural economic law is that the most efficient producers survive.

Mr. POAGE. Let's follow that another step.

Mr. MANN. But those things do level out. It is not a permanent situation, and economies adjust and produce other things; but there would be a period of painful adjustment.

Mr. POAGE. And accepting your premise that they do level out, at what kind of a level do they level out when you have the United States producing say 40 or 50 percent more food and fiber than we are now putting on the world market?

At what kind of a level must agriculture over the world level out? Will it level out at a level comparable to the wages that are paid in industry in the United States?

The CHAIRMAN. No.

Mr. POAGE. Of course not. Will it level out at a level anywhere comparable to the dividends that are paid by American corporations at the present time, the chainstores, the milk chains, any of those? Would it level out at something that would enable agricultural producers, whether in the United States or elsewhere, to enjoy a standard of living that is anything as comparable to other people?

Mr. MANN. Mr. Poage, I hope there are people on this committee and in agriculture who have better answers to these questions than I have. This is not my field, really.

Mr. POAGE. I realize it isn't, and I think when you gave us the answer that if we would just abolish all of our controls on agriculture we would solve a lot of these problems—of course we would solve a lot of these problems.

We would solve the problem of buying shoes for the children, but we would have to pay the undertaker somehow or other, and his bill would probably be higher than the record living expenses.

The CHAIRMAN. May I interrupt. I do not believe that Mr. Mann is advocating repeal of all these laws and programs. I thought you just said that we could compete in world markets.

Mr. POAGE. That is what he said.

Mr. MANN. That is all I said, that in my judgment we could compete.

The CHAIRMAN. That was a mouthful when you said that.

Mr. POAGE. I just wanted to point out the conditions under which the competition would be carried on.

Mr. MANN. I take it that Mr. Poage is just educating this poor Texas lawyer on the facts of life.

The CHAIRMAN. I would like to point out that the same situation exists with regard to cotton as Mr. Poage has pointed out on wheat.

We have lost, according to the information I have here, about 51 percent of our exports for cotton while all the other cotton-producing areas have increased and in some instances doubled their exports. And while we are reluctantly embracing a program the fact remains that according to this information Mexico in 1958 had 1,288 compensated barter deals and 85 percent of those transactions were handled by Anderson Clayton & Co., and by three or four other international cotton firms. I also have some information to the effect that Anderson Clayton, through its representatives, has been advocating abolishing our barter program because obviously they have a vested interest.

Mr. MANN. That is not our position, Mr. Chairman. We are not suggesting abolition of the barter program. I think there are cases where it is very useful.

The CHAIRMAN. No; you just want to put it to sleep by giving it an anesthetic.

Mr. MANN. I hope not.

The CHAIRMAN. We sleep while Mexico goes on. I am not fighting with Mexico because, as I told you this morning, I think Mexico has a very sound and realistic program for the cotton producers and exporters to consider, and I hope that our officials will be impressed by the program submitted by the Minister of Agriculture when he was up here the other day during this International Cotton Advisory Committee meeting. I understand they will have some further meetings.

Mr. MANN. Yes, sir.

The CHAIRMAN. It is a sad situation when you realize that we have been losing our markets and reducing production, and here are some figures. Other free world sources in the same period have increased their production from 12.9 million to 17.5 million, while the Communist countries have increased production from 9.3 million to 17.1 million.

We are losing 51 percent of our exports—

Mr. JENNINGS. Mr. Chairman, why are we losing those markets?

The CHAIRMAN. That is the question before us.

Mr. JENNINGS. It certainly isn't because of price, is it?

The CHAIRMAN. I do not know what it is. We have given the Secretary every authority he needs or wants.

Mr. JENNINGS. That is the point I wanted to make. He has his authority to sell at world market prices, and that seems to be the contention of the witness, that if we would sell at world market prices, we would not lose our markets, and they have that authority. Why are we losing our markets?



The CHAIRMAN. We are losing them, there is not any question about that, and just why we are losing them I am not able to say, and I don't think anybody else can give us a complete answer.

Mr. JENNINGS. It certainly isn't due to a lack of a barter program.

Mr. MANN. I would like to say this, if I may. I agree with the chairman that we did slip last year in maintaining our historic position in international trade in cotton.

Mr. JENNINGS. Well, why?

Mr. MANN. This is a question that Agriculture can answer better than the State Department, but my understanding is that it is because our prices were maintained at a level slightly higher than the going world price.

Mr. JENNINGS. According to the law that was forced on the Secretary of Agriculture by Congress, he must sell at world market prices the stock that is held by Commodity Credit.

Mr. MANN. The Secretary of Agriculture some months ago increased the subsidy, the export subsidy, up to 8 cents, which will make us competitive. We have told the cotton exporting nations, that we intend to maintain our fair historic share, I think the law reads, of international trade in cotton, that we intend to stay competitive; that we do not wish to cut prices—we do not wish to depress prices, but we can no longer afford to hold an umbrella over the price of cotton in the world and be the only country in the world which refrains from selling.

The CHAIRMAN. The weakness of the program is, though, that you have in effect said that 8 cents is not enough, and if we don't move at an 8 cent subsidy, we will increase it to 10 or 12 or whatever is necessary to move it, and the Mexican proposal would prevent that sort of competition.

That is the reason I was impressed with it, hoping that our officials would likewise be impressed with it.

If I understand it, the Mexicans were not asking for a treaty. They were not asking for an official agreement, but they were asking for some sort of a gentleman's understanding, and they were willing to create and participate in the creation of some sort of a watchdog committee to look over the international trade in cotton.

If you adopt that program, it seems to me that immediately cotton prices would go up rather than down.

Mr. MANN. Yes.

The CHAIRMAN. Going back to this question of freedom, you were talking about, what would happen to the sugar beet producers in America, the sugarcane producers of America, if we had all the freedom that Mr. Benson has been advocating? How long would they stay in business, 24 hours or 48?

Mr. MANN. That is a hard question, Mr. Chairman.

The CHAIRMAN. All right, what is the price of world sugar now, about 2½ cents?

Mr. MANN. It is about 2.70 a pound.

The CHAIRMAN. And in American delivery markets, what is the American market price?

Mr. MANN. I believe, Mr. Chairman, it is around 6 cents.

The CHAIRMAN. If we did away with that program, the American producers would be out of business overnight and we would have chaos in the sugar markets of the world.

Mr. MANN. Certainly there would be some changes made.

The CHAIRMAN. There would be changes made if we abolished the wool program. There would be some hardships in the wool country, too, wouldn't there?

Mr. MANN. On the cotton, Mr. Chairman, as you know, we are working—

The CHAIRMAN. I think we might bring up the wool program and the sugar program for further discussions at a later date.

We might consider the advisability of making some changes somewhere along the line, but we have those two programs and they are operating well. We have marketing orders and agreements on fruits and vegetables and all other phases of agriculture, and they operate well. About three or four of the basic commodities are definitely in trouble, wheat, corn, and cotton are the main ones.

Yet we sit up here and seem to be absolutely unable to do anything to step up the tempo of our programs so that we can at least dispose of as much as we are currently producing. We are not doing that because we are accumulating surpluses.

I think the committee is searching for some way to increase the effort to dispose of these surpluses. I appreciate your giving us your views on it, but I do think the State Department should certainly consider every possible program to dispose of these surpluses, because they are depressing world markets.

They are a burden on the American taxpayers and they are demoralizing everything. I want to put in the record again, to show you the unrest in the agricultural areas of America, that in the 85th Congress the Speaker of the House sent to my desk 897 bills, and this year I am sure we have had in this session over 400 bills already introduced in the first few months of this session.

That shows you the Members of Congress are disturbed. Yet not a single one of those bills, except some bill of minor importance, has been approved in the Department, and we are in the position where we cannot, it appears to me, hope to report any legislation of substantial importance which will improve our plight at the moment.

We know that these laws must be administered by the executive branch and officials in the executive branch of the Government. But we have been very much disappointed that we haven't made more progress.

The wheat producers and cotton producers of America are perfectly willing to reduce acreage. Tobacco producers have reduced their acreage 37 percent in the last few years, and probably will have to reduce further next year.

We sent a bill to the White House that we thought would be helpful, and in the direction the Secretary wanted to go, and it was vetoed.

Now we are told that we should have a wheat bill, but apparently we will not have one. I am willing to work on it from now until the end of the session. I must conclude by again thanking you for coming here and giving us your views and bringing your associates here with you. When we start into the consideration of the barter provisions next week, we might want you to come back and bring us some more helpful information.

Mr. MANN. All right, sir.



Mr. JENNINGS. Mr. Chairman, might I ask a question on that barter?

The CHAIRMAN. Yes.

Mr. JENNINGS. Just what strategic materials could we barter for now that we do not have an abundance in supply?

The CHAIRMAN. The President has made a list. I don't know that Mr. Mann has the list, but there is a list available and the President is authorized by law to make up that list.

Mr. JENNINGS. Just what is on that list?

The CHAIRMAN. The transactions are confined to the list.

Mr. JENNINGS. What are some of the things that are on that list that aren't just about as surplus as the agricultural commodities we are talking about?

Mr. MANN. Mr. Congressman, I have some lists here, but I don't believe they really answer your question.

Mr. POAGE. Will the gentleman yield?

Mr. JENNINGS. Yes, I yield.

Mr. POAGE. Regardless of what is on the list, it is relatively cheaply stored, and can remain in storage for quite some time without any appreciable losses, whereas the commodities we have been bartering are commodities on which the storage is rather expensive and which cannot be held indefinitely.

Just for one, I am convinced that any time we can trade off something that we don't need at the moment, and that we can't keep, that is rather expensive for us to keep in storage, as long as we can—

Mr. JENNINGS. If the gentleman will just add to that, and may not replace it—

Mr. POAGE. Just a moment—for something, for anything that can be stored without any appreciable expense and on which there is no appreciable deterioration, I think we have made a good trade.

The CHAIRMAN. Even if it is Venetian glass and French perfume or china dolls?

Mr. POAGE. We had better have anything that will keep rather than paying out \$1 billion a year on storage for something we can't keep.

Mr. JENNINGS. It is just a question which way the gentleman is going. I had an official from the State Department in one of the foreign countries suggest that we barter manganese and down in my section of the country the manganese mines are closed and the people are unemployed, and they would like to get back to their employment in the manganese mines, and this official was recommending that we do some more bartering of surplus agricultural products for manganese that we bring over here and store, that would further put the manganese miners out, and the chrome people out.

Mr. ABBITT. Is that the reason we can barter only for things in short supply?

The CHAIRMAN. It provides that the President can make up a list of strategic materials, and we can ultimately bring in other materials.

Mr. JENNINGS. That has been supplemented by 480.

Mr. ABBITT. But they are supposed to be in short supply.

The CHAIRMAN. That is the idea I think.

Mr. JENNINGS. That is my question. Just what are we in short supply of?

The CHAIRMAN. Brains, it seems to me.

Mr. JENNINGS. I agree.

The CHAIRMAN. Mr. McGovern.

Mr. MCGOVERN. Mr. Mann, I just have one question. I think Mr. Poage touched on this question this morning. But in spite of the legitimate concern about not doing anything under the Public Law 480 program that might disrupt normal markets, don't we all know that there is a tremendous gap between what these underdeveloped countries can afford to buy on the market and what they really need to avoid widespread starvation and malnutrition?

Mr. MANN. Well, sir, that is a very logical assumption, but not long ago when we were trying to help a country cope with the cost of living problem, and to bring back its herds, we considered, for example, corn for human consumption and to feed the livestock, because the situation was really desperate. The answer we came to inevitably was not that the people theoretically couldn't eat more corn, but that they wouldn't eat more corn, and that our providing corn would result in increasing the total volume of exports of that country in competition with our own. The eating habits of people are very deeply ingrained.

I would like to say this to the chairman, whom I respect and admire very much. That just in closing, if there are no more questions, that the State Department will go everything that it can to move the largest quantity of agricultural surpluses we can, short of being counterproductive, short of destroying dollar markets or driving prices down.

I think we are very closely in agreement with the committee, if I understand it, on that. I hope we can have a better contact as we consider these individual cases.

I was talking with the chairman today about the possibility of working out a continuing case-by-case study so that we can have the benefit of your views. That would please us very much. I will be glad to come by and talk to you about this.

Mr. MCGOVERN. It seems to me that there is always going to be some room for doubt as to where you draw the line.

Mr. MANN. That is correct.

Mr. MCGOVERN. I personally would hope that the doubt would be in favor of the people who need this food. If we err the other way, somebody might lose a few markets, but erring in the other direction means more people lose their lives.

Mr. MANN. Yes, sir; I think we do lean over in that first direction a long way.

I think we agree with that. Where there is a doubt, where the food can be absorbed, I think we go a long way to consummate deals. In fact, we have sold as I say, or practically sold, \$1,500 million of a few commodities in the last 12 months, which I think is an indication that we are trying hard.

The CHAIRMAN. If there are no further questions, Mr. Mann, we thank you and your associates very much for being with us.

Mr. MANN. Thank you, sir.

The CHAIRMAN. Our next witness is Dr. D. A. FitzGerald, Deputy Director for Operations of the International Cooperation Administration. Dr. FitzGerald, we are happy to have you with us. You haven't been here for many long months.



**STATEMENT OF D. A. FITZ GERALD, DEPUTY DIRECTOR, INTERNATIONAL COOPERATION ADMINISTRATION; ACCOMPANIED BY ROGER STEWART, CHIEF, PUBLIC LAW 480, LIAISON BRANCH, INTERNATIONAL COOPERATION ADMINISTRATION**

Mr. FITZGERALD. It is a pleasure to be back, Mr. Chairman.

The CHAIRMAN. We are very glad to have you with us. Sorry to have kept you waiting all day.

Mr. FITZGERALD. I have enjoyed listening to the discussion, Mr. Chairman.

The CHAIRMAN. All right, Doctor, we will be very glad to hear from you.

Mr. FITZGERALD. I have a statement here, Mr. Chairman. I apologize for its length, but I will try to read it rapidly. I am not sure it will add very greatly to the background or usefulness of my comments to this committee.

Mr. Chairman and members of the committee, I welcome the opportunity to discuss U.S. surplus agricultural disposal programs with you.

Since the first days of the Marshall plan, U.S. farm products have played an important part in the various programs undertaken to assist our friends abroad to rebuild and expand their economies, to feed and clothe their people more adequately, and to support their defense efforts. In authorizing the several programs provided in Public Law 480, first enacted in 1954, the Congress provided a good deal of flexibility to use surplus agricultural commodities effectively to meet a variety of situations. I believe that the authority provided has been used effectively and imaginatively.

I am not sure I would use that word "imaginatively" after listening to the comments of this committee this morning.

At the same time, I believe that we should continue to explore new ways of using surplus commodities to help needy people overseas. And we must continue to assess, in light of our experience, the terms on which we transfer these commodities and the ways in which foreign currencies resulting from these transfers are made available for use.

In order to achieve real increases in consumption, we must guard against providing commodities which would merely take the place of food and fiber which would have been consumed in any case. To do so would seriously disrupt agricultural production in countries which we are trying to help—reduce our own dollar sales or decrease exports of countries which are friendly to us.

What I would like to do today is to discuss those aspects of the program which are the responsibility of ICA and particularly to explain the legislative changes which we are proposing in regard to these activities.

Title II of Public Law 480: In furtherance of the President's food-for-peace program, we are proposing that the language of title II of Public Law 480, which is administered by ICA, be expanded by an amendment to section 202 of the act to permit greater use of commodities for economic development. We are convinced that there is a real opportunity over and above what can be accomplished under title I to assist people in the most needy areas of the world. Grants of commodities would be made primarily to support development

projects which require a relatively great input of labor and for which local materials can be used. Based upon the experience of the last 5 years, we believe that a program of this kind will find greatest acceptance in Africa and Asia—in countries in which the United States is striving to find convincing ways to demonstrate its interest in the welfare of depressed populations and struggling governments. One of the best ways of doing this is to provide food for which the recipients pay only with their own labor on community improvement projects. Project opportunities are numerous. They include land clearing and construction of water-spreading dams, irrigation and drainage ditches, cisterns, feeder roads, schools, and so forth.

Under title II we have already gained considerable experience in administering programs of the type contemplated. However, the legislative history of present language of title II shows that title II would be used principally to meet emergency requirements and would be used to meet the nonemergency requirements of needy peoples only to a very limited extent. For this reason, we have thus far undertaken work relief programs to alleviate temporary emergencies, principally those resulting from natural disasters. Programs of this nature have been or are being conducted in such countries as Tunisia, Morocco, Libya, Jordan, Lebanon, Ceylon, India, and Pakistan. Obviously, some programs have been more successful than others, but out of the aggregate of this experience we have developed sound principles of administration and a knowledge that programs of this type do enhance our opportunities to engender good will among depressed people.

Notable among our successes to date is the work relief program in Tunisia. Prime Minister Bourguiba has referred to this program many times in his public pronouncements and there can be no doubt that it has had a tremendously stabilizing influence within the Government and in maintaining the morale of the people. This program now provides employment for about 40,000 workers. It absorbed 50,000 tons of wheat in the first year of its operation and is capable of absorbing as much as 85,000 tons annually for 75,000 workers. A similar program in Libya this year is expected to absorb about 20,000 tons. Some programs have been smaller in scope and hence the results have been somewhat less spectacular but the size of the program does not influence the degree of its success.

In connection with some of the works programs under title II, we have required that the worker receive surplus agricultural commodities directly as that part of his wage for which the United States assumes responsibility. This assures his knowledge that the assistance is coming from the United States. It may also be the means whereby he is introduced for the first time to a U.S. product. Care is exercised in such cases to assure that the amount distributed does not exceed the amount the worker and his family can consume. Thus, sales and exchanges of U.S. agricultural products in the local markets are avoided. Usually the distribution of agricultural commodities, such as wheat and flour, makes up only about 50 percent of the total wage and the remainder is paid in cash by the host government or by community sources.

While we favor distribution in kind for works projects, it sometimes is not practical and if insisted upon in all cases might well



prevent desired projects from being undertaken. In some cases, the government simply does not have the necessary funds with which to finance its share of the wages or the cost of needed local materials. In these instances, sales of commodities may be authorized and the proceeds used to supplement local financing of works projects. This action should be undertaken, however, only after a careful analysis has indicated that the sales would not displace usual marketings of these commodities.

Furthermore, situations do arise—for example, in Afghanistan—where although it is clearly in the U.S. interest to provide surplus agricultural commodities for sale through regular channels of trade and to permit the sales proceeds to be used for general economic development purposes, negotiation of a title I sale may be deemed wholly impracticable or for political or other reasons cannot be completed in time to meet U.S. objectives. In such cases, title II becomes the most practical means by which U.S. objectives can be quickly and effectively served.

Approval of the proposed amendment should permit even greater accomplishments than have been possible under current legislation. When conducted on an emergency basis, the programs must be undertaken quickly and be concluded at the end of the emergency. With the new authority, nonemergency programs could be undertaken under circumstances in which there is more time for planning and for arranging adequate local financing. Also, it should be possible to select projects of a more lasting value if programs need not be limited to providing assistance during an emergency.

I should not like to leave the impression that the approval of this amendment will result in a sharp expansion in U.S. agricultural exports. Additional amounts which can be programed in this way are likely to be relatively small in relation to total U.S. agricultural exports. But based on the experience cited above, I confidently believe that the impact of a program of this kind in underdeveloped countries could be substantial.

I might just interrupt my prepared statement, Mr. Chairman, to point out that I am referring specifically and explicitly to section 201, which authorizes the President to furnish emergency assistance on behalf of the people of the United States to friendly peoples in meeting famine or other urgent or extraordinary relief requirements, so that the emphasis and focus of title II programs in the past have been on the need to provide hungry people with something to eat. The works project and the activities that we have undertaken as a result of these efforts were supplementary—a way of accomplishing the initial purpose of the legislation. Our suggested amendment would permit us a good deal more flexibility to undertake works projects on their own merits, rather than as part of the project just to see that people don't starve.

#### ADMINISTRATION OF LOCAL CURRENCIES

ICA is also responsible for administering the use of Public Law 480 sales proceeds earmarked for loans and grants to foreign governments to promote economic development; for purchases of goods for other friendly countries; and in some instances, for funds set aside for common defense purposes.

## LOANS FOR ECONOMIC DEVELOPMENT

By far the largest amount of Public Law 480 sales proceeds has been set aside for loans to the purchasing governments to promote economic development and multilateral trade. According to the terms of sales agreements concluded in the 5 years ending June 30, 1959, the equivalent of almost \$1.8 billion—48 percent of the total amount of sales proceeds expected—has been earmarked for this purpose. The full amount of these currencies is not yet actually available since shipments of commodities must be completed. In addition, local currencies are not usually made available for loan disbursement until deposits exceed the amount earmarked for all other purposes in the sales agreements.

Loan agreements have been negotiated covering substantially all of the funds which will become available for loan purposes. To the maximum extent possible, these agreements are negotiated at the same time as the commodity sales. Loan agreements specify the terms and conditions of repayment which are developed in cooperation with the National Advisory Council on Monetary and Financial Problems. Certain changes were made recently which affect the terms of loan agreements concluded after April 14, 1959. I think Assistant Secretary Mann referred to these. The interest rate, which is intended to cover the cost of money to the U.S. Treasury, is now set at 4 percent. This rate is applicable to repayments in local currency or in dollars. Previously, a 1-percent reduction in interest was provided if repayments were made in dollars. The maintenance of value clause, designed to protect the value of local currency loans, was also eliminated. This means that the United States, rather than the borrowing country, assumes the exchange risk on these loans.

And as Mr. Mann indicated, this would facilitate sales and subsequent loan agreements, since we are prepared to accept the risk of currency devaluation.

Authority to approve projects to be financed with local currencies has been delegated to most of the U.S. operations missions in foreign countries. In exercising this responsibility, the missions will be guided by certain broad criteria, but they will no longer have to refer projects to Washington for final approval. By March 31, 1959, the equivalent of almost \$1 billion of local currencies had been allotted for disbursement to borrowing governments for approved loan projects and the equivalent of over one-half billion dollars of these funds had been released.

These local currencies will be used for a wide variety of purposes, including expansion of hydroelectric power facilities; improvement of railroads, highways, and bridges and other industrial development; loans to private borrowers; irrigation, drainage, and flood control.

And the members, either you, Mr. Chairman, or one member of the committee, asked about low-cost housing. We have released funds in at least four countries for low-cost housing, which is an approved use of local currency proceeds.

In some instances, these local currency funds are being used to finance the local costs of projects for which foreign exchange costs are being financed by the International Bank for Reconstruction and Development, the Export-Import Bank and by the mutual security program.



Administration of the substantial amount of local currencies which have become available as a result of the disposal of U.S. surplus farm products poses many problems. In some countries, the availability of local currency loan funds affords an opportunity to the United States to exert influence in the use of physical resources already in the country. The loan funds, however, cannot be used to provide additional economic resources to a country since imports must be paid for in dollars or in other convertible currencies. But these local currencies may be a convenient source of funds to the governments of some of the less-developed countries which are not able to create sufficient budgetary resources through taxation and government borrowing.

I would like to pause here a moment to reiterate, in case there is any doubt about it on the part of the members of this committee, that these local currencies are a claim on the resources of that country and they are not an additional resource in the country.

If we make a sale to India, the resource that India gets is the wheat or the cotton or whatever commodities are sold. The rupees which are generated and which we lend back to the countries in substantial magnitude are not additional resources. They are just a claim on the resources that exist within the country at any one time. These local currencies, to the extent they are used internally, merely tend to shift the use of resources around. We may say, for example: "We think you should put more of your local resources, your local physical resources, into education, so we want you to use the rupees we are lending you to build more schools or to build more universities or other similar purposes." We don't create any more total resources by doing that. We just have more schools and less of something else which might otherwise have been built or constructed or which might have been consumed.

I think it is quite important when we are thinking about these local currencies to realize that insofar as they are within the country, they are not an additional resource. Now if we want to take them out, we take a resource out of the country, we take something out of the country which it previously had and which it previously might have used, either for development or for consumption. The country to which we might lend or give those local currencies gets a resource added, but the country whose local currency we transfer or convert or make available to a third country obviously loses the same amount of resource. I think this is important in thinking about the use of these local currency resources and what they are really worth.

Some countries have little need for local currency loans, however, although they needed and continue to need the U.S. agricultural commodities available under Public Law 480. The purpose and the timing of the use of local currencies depend on the monetary situation of the country as well as the economic condition of the country. Where inflation threatens or already exists, unrestrained use of such funds would be contrary to the objectives of helping in maintaining or building up the economy of the aid-recipient country. In some instances, although it might be a service to the country to make its own currency available to it, there are important reasons why the country would rather obtain the currency through its own internal methods rather than to borrow such currency from the United States which

entails obligations of repayment of both principal and interest. This may in some cases inhibit the usefulness of currency which is available only for loans.

And there are some countries who are quite uninterested in borrowing this local currency from us because they are fairly sophisticated in financial matters. They may say: "We can arrange for overdrafts in the central bank of our country. We don't have to pay any interest on the overdraft, but we would have to pay interest if we borrowed our local currency from you. So we would much rather not borrow from you, and the total inflationary or anti-inflationary effect is exactly the same."

The CHAIRMAN. You don't mean to suggest that they could borrow money from the local banks with the same terms and interest rates?

Mr. FITZGERALD. No, sir; I do not.

The CHAIRMAN. And conditions.

Mr. FITZGERALD. I did not mean to leave that impression, Mr. Chairman, because it would obviously be wrong. But they can go to their own central banks, the bank of issue, for example, in India, or Pakistan or any other country, and they can draw an overdraft on that bank. The bank just cranks the moneymaking machine, turns the money over to the treasury, and the treasury doesn't pay any interest on that kind of money. It is this sort of overdraft that I was talking about, Mr. Chairman, not borrowing from the local domestic economy.

Mr. POAGE. That is just straight inflation.

Mr. FITZGERALD. Yes. Except, Mr. Congressman, that they let the Public Law 480 local currency sales proceeds sit, you see, so that it doesn't get into the economy.

Mr. POAGE. And to that extent they reduce it.

Mr. FITZGERALD. And so one just offsets the other.

#### GRANTS FOR ECONOMIC DEVELOPMENT

Public Law 480 provides that contingent upon a waiver of section 1415 of the Supplemental Appropriation Act of 1953, local currencies may be granted to promote economic development. Sales agreements signed through June 30, 1959, provide that \$233 million equivalent may be used for such grants. This amount includes \$154 million equivalent set aside in agreements signed during the first 4 years of the program. During fiscal year 1959, the use of the waiver authority was expanded and \$79 million equivalent was earmarked for grants for economic development in sales agreements signed during this period.

We believe that the trend toward a broader use of the grant authority should be continued during fiscal year 1960. In a number of countries, successive Public Law 480 sales programs have resulted in deposits of local currencies, including amounts available for loans, that are significantly large in relation to the country's total money supply and the level of economic activity in the country. Experience has shown that some of these countries are reluctant to continue to borrow large amounts of their own currencies from a foreign government and to assume responsibility for repayment of these funds with interest. But, if some of these local currencies could be made available as a



grant, rather than as a loan, a country may welcome the opportunity to develop plans in cooperation with the United States for the use of these funds. In many of the less developed countries, where the United States is providing a significant amount of foreign exchange resources for economic development and military assistance, the availability to the United States of local currency which may be provided on a grant basis for economic development can be a useful instrument for promoting U.S. objectives.

Again, if I may stop a minute to add an additional comment, increasing grants of local currency proceeds seems to me clearly inconsistent with the original purpose of this legislation. As a consequence, the original sale becomes a kind of facade. It looks like a sale, but in fact we are just making a grant of U.S. resources. I am not objecting to it, but I think sometimes there is perhaps a feeling on the part of some Americans who lack the competence or the knowledge that members of this committee have, that somehow or other, when you make a sale, this is different from a giveaway program. It all depends on what you do with the local currency proceeds, whether it is different or not.

#### GRANTS FOR THE COMMON DEFENSE

Through June 30, 1959, a total of \$308 million equivalent has been set aside for procurement of military equipment, services and facilities, including barracks—somebody mentioned the question of barracks here a little earlier today—for the common defense. The bulk of these funds are being made available to countries such as China (Taiwan), Korea, Pakistan, and Turkey in which the United States has large military assistance programs.

The CHAIRMAN. Doctor, may I interrupt at this point?

Mr. FITZGERALD. Yes, sir.

The CHAIRMAN. In the countries that desire to obtain aid for military purposes, such as the building of military barracks, and so forth, would they obtain that through your organization, ICA, or would they more properly go to some other agency in the Government?

Mr. FITZGERALD. If it is for barracks construction, for example, it goes through the Department of Defense, Mr. Cooley. If it is for support to the military budget of the country, it would go through our organization.

The CHAIRMAN. I have very meager information about the thing that I have in mind, and I want to discuss it for just one moment.

But supposing a friendly country wanted a loan for that purpose or any other transaction authorized by 480. How would they go about it?

Would they file an application with ICA, with the national defense, or with the USDA? Someone asked me the question the other day, and, unfortunately, I couldn't answer it.

Mr. FITZGERALD. Well, if the country wanted to borrow Public Law 480 funds for this purpose, one of two things could happen. It could propose it when the sales and loan agreements were being negotiated. It could say to the U.S. Embassy when the negotiations started: "Look, one of the things we want to do is to construct some barracks for our soldiers out in such-and-such a place." It would

then be noted by us, by the United States. The U.S. representatives would say in the course of the conversations: "This is a permissible use of local currency, and we are perfectly agreeable to approving a project when the local sales proceeds are available for this particular purpose."

Normally, of course, Mr. Chairman, if the local currency is required for defense activities in the country in which the United States is interested, we will provide those funds as a grant rather than as a loan.

The CHAIRMAN. That is the point. I am glad you mentioned it. This is a friendly country and it is a country that I understand is desperately in need.

You say that under the law we could actually make them a grant for that purpose?

Mr. FITZGERALD. Yes, sir. It would be made available under section 104(c). Section 1415 of the Supplemental Appropriations Act is not applicable to 104(c).

Mr. HOEVEN. Is that possibly independent without the approval actually of the Department of Defense?

Mr. FITZGERALD. No. We would be sure that the Department of Defense approved the facility involved or the military purpose for which the local currency is to be used. And if it is military construction in which the United States itself is also contributing dollars, then the local currency goes to the Defense Department for expenditure. Defense actually controls the expenditure of such funds.

#### PURCHASES OF GOODS FOR OTHER FRIENDLY COUNTRIES

About \$44 million equivalent of Public Law 480 sales proceeds have been earmarked for the purchases of goods or services for other friendly countries. About \$32 million equivalent of these funds have been programed through June 30, 1959. Most of these currencies have been derived from sales made to Western European countries and Japan during the first years of Public Law 480 operations. It is not expected that it will be possible to use any substantial amount of sales proceeds available as a result of sales to less-developed countries for such purchases.

#### OTHER PROPOSED CHANGES IN LEGISLATION

I should also like to comment briefly on two other proposed changes in the Public Law 480 legislation.

1. New subsection authorizing use of foreign currency accruing under title I of Public Law 480 for emergency relief assistance: And you, Mr. Congressman, were talking about this is a little earlier, sir.

This subsection, if adopted, will permit the President to meet emergency requirements of friendly peoples abroad other than those which are normally met under title II of Public Law 480 through grants of agricultural commodities or through use of currencies generated by grants of such commodities. The proposed authority would be useful, for example, in enabling the United States to provide blankets, tents, medicines, and similar supplies which are required immediately as a result of disasters such as fire, flood, or earthquake.



I want to reiterate this is a proposed use of a local currency already generated, and not a new use of dollars.

It is not expected that large amounts of foreign currencies will be needed for this purpose, and a ceiling figure is proposed of not more than the equivalent of \$2 million to be used in any fiscal year for emergency relief purposes. It is believed that this statutory annual ceiling on use of currency for emergency purposes of this kind will provide the Congress with adequate fiscal control over the use of the proposed new authority. In view of the unforeseen emergency nature of the requirements which the authority is designed to meet and the necessity of immediate response to such requirements when they arise, it will not be practicable to seek authorization to use currency for this purpose in appropriation acts.

We have lots of instances, gentlemen, where there has been an earthquake, or there has been a flood, or there has been a disaster of some kind or other. People may have no place to live, and the authority from the Congress to use this local currency to pick up local supplies, including tents, medicine, clothing, and that sort of thing, would enable us to rush them in there quickly. We wouldn't have to fly such supplies from the United States and pay dollars for them. We think this authority would be a useful addition. It is not a vital one, but we think it would be useful.

Mr. POAGE. That is a point I wanted to ask, Dr. FitzGerald. There is authority under the law at the present time, as I understand it, for the President to provide exactly this kind of emergency equipment, but he has to pay for it in dollars, does he not?

Mr. FITZGERALD. That is correct.

Mr. POAGE. And this is simply allowing, instead of dollars, the use of local currency where he could?

Mr. FITZGERALD. That is correct.

Mr. HOEVEN. I was going to ask the same question.

What about the overlapping of such program with the work of the Red Cross? They take care of emergencies throughout the world and are very prompt in furnishing all of the materials and services you mention. Is there going to be some conflict of effort?

Mr. FITZGERALD. No, sir. We work very closely with the Red Cross and in fact frequently use the Red Cross for the purpose of handling this.

Mr. POAGE. You would find the material and turn it over to the Red Cross for distribution, wouldn't you?

Mr. FITZGERALD. We might, or we might provide it to the local Red Cross.

Mr. HOEVEN. But you wouldn't do it independently of the Red Cross, would you?

Mr. FITZGERALD. This would be independent in the sense that we wouldn't go through the American Red Cross, but I can assure you we always clear with the Red Cross before we do anything.

Mr. HOEVEN. I think that is important. We don't want any duplication of effort which might result in a lot of waste and misunderstanding.

Mr. POAGE. Let's get this clear. I think you intended to make it clear, but I think you confused, at least you did me when I asked you if you wouldn't go ahead if you had this authority and buy this equip-

ment and turn it over to the Red Cross for distribution rather than distribute it yourself.

If I understood you correctly, you said that you might not turn it over to the Red Cross, but you might turn it over to the local Red Cross. That is, of course, what I meant.

I did not mean that you would necessarily run it through the American Red Cross, but you would turn it over to the relief agency to make the distribution, and you wouldn't set up a relief agency to go out and distribute it.

Mr. FITZGERALD. You are absolutely right. If I left any thought in the minds of the committee that we would establish a relief agency to make the distribution, I apologize. We would turn it over to the appropriate authority and we would reach agreement with the American Red Cross to do so.

Mr. HOEVEN. And whatever you would do would be at the request of and in cooperation with the local Red Cross?

Mr. FITZGERALD. At the request of the agency of that government.

Mr. POAGE. It might be the Red Crescent in Turkey.

Mr. FITZGERALD. That is correct.

Mr. HOEVEN. Well, whatever agency it is.

Mr. FITZGERALD. That is right.

2. Authorization to pay general average claims arising on title II shipments: An amendment is proposed to section 203 of Public Law 480 which would permit payment from funds available under title II of general average claims arising from shipments of title II commodities to recipient countries. At present, these money (usually foreign exchange) claims, which arise against all parties in a sea venture when a portion of a ship or a ship's cargo is sacrificed to save the remaining cargo or to save a ship, are left for the recipient country's account, since title II requires delivery of commodities to the recipient f.o.b. U.S. ports with consequent transfer of title before ocean shipment is undertaken. Although general average claims on title II shipments are a rare occurrence, they can be embarrassing to the United States since title II shipments are generally made for humanitarian noncommercial purposes.

I will ask Mr. Stewart to pick up the detail on this if the committee is interested. When we have grant-aid to a country in the form of food under title II, the country takes title to that commodity at the U.S. port of export. Something may happen to the ship or to part of the cargo in the ship. There is a claim against that ship, and all the people who have cargo in it share the claim. Every once in a while a country to which we have proposed to make a gift suddenly finds itself faced with a claim from a shipping company for losses incurred in the shipment. This seems to us to be very awkward and an undesirable situation, so we are asking authority here, in effect, to substitute for the owner in the case of this kind of a claim.

We might have two or three of these claims in a year, amounting to a total of \$5,000, \$10,000 or \$20,000, perhaps, but it is just an awkward, difficult situation the way it is now.

Mr. POAGE. I think the committee understands, Doctor.



## SECTION 402

Mr. FITZGERALD. Finally, I might comment briefly on the use of surplus agricultural commodities in the mutual security program. As I mentioned earlier, American farm products have always been an important part of the foreign assistance program. Beginning with the European recovery program in 1948 through June 30, 1959, almost \$8 billion worth of American farm products have been provided as part of the U.S. foreign assistance program. This is aside from Public Law 480.

Since 1954, the Congress has required that specified amounts of funds made available for mutual security purposes be used to finance the export and sale of U.S. surplus agricultural commodities for foreign currencies. For fiscal year 1959, the act provided that a minimum of \$175 million be used for this purpose and the new legislation now under consideration by the Congress for fiscal year 1960 contains a similar provision. The sales proceeds become the property of the United States and are used to carry out the objectives of the mutual security program.

Commodities determined to be surplus by the Secretary of Agriculture are eligible for sale and are sold generally at U.S. export market prices. A few commodities, such as soybeans, tallow, and cattle hides, are eligible for sales under section 402 although they are not made available for sale under Public Law 480. Private trade channels are used to the maximum extent possible. Shipments are subject to the statutory requirement that 50 percent be shipped in American vessels.

During the year just ended, ICA authorized procurement of \$185 million of surplus products under section 402, thus slightly exceeding the minimum target set by the Congress. About \$145 million of these commodities will be shipped direct to countries such as Korea, China (Taiwan), Philippines, and Vietnam which are recipients of substantial economic assistance under the mutual security program. Because of pressing requirements for nonagricultural goods needed to carry out the objectives of the mutual security program, however, it was not possible to achieve the minimum target of \$175 million through direct sales to aid-receiving countries.

In order to fill this gap, it has been necessary to arrange \$40 million worth of so-called triangular sales. Under these arrangements, U.S. surplus commodities are sold to countries, primarily in Western Europe, which in turn agree that ICA may use the local currency sales proceeds to finance procurement of industrial items needed for the aid program in less developed countries. Dollar funds to finance these transactions are drawn from the aid allotments of the countries which will ultimately receive the industrial goods. Every effort is made to assure that these industrial items can be purchased at competitive prices and no advance commitments are made in regard to the commodities which will be financed or the destination of the exports. These triangular transactions are difficult to arrange and in many instances do not result in any appreciable increase in U.S. agricultural exports. Some of these sales may merely substitute for an approximately similar volume of products which probably would be purchased by countries with their own dollar exchange. The recent ac-

tion by most Western European countries making externally held currency fully convertible further accentuates the problem.

Since Public Law 480 sales are made to many countries which also receive mutual security assistance, the two programs are carefully coordinated to assure the best use of U.S. resources. To a limited extent, commodities provided under Public Law 480 are substitutable for mutual security assistance which would otherwise be required. ICA takes great pains to identify the extent of such substitutability and to reduce the request for mutual security funds accordingly.

Where Public Law 480 commodities do not fulfill a mutual security requirement—for example, where the objectives of the program require imports of industrial goods, military hardware, or where the program is limited to technical cooperation—the sale of U.S. surplus farm products under Public Law 480 may nevertheless make an important contribution to the achievement of U.S. objectives. But it doesn't save any mutual security dollars since we wouldn't put any aid in those countries in that event anyway.

I shall be glad to answer any questions which you may have relating to those aspects of the U.S. surplus disposal programs for which my agency has responsibility.

Mr. POAGE. Dr. FitzGerald, I wonder if you would comment on the desirability or the undesirability of providing longer-term commitments in connection with our 480 agreements.

It has been my impression that it would be mutually helpful to the United States and to many of the recipient countries if we might have in general agreements extending over a long period of time—over a longer period of time than we have at the present time, which is normally 2 years, as I understand it, now——

Mr. FITZGERALD. There have been a limited number, a very limited number, of 3-year agreements. But that has been the longest period negotiated so far.

Mr. POAGE. Actually, the tendency has been to make them shorter, not longer; isn't it?

Mr. FITZGERALD. Yes. I think that all the 3-year agreements were made in the early years of the program; that is right, Mr. Poage.

I have listened with interest to the discussion of this matter before the committee today, and have been doing some head scratching on it myself, both today and earlier. I have mixed emotions on it and I think, Mr. Poage, that a good deal depends on what you intend by a longer-term agreement.

If it is an agreement which pretty irrevocably commits the United States to supply, and the importing countries to take, commodities for 5, 7, or 10 years, I have considerable reservation on it. One reservation, of course, is that while the probability may look slim at the moment, we won't have the commodity in question for that long a period of time.

On the importing countries' side, I think they will have considerable reluctance to commit themselves irrevocably to take commodities for that long a period in advance, because they can't be clear enough in their own mind whether this is good business for the country.

For example, Greece was mentioned today. I will mention another country where we had big Public Law 480 programs in the last 3 or 4 years, Yugoslavia. This year Yugoslavia has said they will not



require any Public Law 480 wheat, for example. It has had a big crop. It had good weather conditions and it expects to be able to satisfy fully its own internal requirements.

Mr. POAGE. Dr. FitzGerald, nobody has suggested here that we ought to force every agreement to be for a period of 10 years or anything of that kind.

Mr. FITZGERALD. Quite right.

Mr. POAGE. But should we not stand in the position of being willing to make long-term commitments where the circumstances seem to justify it?

Mr. FITZGERALD. Yes; I would say definitely with those qualifications I have no difficulty with it.

Mr. POAGE. But the present policy is not to make any commitment in excess of 2 years; isn't it?

Mr. FITZGERALD. Sir, I am not aware of it, but that is possibly so.

Mr. POAGE. The longest you ever made was for 3 years?

Mr. FITZGERALD. The longest we ever made was for 3 years.

Mr. POAGE. The Secretary of Agriculture testified last week that 2 years was the present policy. All I am finding fault with is placing such a short limit. I am not saying that every contract ought to be for 5 years, or 7 years, or 10 years, but that it seems to me that we are binding ourselves, that we are reducing our own efficiency as well as that of the recipient nation when we say we won't make contracts in excess of 2 years.

Mr. HOEVEN. Will the gentleman yield?

Mr. POAGE. Surely.

Mr. FITZGERALD. I wouldn't have any difficulty with a longer program, under the appropriate circumstances.

Mr. HOEVEN. Dr. FitzGerald, personally I am not averse to extending Public Law 480 for longer than a 1-year period. Mention has been made of the fact that we have no surplus of dairy products in storage today.

Assume the United States had entered into a long-term contract with a foreign country to supply it with dairy products, and we couldn't deliver the goods. What position would we be in, if that happened? We couldn't live up to our contract.

Mr. FITZGERALD. I would understand that any contract contemplated of this kind would be contingent on the availability of the commodities.

Mr. POAGE. There is no problem about the dairy products. All we have to do to have all the surplus dairy products we need is just stop buying at a loss to the U.S. Government and let somebody else share in that loss. The reason we haven't any surplus dairy products is—

Mr. FITZGERALD. Sir, if you do it under Public Law 480, nobody is going to share in that loss. We will continue to pay the full bill. Somebody else will get the benefit.

Mr. POAGE. Certainly the United States will pay the full bill. I agree with that full well. The United States is paying the full bill now.

Mr. FITZGERALD. That is right.

Mr. POAGE. It is not going to cost us any more to carry out our contract on dairy products than it would have if we had our warehouses full of dairy products, because the only way we have emptied

the warehouses is by paying the extra cost, and it wouldn't cost us a bit more to deliver to Brazil or Ghana, or anywhere else, so that there is no problem about that, unless you actually reach a situation where your production of a commodity does not equal your need for the commodity at home.

That is the only time that you run into a problem about that. And I can't conceive of any product, any substantial agricultural product, on which we can possibly face an inability to procure all we need.

Now maybe we can't produce all the yellow watermelons that we would like to have, at least we cannot ship them up here.

Mr. HOEVEN. I was just thinking about the sanctity of a contract. If we make a contract with a foreign country they will naturally expect us to live up to it.

Assuming we have a surplus at the time the contract is entered into, but in the subsequent year, we find we have liquidated our surplus, and cannot make delivery, we would be expected to live up to our contract and go into the open market to buy dairy products in order to fulfill our commitments.

Mr. POAGE. May I speak on that?

Mr. HOEVEN. I would like to have Mr. FitzGerald answer.

Mr. POAGE. Dr. FitzGerald didn't propose any bill. I proposed that bill, and I think I am the man to answer it. What I proposed was—now Dr. FitzGerald didn't come here and ask us to do this. I asked him.

Mr. HOEVEN. I want his opinion.

Mr. POAGE. He is not even talking about what we have before us.

Mr. HOEVEN. I am asking him the question.

Mr. POAGE. What we have before us is a proposition that we would commit ourselves to supply a foreign country at the world price a given amount of a definite commodity.

Now if there comes a shortage of wheat, the world price is certain to go up, and the price in the contract would go up. And if we didn't have it available, we could certainly buy it on the world market and deliver it without any loss to the United States.

But we do assure the recipient country that they have got the supply, that they can get it from a known source continuously in the United States, and if we do not have it, we are going to get it for them.

Now what is wrong with that? What is wrong with giving them such a commitment? We made that kind of a commitment on all sorts of things.

We make commitments to supply military goods of various kinds that are not in existence today but we agree that we will manufacture, deliver, and supply them. What is wrong with making the same kind of commitments on food?

Mr. FITZGERALD. I would be very reluctant to make a commitment to supply food over a long-term period of time, Mr. Congressman, which if we happened to run out of the commodities would require us to go out on the world market and buy it. Our contract would be to sell the food for local currency, but we would have to pay dollars for it. I frankly don't think that that would be a good deal for the United States.

If you limit your commitment, and we are doing this—and this is the point I wanted to get to, Mr. Congressman—if you limit the com-



mitment to the delivery of commodities which the United States produces or has on hand, I think this is appropriate. And we do make commitments annually now, not with governments, but with the voluntary agencies on commodities, dairy products, for example, which we make contingent upon the availability of supply.

We have approved programs for voluntary agencies to use 750-million-odd pounds of dry milk, is that right?

Mr. STEWART. About 640 million pounds for fiscal year 1960.

Mr. FITZGERALD. About 640 million, and that is more than is now estimated to be available for this purpose.

Mr. POAGE. That is where you are giving it to them.

Mr. FITZGERALD. Each agency has to get along with less than earlier anticipated.

Mr. POAGE. What I am talking about is where we get paid. As a matter of fact, the bill which we have under discussion maybe ought to go further.

The bill provides for payment in U.S. dollars, and provides for payment at the market price, the world market price. I don't see how the United States can get hurt under that sort of a deal.

Mr. FITZGERALD. Payment in dollars would certainly——

Mr. POAGE. That is what the bill provides. Of course, we can build up all the strawmen we want to here and knock them down, but that is what the bill provides, that we sell and make longtime commitments for U.S. dollars payable over a period of 40 years after delivery, at an interest rate of 2½ percent, which is under the going rate in the United States today, and it is just one of those questions of whether you want to make the concession to stabilize world markets, or whether you want to let the Russians make the concession, and they are advancing money at 2 percent.

It seems to me that we have to pretty well face conditions in this world, that we are not going to get very far when we ask 100 percent more than the Russians do.

Mr. FITZGERALD. I have two comments on that. One, I don't have too much difficulty with the proposal that involves the payment in dollars, Mr. Congressman.

Second, I must throw up somewhat of a red flag on this Russian 2-percent interest. It is fairly clear in a number of instances that we have looked into, that the interest rate is 2 percent all right, but they make up for it by the price they charge for the commodities concerned.

Mr. POAGE. I don't question that in the least.

Mr. FITZGERALD. But it is a good propaganda line.

Mr. POAGE. That is right.

Mr. FITZGERALD. And they are using it to its full value.

Mr. POAGE. And they are just whipping us bloody around the head with their propaganda line. And we just simply stand there and take it and say, "Well, it doesn't mean anything. It just looks bad. It doesn't mean anything." Or are we going to try to do something to meet it?

Mr. FITZGERALD. Well, I don't have too much difficulty with this. Frankly I don't think you will find very much interest on it, but I would be willing to go out and see, if you have a dollar repayment requirement in it.

Let me go off the record on this because it is not official policy.  
(Discussion off the record.)

Mr. POAGE. Now, can we get back on the record and have you tell us why, when we wipe out the dollar obligations of a great many countries or the maintenance of value of local currencies, we in effect wipe out all dollar obligations, why we then raise the interest rate on dollar loans?

Now, you have just told us—you didn't say it in so many words, but you have told us now—the interest rate is the same on dollar loans and on local currency loans.

Mr. FITZGERALD. I said it, it is in my text here.

Mr. POAGE. Whereas yesterday we were told that they had lowered the interest rate, that they had offered a lower interest rate to countries who would repay in dollars.

Mr. STEWART. That was earlier.

Mr. FITZGERALD. For several years we did have a differential in the interest rate between dollar repayment and local currency repayment. It was optional with the repaying country whether in any particular payment, they paid the interest and principal in dollars or in local currencies.

Mr. POAGE. The biggest part of them had taken the maintenance of value, I mean to say.

Mr. FITZGERALD. The maintenance of value was a requirement universally, until April 14.

But in addition to the maintenance of value, which meant merely that they returned to us in repayment the same purchasing power—

Mr. POAGE. Purchased by a given number of dollars.

Mr. FITZGERALD. Yes. This was uniform whether the repayment was in local currency or in dollars. But in addition to that, we used to have a differential in our interest rates, and the interest rate on dollars was less than it was on local currencies.

Mr. POAGE. Now, do you feel there should be a differential?

Mr. FITZGERALD. This is a Treasury problem, so I can be just awfully free, you see, with somebody else's business. This is always a nice practice. But from my point of view, from the point of view of my agency, and of our relations with these participating countries, I think from a propaganda point of view, I would like to be able to go so far as to be able to say we are providing a zero interest rate if you repay in dollars.

Mr. POAGE. And what do you think about the time over which payments might be made? Do you think there is any merit to giving a longtime loan?

Mr. FITZGERALD. I think we are giving a longtime loan now, because I think 40 years is a fairly longtime loan.

Mr. POAGE. I think 40 years is a longtime loan, but how many of these are made for 40 years?

Mr. FITZGERALD. I would guess at least 75 percent. The vast majority of them are 30- to 40-year loans.

Mr. POAGE. I understood that we had that authority all right.

Mr. FITZGERALD. We can run a check on that very easily.

Mr. POAGE. I wish you would, because maybe wrongly I got the impression from the Secretary of Agriculture that we were not exercising that authority.

Mr. FITZGERALD. Sir, I think you will find—we will do it for you, but I am positive—

Mr. POAGE. Understand I am not saying that you are incorrect. You may be just as right as rain. But I would like to get the record



and know how many of them are being made for that long a time, because I did get the other impression.

Mr. FITZGERALD. We will be delighted to give it to you, and I am positive that over 70 percent of our loans provide for payment over 40 years.

Mr. POAGE. At 4 percent?

Mr. FITZGERALD. We have had different interest rates. It would be very simple, Mr. Chairman, for us to give you a tabulation of these loans.

Mr. POAGE. That is fine.

Mr. FITZGERALD. Showing the interest rate and the length of repayment.

Mr. POAGE. We would like to have that.

Mr. FITZGERALD. It is no problem to us, and we can do it with no difficulty at all.

(The material referred to is as follows:)

ATTACHMENT A.—*Repayment periods—Loan agreements concluded under sec. 104(g) of Public Law 480 as amended*<sup>1</sup>

[Million dollars equivalent<sup>2</sup>]

Country	Total	Repayable in—				
		40 years	30 years	25 years	20 years	15 years or less
Argentina.....	20.0		20.0			
Austria.....	26.3	24.8			1.5	
Brazil.....	149.2	149.2				
Burma.....	17.3	17.3				
Ceylon.....	2.2		2.2			
Chile.....	31.7		27.7			4.0
Colombia.....	25.4			25.4		
Ecuador.....	7.2					7.2
Finland.....	<sup>3</sup> 19.0	14.0	5.0			
Greece.....	37.4	33.2	4.2			
Iceland.....	5.7				5.7	
India.....	383.8	383.8				
Indonesia.....	<sup>4</sup> 73.2	70.8				2.4
Iran.....	2.5		2.5			
Israel.....	<sup>4</sup> 93.8	2.5	91.3			
Italy.....	81.2	81.2				
Japan.....	108.9	108.9				
Mexico.....	13.6				13.6	
Pakistan.....	89.1	89.1				
Paraguay.....	2.2			2.2		
Peru.....	16.1			8.3	7.8	
Philippines.....	5.2				5.2	
Portugal.....	3.4	3.4				
Spain.....	<sup>4</sup> 198.4	104.8	50.2	43.4		
Thailand.....	1.0				1.0	
United Arab Republic.....	25.3		25.3			
Uruguay.....	6.3			6.3		
Yugoslavia.....	204.5	88.4	116.1			
Total.....	1,649.9	1,171.4	344.5	85.6	34.8	13.6
Percent of total.....	100	71	21	5	2	1

<sup>1</sup> Loan agreements provide for establishment of lines of credit in foreign currencies up to the amount stated. Shortfalls in deliveries of commodities and thus in the amount of foreign currencies deposited may result in a decrease in the amounts which will become available.

<sup>2</sup> Unless otherwise noted, the dollar equivalent value assigned to foreign currencies covered by agreements reflects deposit rates agreed upon at the time the sale agreements were negotiated.

<sup>3</sup> Excludes an exchange loss of about \$5.1 million equivalent resulting from the devaluation of the finmark.

<sup>4</sup> Includes agreements signed pursuant to sec. 104(d) transactions.

NOTE.—Interest rates applicable to loans of local currencies resulting from sales made prior to fiscal year 1958 are 3 percent for repayment in dollars and 4 percent if repayment is made in local currencies. The rates applicable to loans in connection with sales concluded during fiscal year 1958 were 4 and 5 percent, respectively. For fiscal year 1959 sales, a uniform rate of 3½ percent was established. This was raised to 4 percent in April 1959, but the rate may vary to the extent that loans are made to private enterprises, publicly owned profit earning types of projects, or to development banks.

We have had four changes in interest rates since we started the program. At first we had 3 percent if the repayment was in dollars and 4 percent if the repayment was in local currency. About 3 years ago the rates went up to 4 percent for dollar repayment and 5 percent for local currency repayment. At the beginning of fiscal year 1959, the rate was set at a uniform 3½ percent and in April 1959 it rose to 4 percent.

Mr. POAGE. Then do I understand it that it is your view that regardless of what we have been doing, that we ought to make long-time loans?

Mr. FITZGERALD. Yes, sir; there is no question about it.

Mr. POAGE. That we ought to give a much lower interest rate where the loans are repayable in dollars, possibly no interest at all.

Mr. FITZGERALD. From the point of view of my agency, yes. Now there are other considerations, as you know, Mr. Congressman, on this.

Mr. POAGE. And that we certainly should at least have the authority, and in some cases, use it to make long-time commitments.

Mr. FITZGERALD. For dollar repayment.

Mr. POAGE. For dollar repayment, and would you say that we should use any authority in excess of 2 years for local currency repayment, or do you think 2 years is long enough?

Mr. FITZGERALD. No, 2 or 3 years, perhaps 4 years for local currency repayment. I wouldn't want to get any further than that because I think if it is local currency repayment, we should be pretty conservative on it, Mr. Chairman.

Mr. POAGE. I suppose if we had maintenance of value, we wouldn't need to be near that conservative, would we?

Mr. FITZGERALD. But that is a limitation on our ability to make sales, however, and you have got to balance these things out.

Mr. POAGE. Of course obviously the more you cut the amount that has to be repaid to the United States, the easier it is to sell, isn't it?

Mr. FITZGERALD. Yes, indeed.

Mr. POAGE. And when you cut out the maintenance of value, you cut out a whole lot of the obligations to pay the United States, do you not?

Mr. FITZGERALD. That is correct.

Mr. POAGE. In effect you have brought the price down. In some countries it may be cut in half or two or more?

Mr. FITZGERALD. Over time, yes indeed.

Mr. POAGE. It is all over some time?

Mr. FITZGERALD. Yes.

Mr. POAGE. So that what you actually did was to completely wipe out the proviso that you were going to sell at the current world market and accepting something a great deal less than the world market, didn't you?

Mr. FITZGERALD. No, I don't think so, Mr. Congressman. I think it is correct and proper to say that we are still selling at the world price, and internally that grain or whatever the commodity is that moves into the country is sold at the local currency equivalent of the world price. What we have done is to—

Mr. POAGE. The United States doesn't certainly get the world price, that is what you have done.



Mr. FITZGERALD. It gets the world price at the time of the sale, but it may not get the equivalent value at the time the loan is repaid to us.

Mr. POAGE. But we don't get it at the time of the sale. That is the sad part about it. If we were getting paid in cash in local currency, that is cash that we didn't have to loan back to these people, I would agree that we were getting the world price at the time of the sale.

But when coupled with that sale is an agreement to turn right around and lend the money back or lend a substantial portion of it back, then of course we are not getting the world price at the time of the sale, but we are getting something less than the world price.

Mr. FITZGERALD. I won't argue with you. I would put it differently, but the result is the same.

Mr. POAGE. Did this suggestion come from your shop, the suggestion to wipe out maintenance of value?

Mr. FITZGERALD. No, sir.

Mr. POAGE. I think that is all I want to ask, gentlemen. Does anybody want to ask a question? If not, we are very much obliged to you, Dr. FitzGerald. Mr. Heimbürger wants to ask a question.

Mr. HEIMBURGER. Doctor, it is nice to see you again.

Mr. FITZGERALD. It is nice to see you, sir.

Mr. HEIMBURGER. Dr. FitzGerald, I wonder if you could provide the committee with some statistical and other relevant data.

For example, in connection with your economic loans, I wonder if we could have by countries the purposes for which these loans have been made. I think perhaps you had such a document prepared. I requested it a couple of weeks ago.

Mr. FITZGERALD. We have a summary, about a four-page summary. Suppose I leave that with you, and if it is not adequate, you let us know.

Mr. HEIMBURGER. Will you just put it in the record at this point?

Mr. FITZGERALD. All right.

(The material referred to is as follows:)

ATTACHMENT B.—*Sec. 104 (g) allotments of funds by ICA for approved projects*

(Million dollars equivalent)

Country	October 1958 March 1959	Cumula- tive through Mar. 31, 1955	Description of projects
Argentina.....	+18.2	18.2	"Operation beef"—Government program to increase beef production 14.3; aid to universities 3.4; contributions to National Committee of Atomic Energy 0.24; bilateral and multilateral scholarship program 0.3.
Austria.....	+1.4	20.9	Electric power 3.9; iron and steel metal processing, textile, paper, woodworking, coal and chemical industries, 16.4; tourism 0.4; engineering and construction 0.2.
Brazil.....		30.2	Construction of grain elevators and warehouses 5.4; extension and rehabilitation of railways 13.1; electric energy production 5.0; regional development 3.0; steel manufacturing 0.7; reserve 3.0.
	+32.0	32.0	Expansion of hydroelectric and power production, railway construction, expansion of iron and steel production 32.0.
Burma.....	+17.3	17.3	Land restoration 8.4; inland waterways 2.0; Rangoon water supply and sewerage system 0.9; village water supply and sanitation 0.5; Rangoon General Hospital 0.6; undistributed 4.9.
Ceylon.....	+1.2	1.2	Irrigation projects.

ATTACHMENT B.—*Sec. 104(g) allotments of funds by ICA for approved projects—Continued*

[Million dollars equivalent]

Country	October 1958 March 1959	Cumula- tive through Mar. 31, 1955	Description of projects
Chile.....	+ .4	30.9	Highway and port improvement 12.4; irrigation, drainage, and forestry 5.3; food processing facilities 4.9; housing 3.0; agricultural training center and experiment station 2.8; coal industry 2.5.
Colombia.....	+1.1	14.6	Development loan funds for various purposes, including development of mining, lumber, and livestock production, farm-to-market roads, and food storage facilities.
Ecuador.....	— .1	4.9	Loans to agricultural producers 2.8; industrial development 1.1; highway improvement and maintenance 1.0.
Finland.....		14.0	Construction: Hydroelectric plant 10.9; fluting-board plant 3.1.
Greece.....	+6.7	30.2	Roads and bridges 10.8; electrical grid 3.3; low-cost housing, 2.0; irrigation, range water development, drainage, flood control, and community water supply 4.2; vocational education 0.2; Foreign Economic Development Finance Corporation 3.0; and other investment projects 6.7.
Iceland.....	+ .8	2.3	Hydroelectric plant.
India.....	+179.1	234.1	Sharavathi power project 14.6; river valley development 164.5; and refinance corporation 55.0.
Iran.....		2.5	Construction of airport runway.
Israel.....	+ .8	68.9	Irrigation, well drilling, and agricultural development 21.9; agricultural research station 0.3; construction and development: electric power facilities 9.0; roads and railways 6.1; housing 3.1; other industrial expansion 28.1; afforestation 0.4.
Italy.....	+29.1	77.7	Industrial development in southern Italy, 45.7; revolving loan fund, tourist facilities 8.0; loan funds for creation of small landowners 8.0; loans to small producers for expansion of livestock production, marketing, and processing facilities 8.0; vocational education 8.0.
Japan.....		56.8	Electric power development 48.0; irrigation, drainage, and reclamation 8.4; productivity center 0.4.
		48.8	Electric power development 21.8; irrigation and land development 12.7; land reclamation for industrial sites 1.9; productivity center 2.8; forest development 2.8; industrial marketing and processing 4.6; improvement of fishing port facilities 1.9; silk center 0.4.
Pakistan.....	+27.3	27.3	Pakistan Industrial Finance Corporation 4.2; Small Industries Corporation 2.1; rehabilitation of the Pakistan railways 12.6; greater Karachi water supply and sewage disposal 8.4.
Paraguay.....		2.1	Highway and bridge construction and improvement 0.6; airport development 0.2; sewerage system 0.7; agricultural development (primarily coffee) 0.6.
Peru.....		11.2	Irrigation, land development, dam construction, and expansion of agricultural research station 10.9; loans to private borrowers 0.3.
Philippines.....	+4.5	4.5	Small agricultural loans through Development Bank
Portugal.....		3.4	Storage facilities for bananas and cereals.
Spain.....	+83.8	94.3	Hydraulic works and water supply 12.6; reforestation and watershed control 12.6; irrigation and reclamation 12.0; electric power 18.8; tourism 25.8; improvement of coal mines, municipal forests, and inland fisheries 7.6; range management, 1.2; and consolidation 1.0; soil conservation 0.3; industrial trade schools 2.4.
Thailand.....	+ .5	.5	Establishment of cement plant.
Yugoslavia.....	+3.6	134.4	Industry, mining, and transportation 61.4; electric power stations and transmission lines 33.9; education 14.7; housing 5.6; hospitals 0.9; fertilizer plant 15.5; drainage and irrigation 2.4.
Total.....	407.7	983.2	



Mr. HEIMBURGER. Those are the countries with which we have Public Law 480 agreements, and the purpose for which development loans have been made.

Mr. FITZGERALD. That is what I wanted in that connection.

Now do you have in connection with that a tabulation of the amount of foreign currency by countries which is programed for loan development purposes, the amount which you have actually received, and the amount which has been committed in the case of each country?

Mr. FITZGERALD. Yes; I have that table here.

Mr. HEIMBURGER. I thought you might have. Will you put that in the record also?

Mr. FITZGERALD. Yes, indeed.

(The material referred to is as follows:)

**ATTACHMENT C.—Comparison of increases in loan agreements signed during January–June 1959—Allotments to USCS's and disbursements, October 1958–March 1959**

[Million dollar equivalent]

Country	Ear-marked in sales agreements	Loan agreements		Allotments		Disbursements	
		Cumulative	Increase, January–June	Cumulative	Increase, October–March	Cumulative	Increase, October–March
Argentina.....	36.5	20.0		18.2	18.2		
Austria.....	26.3	26.3		20.9	1.4	12.5	1.3
Brazil.....	149.2	149.2		62.2	32.0	53.6	23.4
Burma.....	32.5	17.3		17.3	17.3		
Ceylon.....	8.0			1.2	1.2		
Chile.....	31.7	31.7		30.9	.4	23.0	6.5
China.....	1.0						
Colombia.....	25.3	25.3	3.1	14.6	1.1	14.6	.7
Ecuador.....	7.2	7.2		4.9	—1	4.9	.1
Finland.....	23.9	19.0	5.0	14.0		14.0	
Greece.....	37.4	37.4		30.2	6.7	29.9	8.3
Iceland.....	5.7	5.7	1.8	2.3	.8	2.3	.8
India.....	383.8	383.8	114.6	234.1	179.1	10.5	10.5
Indonesia.....	87.4	80.4	78.4				
Iran.....	2.5	2.5		2.5			
Israel.....	91.7	93.9		68.9	.8	68.2	14.2
Italy.....	100.5	81.2		77.7	29.1	63.4	33.4
Japan.....	108.9	108.9		105.6		105.3	
Mexico.....	13.6	13.6					
Pakistan.....	90.6	89.1	34.7	27.3	27.3	27.3	27.3
Paraguay.....	2.2	2.2		2.1		2.1	
Peru.....	16.1	16.2		11.2		10.7	1.5
Philippines.....	5.2	5.2		4.5	4.5		
Portugal.....	3.4	3.4		3.4		3.4	
Spain.....	197.1	198.4	49.1	94.3	83.8	17.8	7.6
Thailand.....	2.0	1.0		.5	.5		
Turkey.....	40.5						
United Arab Republic.....	25.3	25.3	25.3				
Uruguay.....	6.3	5.0	5.0				
Yugoslavia.....	204.5	204.5	60.2	134.4	3.6	93.4	93.4
Total.....	1,766.3	1,653.7	386.2	983.2	407.7	556.9	229.0

Mr. HEIMBURGER. Mr. Chairman, there is one other point I would like to take up with Dr. FitzGerald.

It seems that the Congress has been pretty obstinate on this barter matter, and that there is in the law under which ICA operates the provision which reads:

Any offer to supply commodities hereunder at a sale price of \$100,000 or more made on a bid basis pursuant to an invitation for formal bids, and which expresses a willingness to accept surplus agricultural commodities from the CCC as full payment in lieu of dollars shall have preference over any other bid offer where price and other terms of the bid offer are equal.

I understand that there has recently been some action taken by the Commodity Credit Corporation, which probably will have the effect of curtailing your operations under this barter provision. Are you familiar with that?

Mr. FITZGERALD. I hadn't been aware of the fact that our operations would be curtailed. Very frankly, we have this offer outstanding. We get very few proposals under it. We get a few on fertilizer and that is about all.

Mr. HEIMBURGER. I think that is a subject which the committee might want to discuss with you at some future time. I certainly won't take the time here.

But could you provide us with a tabulation showing the amount of business which has been done by this barter method for the past 4 or 5 years?

Mr. FITZGERALD. I will be glad to.

Mr. HEIMBURGER. I might point out the nature of the action that has been taken. There is a ruling by the Commodity Credit Corporation that if surplus commodities are taken by a supplying contractor in lieu of dollars for materials to be supplied under the ICA program, then these surplus commodities can be sold only in barter and currency countries throughout the world.

These are soft currency countries where you aren't likely to sell much commodity for dollars. Disposal of those commodities in the A countries—the major market areas—is prohibited under the CCC policy. I have a letter here from the C. B. Fox Co., one of the large grain exporters, Mr. Chairman, which it might seem appropriate to put into the record at this point, if you have no objection, outlining the problem involved here.

(The material referred to is as follows:)

ATTACHMENT D.—*Barter contracts, fiscal years 1950–59*

Fiscal year	Total	ICA
1950.....	7.8	-----
1951.....	7.1	-----
1952.....	44.0	-----
1953.....	14.5	9.5
1954.....	34.2	18.9
1955.....	277.7	22.4
1956.....	315.9	8.6
1957.....	272.6	-----
1958.....	65.1	-----
1959.....	156.2	2.5
Total.....	1,195.1	61.9

Mr. HEIMBURGER. Essentially the situation seems to be this: That if a supplier bidding on an ICA contract agrees that he will take surplus commodities in lieu of dollars in payment, then there is a limitation on the countries where he can sell those surplus commodities.

If, on the other hand, he insists on dollar payments, he can take his dollars and go to the Commodity Credit Corporation and buy surplus commodities, and sell them any place in the world he can find a buyer for them. Do you have any comment on that situation?



Mr. FITZGERALD. I probably should be able to answer that question. I would have been able to 5 or 10 years ago, but I am less familiar with CCC's operations now than I used to be.

I would be a little inclined to doubt that the last part of your statement was correct. I don't think that an exporter can go to CCC and buy commodities and export them anywhere in the world that he wants to. He gets the chits for the subsidy. Is that what you are referring to?

Mr. HEIMBURGER. No.

Mr. FITZGERALD. He gets an order——

Mr. HEIMBURGER. I think that applies only to purchases, outside of CCC stocks. He gets a subsidy then if he provides proof of export. Of course he can't export behind the Iron Curtain, but he can export them any place in the free world. I am not going to ask you to comment on this. I would certainly want to pose the situation and ask for the statistical data, please, on the barter business which has been done under this provision in your law.

Mr. FITZGERALD. We will be happy to provide it.

Mr. HEIMBURGER. That is all, Mr. Chairman.

Mr. POAGE. Thank you, Dr. FitzGerald. The committee will stand in recess until 10 o'clock in the morning.

(Whereupon, at 4:45 p.m., the committee adjourned, to reconvene at 10 a.m., Thursday, July 16, 1959.)

## EXTENSION OF PUBLIC LAW 480

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THURSDAY, JULY 16, 1959

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, D.C.*

The committee met pursuant to recess at 10 a.m., in room 1310, New House Office Building, Washington, D.C., Hon. Harold D. Cooley, chairman, presiding.

Mr. POAGE (presiding). The committee will please come to order. We are met this morning to continue the hearings on the renewal of Public Law 480 and any changes that should be made in the legislation.

We have with us this morning representatives from the General Accounting Office. I believe that Mr. McDowell, the Assistant Director of the Accounting and Auditing Division, is here. I believe you have a statement, do you not?

Mr. McDOWELL. Yes.

Mr. POAGE. We will be glad to have your statement.

**STATEMENT OF O. D. McDOWELL, ASSISTANT DIRECTOR, CIVIL ACCOUNTING AND AUDITING DIVISION, GENERAL ACCOUNTING OFFICE; ACCOMPANIED BY FREDERICK K. RABEL, ASSISTANT DIRECTOR; BERNARD F. BURDICK, HENRY ESCHWEGE, AND MICHAEL GASSO, SUPERVISORY ACCOUNTANTS; AND JOHN W. MOORE, OFFICE OF GENERAL COUNSEL, GAO**

Mr. McDOWELL. Mr. Chairman and members of the committee, we appear today before your committee in connection with your consideration of the Agricultural Trade Development and Assistance Act of 1954, commonly known as Public Law 480.

We should state that we have not made a thorough or systematic examination of all operations and problems of Public Law 480. Our work so far has consisted of (1) survey of existing administrative arrangements for our own general orientation, and (2) certain selective reviews incident to our regular examination of the operations and activities of some of the principal participating agencies, such as the Department of Agriculture, the Treasury Department, and the International Cooperation Administration (ICA) of the Department of State. Our comments before you, therefore, are confined to a general description of some of the administrative arrangements under Public Law 480 as well as to certain problems and shortcomings which have come to our attention to date. Much of the fiscal and statistical data included in our remarks have been taken from the ninth semi-



annual report on activities carried on under Public Law 480, 83d Congress, as amended (H. Doc. No. 60, 86th Cong.), and other sources without verification by us.

#### ADMINISTRATIVE ARRANGEMENTS UNDER PUBLIC LAW 480

Public Law 480, approved July 10, 1954, under the official title of the Agricultural Trade Development and Assistance Act of 1954, was enacted mainly to increase the consumption of U.S. agricultural commodities in foreign countries and to improve the foreign relations of the United States. The law consists of three titles. Title I authorizes the sale of surplus agricultural commodities for foreign currencies, title II authorizes the transfer of surplus agricultural commodities held by Commodity Credit Corporation to friendly peoples, and title III covers the donation of CCC commodities and barter transactions. Authority to enter into new transactions under titles I and II expires December 31, 1959.

On September 9, 1954, the President issued Executive Order No. 10560, providing for the administration of Public Law 480. Under the order as amended, the President has assigned to various departments and agencies the responsibility for carrying out the law as follows:

1. The Department of Agriculture exercises the functions under title I relating to the sale of surplus agricultural commodities.
2. The International Cooperation Administration (ICA) exercises the functions under title II relating to relief programs.
3. The Department of State has been assigned the functions of negotiating and entering into agreements with friendly nations or organizations of friendly nations.
4. The Bureau of the Budget has the responsibility for fixing from time to time the amounts of foreign currencies to be used for purposes authorized by the act without appropriation by the Congress.
5. The Secretary of the Treasury has been authorized to scribe regulations governing the purchase, custody, deposit, transfer, and sale of foreign currencies received. This authority does not limit the authority otherwise conferred upon the Secretary of State and the Director of the Bureau of the Budget.

6. The responsibility for administering the expenditure of foreign currencies received under the law has been assigned to the following agencies:

Responsible agency	Specified use	Legislative authority, sec. 104
Department of Agriculture-----	Agricultural market development-----	(a).
	Trade fairs-----	(m).
Department of Defense-----	Common defense-----	(c).
Department of State and International Co- operation Administration.	do-----	(c).
	Purchase of goods for other countries-----	(d).
	Grants for economic development-----	(e).
	Loans to foreign governments-----	(g).
	International educational exchange-----	(h).
	American-sponsored schools and centers-----	(j).
	American educational studies-----	(o).
	Buildings for U.S. Government use-----	(l).
Office of Civil and Defense Mobilization-----	Supplemental stockpile-----	(b).
Development Loan Fund-----	Loans to foreign governments-----	(g).
Export-Import Bank of Washington-----	Loans to private enterprise-----	(e).
U.S. Information Agency-----	Translation of books and periodicals-----	(i).
	American-sponsored schools and centers-----	(j).
	Trade fairs-----	(m).
Library of Congress-----	Acquisition, indexing and dissemination of foreign publications.	(n).
National Science Foundation and other agencies designated by the Director, Bu- reau of the Budget.	Scientific activities-----	(k).

Mr. POAGE. As to a few of these items under the International Cooperation Administration. As I understand, that is in the Department of State; is that right?

Mr. McDOWELL. Yes.

Mr. POAGE. Just what relationship would the Department of State have with it? It is all under the Secretary of State.

Mr. McDOWELL. I might explain, Mr. Chairman. I am assigned primarily to the Department of Agriculture. Mr. Rabel here in our office does most of the work with ICA and he could answer.

Mr. POAGE. All right. Give us some information as to it. Just what is the connection?

Mr. RABEL. ICA is generally designated as a semiautonomous agency within the Department of State. Originally, it was the Foreign Operations Administration, an independent agency reporting directly to the President, but effective in fiscal year 1956, it became an integral part of the State Department. It is now being more and more integrated into the State Department. Under Secretary Dillon really directs more or less the operations of ICA.

Mr. POAGE. Is there any unnecessary duplication between other departments and ICA?

Mr. RABEL. Mr. Chairman, I do not think our office has taken an official position in the matter. My experience has been that there have not been any particular duplications which have caused us to criticize the arrangement.

Mr. POAGE. I know it is not your function to criticize. I was not interested in what your function was. I wanted to know whether there was any unnecessary duplication, or waste of public money. There is some feeling, whether rightly or not, that there is duplication, that we already have State Department representatives everywhere. Now, we can see another agency within the State Department, coming out and handling the same problems.



Is there a sharp differential of function? We do not know. We are trying to find out from you people what the actual situation is. Is there a duplication?

Mr. RABEL. I would like to say we generally have not found a reason or cause to criticize this arrangement because we have found there is sufficient difference in functions between the more or less policy operations of the Department of State and what we might call the operating functions of the ICA.

Mr. POAGE. Isn't the American Ambassador the man that is in charge?

Mr. RABEL. The Ambassador is the head of what is called the country team and the country team consists of the overseas mission of the ICA; also, of the military advisory group and representatives of the Embassy. Insofar as the administration is set up, it is supposed to work. It depends upon conditions varying from country by country whether there actually is an effective coordination or not. It depends a lot, also, on the personal interest of the Ambassador.

Mr. POAGE. Isn't there a splendid opportunity there, at least, to have a little friction between the Ambassador and the chief of mission of the ICA?

Mr. RABEL. Well, sir, there probably could be. We have visited only a number of countries. We have not found occasion to criticize the arrangement.

Mr. POAGE. That is all I wanted to know.

Let me ask as to this tabulation. I notice that you point out that the Department of Agriculture has responsibility for trade fairs, and then you point out that the U.S. Information Agency has responsibility for trade fairs. And I think there is some other duplication there; isn't there?

I want to get that clear, because obviously somebody has got to have the final responsibility. Who has it?

Mr. McDOWELL. Our understanding is that the Department of Commerce has general responsibility for promoting business participation in trade fairs. In this case, the Department of Agriculture would have the agriculture portion of it.

Mr. POAGE. Then, actually, Commerce would be the one that would be handling trade fairs, and not Agriculture?

Mr. McDOWELL. That would depend on the kind of trade fair.

Mr. POAGE. Then I notice you list loans to foreign governments being the responsibility of the Development Loan Fund. That Loan Fund isn't an independent agency, is it?

Mr. RABEL. The Development Loan Fund now is a Government corporation. It is an independent agency, but is linked to the State Department because the Chairman of the Board is an official of the State Department who exercises policy direction closely related to the operations of the mutual security program. It is separate and distinct from ICA.

Mr. POAGE. It is a department of the State Department? It is quite similar to ICA?

Mr. RABEL. It is quite similar.

Mr. POAGE. Then, actually, the responsibility for the loan program is by the State Department, and not by Agriculture?

Mr. RABEL. For the loans; yes, sir.

Mr. POAGE. That means that the emphasis on these loans must be political rather than economical; is that right?

Mr. RABEL. Yes.

Mr. POAGE. Maybe that is where it ought to be. In any event, that is the way it is set up?

Mr. RABEL. My understanding is that both of these objectives would or should be considered.

Mr. POAGE. Somebody has to be boss. That is what we are trying to find out from you people; who is the boss? We cannot say that every agency downtown is going to make these loans, because they do not. Somebody has to have the authority. You folks start with the authority and cut out unnecessary activities. As I understand, you do that. We are trying to find out who has the proper responsibility, who has the certain line of authority?

Mr. RABEL. I would say that it is a good arrangement as to the responsibility for loans. However, later we point out in our statement that we have not made a sufficiently detailed review to have an informed opinion whether this program is adequately administered. It is still a fairly new program, and we have not yet entered into the detailed transactions. The arrangement as such seems sound to us.

Mr. POAGE. Thank you.

The CHAIRMAN. Proceed with your statement, Mr. McDowell.

Mr. McDOWELL. Any department or agency of the Government which uses foreign currencies received under title I for a purpose for which funds have been appropriated is required by section 105 to pay to Commodity Credit Corporation the dollar value of the currencies used. As of December 31, 1958, reimbursements to CCC for foreign currencies used in lieu of appropriated dollars amounted to \$186 million. To the extent that CCC is not reimbursed by other agencies for commodities disposed of and costs incurred under titles I and II, appropriations to reimburse CCC are authorized. Transactions cannot be carried out under title I which would call for appropriations to reimburse CCC in amounts in excess of \$6¼ billion. Transfers under title II and ocean freight costs under titles II and III are limited to \$800 million.

To assist the several agencies in carrying out their responsibilities the President created the Interagency Committee on Agricultural Surplus Disposal as a policy committee under the chairmanship of a representative of the White House.

Furthermore, pursuant to the President's request for day-to-day interagency coordination, the Secretary of Agriculture established the Interagency Staff Committee on Agricultural Surplus Disposal. This Staff Committee is composed of representatives of the several agencies having responsibilities under the law and chaired by an official of the Foreign Agricultural Service, Department of Agriculture. The Committee reviews and revises proposed programs, sales agreements, and negotiating instructions. Any unresolved differences are referred to the Interagency Policy Committee chaired by the White House.

#### VOLUME OF TRANSACTIONS UNDER PUBLIC LAW 480

From inception of the Public Law 480 programs in fiscal year 1955 through December 31, 1958, 142 agreements and supplemental agreements were made with 37 countries for the sale of agricultural com-



modities for foreign currencies under title I. The cost of commodities, including acquisition, storage, processing, and transportation costs, covered by these agreements is estimated at \$4,647.4 million.

The following is a summary of the approximate quantities and value of commodities provided for under title I, agreements signed through December 31, 1958.

Commodity	Units	Quantity	Export market value
Wheat and flour.....	Bushels.....	804, 188, 000	\$1, 349, 600, 000
Feed grains.....	do.....	194, 199, 000	227, 700, 000
Rice.....	Hundredweight.....	28, 913, 000	186, 800, 000
Cotton.....	Bales.....	3, 382, 700	537, 200, 000
Tobacco.....	Pounds.....	213, 006, 000	148, 100, 000
Dairy products.....	do.....	234, 364, 000	43, 700, 000
Fats and oils.....	do.....	2, 642, 588, 000	405, 200, 000
Poultry.....	do.....	14, 300, 000	61, 900, 000
Dry edible beans.....	Hundredweight.....	314, 000	
Fruits and vegetables.....	Pounds.....	182, 635, 000	
Meat.....	do.....	121, 039, 000	
Hay and pasture seeds.....	Hundredweight.....	10, 000	2, 960, 200, 000
Total export market value.....			
Ocean transportation.....			368, 500, 000
Total export market value and ocean transportation.....			3, 328, 700, 000

The difference between the estimated total cost of \$4,647.4 million and the estimated export market value, including ocean transportation of \$3,328.7 million, is \$1,318.7 million.

The principal factors contributing to this difference are (1) the amount by which CCC's acquisition and handling costs for commodities from its inventory exceeds the export market value, (2) subsidies paid on commodities exported, and (3) ocean freight differential payments for shipments on U.S. flag vessels.

The recorded collections of foreign currencies from surplus agricultural commodity sales from inception through December 31, 1958, were \$2,548 million. Of this amount, \$931 million had been disbursed by the agencies using the funds.

We have attached to our statement two exhibits: exhibit I showing countries and commodities for programs under title I agreements signed through December 31, 1958, and exhibit II showing planned uses of foreign currency under the agreements.

The CHAIRMAN. Mr. Heimbürger would like to ask you some questions.

Mr. HEIMBURGER. Before you leave this question, and referring back to the table on page 5, the total export market value expressed in terms of dollars, is that dollar figure arrived at on the basis of the exchange rate stipulated in these agreements or is that the actual exchange rate that the foreign currencies are worth?

Mr. McDOWELL. The currency exchange rate really does not enter into the determination of this figure. The export market value which is the major element in there is export market value expressed in terms of dollars.

Mr. HEIMBURGER. But for bushels and tons of sales, we received foreign currency at a stipulated rate?

Mr. McDOWELL. We get those at a rate stipulated in the country-to-country agreements. And usually that provides that the rate will be the rate for the bulk of the import transactions into that country.

Mr. HEIMBURGER. I am just trying to get at this figure. This is the face value.

Mr. McDOWELL. This is the face value.

Mr. HEIMBURGER. In other words, the acquisition cost?

Mr. POAGE. Plus the storage.

Mr. HEIMBURGER. This is the face value of the selling price.

Mr. McDOWELL. That is right.

Mr. HEIMBURGER. So that this figure then does not show the actual value of the currency received for these, but is received at the agreed upon exchange rate, and there is a difference as to the actual exchange value of it?

Mr. McDOWELL. There would be a substantial difference there. This is in effect the world market price at export prices.

Mr. POAGE. This is the world market price expressed in dollars, what it cost the United States to acquire this commodity, plus the storage charges on it, plus the transportation, plus all of the handling charges?

Mr. McDOWELL. I am not sure what figures we are talking about.

Mr. POAGE. I am not sure which figures we are talking about, either.

Mr. McDOWELL. The total figure of \$4,647.4 million are not realized transactions. The figure represents transactions scheduled under the agreement and would include all those things that you mentioned, the CCC acquisition cost, the storage cost, the processing cost, and the transportation cost.

Mr. POAGE. That is four billion six. The three billion three is the market value of these commodities at the time they were moved.

Mr. McDOWELL. That is the estimated market value at the time of the agreement. You see, some of these agreements have not been completed as of yet. So these two figures are a projection of what will happen under the total agreement.

Mr. POAGE. Can we see—I know you do not have it right there—but can you give us a third figure of the estimated value of the currencies we are going to get in return for this?

Mr. McDOWELL. I can give you figures that are being realized at export market value expressed in dollars. They are running pretty well in line with these projections. Beyond that there will be a difference between the collection rate for the currencies that we receive and the Treasury rate.

Mr. POAGE. We understood yesterday that we made an agreement with Argentina in which we figured pesos at 18 to the dollar.

Mr. McDOWELL. Yes.

Mr. POAGE. But if we went to buy pesos, we could buy 69.7 pesos for a dollar.

Mr. McDOWELL. That is my understanding.

Mr. POAGE. Consequently, we did not get what we would have received by purchasing pesos. If they are all paid back to us per the agreement, we will not have more than about 27 or 28 percent of the money necessary to buy the number of dollars which represents the value of the commodities in the world market.



Mr. McDOWELL. My understanding is that, first, we have domestic market price of commodities here and we incur some difference or loss between that and the export market value. And then there would be some further, in effect, discount on utilization of the currencies that we receive.

Mr. POAGE. In that case, there will be a tremendous difference. That is the point I think the public has been led to believe and, certainly, I have been led to believe we were just about to get our money out of these commodities, but it appears that we are doing little more than giving them away.

The CHAIRMAN. At the bottom of page 5, you point out so many millions dollars loss.

Mr. McDOWELL. Yes.

Mr. POAGE. That was before delivery, that loss occurred in our warehouse.

The CHAIRMAN. Is that what it is?

Mr. McDOWELL. CCC cost over export market value. Then in addition, there is subsidy paid on certain of the commodities—a subsidy is paid over and above the export market price. Then we, also, make payments for ocean freight under the 50-50 requirement that one-half of the shipments go on U.S.-flag vessels. Those are the three major elements that make that up.

The CHAIRMAN. Whatever makes it up, the loss is sustained before we even dispose of the commodity.

Mr. McDOWELL. Yes.

The CHAIRMAN. And the loss amounts to \$1,318 million, the difference between the estimated cost and the estimated commodity value.

Mr. McDOWELL. That is right.

Mr. POAGE. The next big loss is the difference between the contractual value of the foreign currency and the actual market value of the foreign currency.

Mr. McDOWELL. That would be another element.

Mr. POAGE. And a fairly substantial difference, isn't it?

Mr. McDOWELL. In some countries—it varies considerably from country to country.

Mr. POAGE. I know it does. Some will be at par.

Mr. McDOWELL. Later on in the statement, we have some more comments on that subject. We made a comparison in 11 countries and I think the figure is about \$250 million difference between the collection rate and the other.

Mr. POAGE. If you will give us the figures, I won't ask you now to give us those figures.

The CHAIRMAN. Go ahead with your statement, Mr. McDowell.

Mr. McDOWELL. During the same period about \$490 million worth of commodities were authorized under title II including \$87 million authorized for ocean freight since May 1956.

Cumulative donations through December 31, 1958, for foreign and domestic relief through nonprofit voluntary agencies and intergovernmental organizations under title III of the act amounted to \$1,445 million at CCC cost.

Cumulative barter contracts under title III through December 31, 1958, amounted to \$965.8 million at export market value.

Mr. POAGE. You do not sustain the loss on currency in barter, do you?

Mr. McDOWELL. That would be true, yes.

Mr. POAGE. That is a very substantial saving in many instances.

Mr. McDOWELL. That may be an oversimplified answer. The loss that may be there, you do not record and keep book on it, but presumably in the dealing between the exporters and importers, the currency valuations will be taken into consideration, but you do not get a bookkeeping result on it.

#### DEPARTMENT OF AGRICULTURE FUNCTIONS

Commodity Credit Corporation plays a leading role in performing the functions of the Department of Agriculture under title I. CCC makes available for sale to domestic exporters surplus agricultural commodities acquired in the administration of its price-support operations and makes funds available to finance the sale and exportation of surplus agricultural commodities from private stocks as well as its own stocks.

The arrangements through CCC works in the following manner. The domestic exporters enter into sales contracts with foreign importers under Public Law 480 agreements. The exporters are reimbursed for the sales price of commodities exported in dollars from funds made available by CCC. Importers in turn pay for the commodities by depositing foreign currencies to the account of the U.S. Government.

CCC reviews prices charged by exporters for the purpose of limiting Government financing to prices which are within the prevailing range of export market prices or such other maximum level as may be specified in the purchase authorization issued by the Department of Agriculture. The limitation on exporters' sales prices was designed also to prevent exporters from using Government financing programs as a device for converting foreign currencies into U.S. dollars.

CCC's price review for grain is made by comparing exporters' invoice price with market quotations obtained from trade sources for the date of the exporter's sale and adding to such quotation an allowance for exporters' markup including profit. CCC requires exporters to submit inspection certificates issued by licensed inspectors as evidence of the quality of grain being financed.

#### COTTON PRICE REVIEW PROCEDURES

Our audit disclosed that CCC price review procedures for cotton were not adequate to prevent excessive financing cost to the Government. Procedures in effect permitted financing of exporters' contract prices up to the comparable domestic market price, although cotton could be purchased from CCC for export at 6 to 7 cents a pound or \$30 to \$35 a bale below the domestic market price. In addition CCC had not established procedures for determining whether the class of cotton exported is the same class of cotton the exporter represents is being shipped.

Since inception of the Public Law 480 program in July 1954, to December 31, 1958, CCC had recorded title I export shipments of about 3 million bales of cotton having an export value of \$476 million. The New Orleans commodity office was responsible for determining whether exporters' sales prices for this cotton were within the pre-



vailing range of export market prices at time of sale. Prior to shipment of the cotton, exporters were required to obtain commodity office approval of the contract price to be financed.

Our examination of selected cotton transactions disclosed that the price review performed in the New Orleans commodity office was limited to a determination of whether the export price exceeded domestic prices rather than prevailing export market prices. The domestic market price of cotton does not appear to be an adequate measure of reasonable export prices because it allows too wide a range of export prices and could result in excessive costs to the Government. The wide range allowed is illustrated by our examination of sales of 14,503 bales of cotton which disclosed that prices (excluding ocean freight) charged to foreign importers were at least 4 cents a pound below domestic market prices on 6,624 bales and at least 2 cents a pound below domestic market prices on another 5,443 bales.

CCC's price review procedures were also inadequate because they did not provide for verification of the quality of the cotton represented by exporters. The exporters were permitted to obtain cotton for export from either domestic trade sources or from CCC. When the exporters obtained cotton from CCC at export prices they were required to export an equal quantity of cotton but they were not required to export the identical cotton. The exporters advised CCC of the quality of cotton being exported in terms of the official U.S. cotton standards.

CCC offered its cotton for sale at the class at which cotton was valued for price-support loans. However, exporters were permitted to have the cotton reclassified and to claim refunds for any downclassing resulting from such reclassification. Net refunds under CCC export programs from January 1956 to February 1959 involving sales of 15.2 million bales of cotton were \$166,813,000. Exporters chose to have almost all the cotton (95 percent) reclassified and obtained an average refund per bale of \$15.58 on 12.3 million bales of the cotton (81 percent) which were lowered in class.

Mr. ALBERT. Does not the Government, also, have a chance to reclassify and get the advantage of any material difference in the cost of the cotton?

Mr. McDOWELL. The option to reclassify is with the purchaser.

Mr. ALBERT. The better they bargain, they make a profit. Then they can come along and buy some poorer grade and get the offset on that. Is that right?

Mr. McDOWELL. That would be possible, although you will notice here—after it was reclassified nearly all was downgraded. If in a lot some bales went one way and the others went the other, the Government got the advantage of the upgrading.

The CHAIRMAN. CCC does not permit domestic mills to reclassify cotton, does it?

Mr. McDOWELL. I am told that under domestic sales they, also, permit reclassification.

The CHAIRMAN. I have had some complaints that small mills found it very difficult to buy CCC cotton because they were not permitted to reclassify the cotton. The large mills buy many thousands of bales and take it out when they need it and sell the rest on margin. Anyway, I will ask CCC about that. I think you are wrong. I do not think they are permitted to do reclassification.

Mr. SMITH of Kansas. Mr. Chairman, I offered an amendment about this very matter. In other words, they are simply getting regular wheat in and are downgrading it. In other words, somebody is taking a terrific beating on this downgrading. That is what they do. They buy wheat at a low grade and then by reclassification, they upgrade it at the terminal facilities and who knows who gets it. The producer loses.

The CHAIRMAN. From the illustration you have given, it would be the ultimate purchaser, would it not, that would sustain the loss?

Mr. SMITH of Kansas. The producer is the one that gets short. In other words, when they put that in as No. 3 wheat, the wholesaler sends down No. 2 or No. 1.

It is downgraded. The Government is downgrading it all of the time and sending out high grade. This would not apply to cotton, of course, but it does to wheat.

Mr. JENNINGS. This is in opposition to what you say is true on wheat. If you will yield? Why does this happen? Does cotton deteriorate in grade with storage?

Mr. GATHINGS. It does deteriorate in grade after several months of storage. You put that in the warehouse and keep it 18 months, and then get it under the light and look at that sample and it does not have the quality. It loses some of its good quality.

Mr. JENNINGS. The question of deterioration enters into it?

Mr. GATHINGS. The buyer wants to know what it is as of today and not what it was when the farmer sold it.

Mr. JENNINGS. I can understand that. Then it is a question of cotton deteriorating in storage rather than the classification when it is taken into the loan program.

Mr. GATHINGS. Yes.

Mr. JOHNSON of Wisconsin. I would like to ask the same question. Does cotton not deteriorate when a bale stands out in the rain?

Mr. GATHINGS. It might deteriorate somewhat, but not to a great extent. That cotton is put in the warehouse and you get a warehouse receipt which is negotiable, and the bale of cotton that is left out is sent over to the compress.

Cotton really is storable and good for years and years. The committee was down in New Orleans and we saw a bale of cotton that had been there for 75 years on the floor of the New Orleans Cotton Exchange. That cotton is good today.

Mr. HOEVEN. This is rather interesting because it has been contended that cotton did not deteriorate. In fact, I saw a bale of cotton some place down South which they told me was a hundred years old. It was reported to me to be just as good as the day it was baled. How serious is this deterioration?

Mr. GATHINGS. There is a difference if you put it under the light. When you have a bale, especially from a certain area of the belt, and if they have had rains over a long period of time, it is subject to more deterioration when otherwise.

The CHAIRMAN. All right, Mr. McDowell, go back to your statement.



Mr. McDOWELL. Before we do, we have here the CCC sales policy for upland cotton, April 1959, domestic sales, that reads as follows:

CCC offers to sell upland cotton listed in a catalog by competitive bids for unrestricted use domestic or export. Bids are not accepted at less than the higher of 105 percent of the current support price plus reasonable carrying charges or the market price. Reclassification rights are available to the buyer.

That was in April of 1959. We think that has been in effect since the announcement of 1955.

One thing I should add with respect to export cotton. CCC is changing its policy and is going to sell it at the catalog grade without reclassifying from here on out.

Mr. GATHINGS. It does take a beating, this cotton that has been in for the past 2 years, no doubt, that resulted in that change.

Mr. McDOWELL. The purchasers will discount it for whatever deterioration they think there is. It won't be reclassified.

I think the purchaser would still recognize the deterioration.

The CHAIRMAN. You said it would be based on catalog rates without reclassification?

Mr. McDOWELL. Yes; so far as export is concerned.

The CHAIRMAN. So far as export is concerned. How about domestic sales?

Mr. McDOWELL. I do not know.

The CHAIRMAN. All right. We are off the subject, anyway.

Mr. POAGE. Does the purchaser have a right to see the samples of that cotton or does he have to buy it from the catalog without any opportunity to see it? I do not understand that.

The CHAIRMAN. It is very bad in case they did not have the reclassification privileges.

Mr. McDOWELL. That was on domestic that I read there.

Mr. POAGE. You mean in the future?

Mr. McDOWELL. On export sales.

Mr. POAGE. On exports sales, the buyer will not be able to see it?

Mr. McDOWELL. I said that they will not have the privilege of having it reclassified.

Mr. POAGE. I know you said that. But there is a big difference whether he sees the samples or not. If he sees the samples and it classes pretty well, he will pay more for it.

Mr. McDOWELL. It is my understanding the catalog lists the warehouse where it is stored, and it is my impression they may go to the warehouse and look at it.

Mr. POAGE. That is the point I want to know. I do not know about that, whether he can or not. I was not under the impression that he could go there and see the cotton.

The CHAIRMAN. While we are on this point, off the record.

(Discussion off the record.)

The CHAIRMAN. All right, Mr. McDowell.

Mr. McDOWELL. Our examination of the exportation of 5,141 bales of cotton acquired by exporters from CCC from March 1956 to August 1957 disclosed that exporters obtained reclassification refunds averaging \$13.96 per bale on purchases involving 3,146 bales of cotton. When exporters applied for financing under Public Law 480, they represented most of the identical 3,146 bales of cotton to be of a higher class than the class used in settlement with CCC. In the

exporters' applications, at least 2,579 bales of the identical cotton were represented at a class higher than the class assigned in settlement with CCC, in fact, 1,322 bales were represented at a class higher than the class assigned when the cotton was originally placed under CCC loan. We estimated that the average difference in value between the class used in settlement with CCC and the higher class represented in exporters' application for financing was \$16.98 per bale. An analysis of exporters' transactions relating to the 3,146 bales of CCC cotton included in our review is attached as exhibit III.

Mr. ALBERT. You do find instances where the Government fell for that on the other end of the bargain, where under Public Law 480 then sold it at a higher price, received credit at a higher value.

Mr. McDOWELL. That is what happened with respect to these 3,000 bales that we looked at in checking their price review.

Mr. ALBERT. That is only going to ruin the whole program if we do not stop that. I object to that sort of thing.

The CHAIRMAN. No other agency of the Government polices these transactions other than the GAO; is that right?

Mr. JENNINGS. Should not the Agriculture Department police it in their transactions?

Mr. ALBERT. The grading is incompetent at one end or the other by those that represent the Government agencies.

Mr. JENNINGS. It is the exporter.

Mr. McDOWELL. The grade represented by the exporter is his representation. The cotton was not regraded for the purpose of making that representation.

Mr. ALBERT. Did he get by with it?

Mr. JOHNSON of Wisconsin. Does the Government lend him money on this?

Mr. McDOWELL. The Government did not make a loan in this case.

Mr. JOHNSON of Wisconsin. They financed it.

Mr. McDOWELL. They financed it.

Mr. JOHNSON of Wisconsin. Did they finance it under Public Law 480?

Mr. McDOWELL. Yes.

Mr. JOHNSON of Wisconsin. Did they stop when they found this out?

Mr. McDOWELL. No; the information we obtained was after the transactions were completed.

Mr. JOHNSON of Wisconsin. The transaction was completed, and they got that much in foreign currency.

Mr. McDOWELL. Yes.

The CHAIRMAN. If a shipper acquired CCC cotton and had it reclassified and got the benefit of the reclassification, you have no control over the grade which the shipper places on the cotton when he ships it into foreign markets; do you?

Mr. McDOWELL. The shipper is required to advise CCC of the grade in terms of U.S. cotton standards but that representation is not checked.

The CHAIRMAN. You mean if it is not checked, then the shipper can buy for a low price and sell at a high price and make the profit, and the foreign purchaser has no way of checking on it?

Mr. McDOWELL. The foreign purchaser, of course, will be looking out for his own interests.



Mr. ALBERT. It is a question of the Government getting taken under Public Law 480. That is the way I understand it.

Mr. SHORT. The foreign purchaser is satisfied.

Mr. ALBERT. Certainly; he pays for it. But if the Government has to reduce the price, that is the CCC, and has to take in more by reason of what he sells it for abroad, then it very definitely is the business of Congress.

The CHAIRMAN. Very well.

Mr. PIRNIE. It seems as though the question that Congressman Albert has just presented rests on a point on which I was concerned, because there is a difference in the subsidy, is there not, based upon that price differential? So that the Government has been required to make a payment on the basis of this inflated figure. Isn't that correct?

Mr. McDOWELL. The cotton that we are talking about here had been bought from CCC at the export price so that the subsidy had been absorbed at that time.

Mr. PIRNIE. Had been absorbed? It is purely a matter of the profit that is being made through the use of the Government commodity, is that right?

Mr. McDOWELL. That is right.

The CHAIRMAN. All right, go ahead with your statement.

Mr. McDOWELL. Because CCC procedures were not designed to verify the correctness of the class of cotton represented in the exporter's applications for financing under Public Law 480, CCC's price review did not disclose any financing at excessive prices due to exporters overstating the class of cotton shipped.

We believe that because exporters contract prices were not questioned unless they were \$30 to \$35 per bale higher than the purchase price of export cotton and the quality of cotton being financed was not determined, CCC's price review was ineffective for determining whether prices for financing the exportation of cotton were within the prevailing range of export market prices.

Procedures are needed which would provide CCC reasonable assurance that the prices approved for financing under Public Law 480 are within the prevailing range of export market prices for the quality of cotton being exported. We believe that the CCC subsidized price for export cotton should be taken into consideration in determining the prevailing range of export market prices. One of the ways in which a quality review could be made would be to require exporters to present evidence of the latest official U.S. Government classification of the cotton to be financed. Such cotton should then be sampled on a selective basis to determine whether its quality is the same as that stated in the evidence presented by exporters.

The matter of CCC price review procedures has been the subject of hearings held by the Intergovernmental Relations Subcommittee of the House Government Operations Committee and the subcommittee is actively continuing its review.

Mr. JOHNSON of Wisconsin. Would it be a great hardship to the exporter when you ask for refinancing to furnish the Department with the price paid for the cotton from the CCC, so that they actually know what they paid for it?

Mr. McDOWELL. Administratively, it would involve some problems. The cotton does not necessarily come from CCC. Some of the cotton exported has been acquired from domestic sources, as well as from CCC. And you have a commingling of cotton acquired from CCC and from domestic sources.

Mr. JOHNSON of Wisconsin. And show the price paid on the domestic.

Mr. JENNINGS. Could that not be done?

Mr. McDOWELL. I suspect that it could be done. I do not know that as a matter of policy you would want to require that to be done. But it would be administratively a difficult thing to handle—I would think very difficult. Particularly, if you tried to do any policing of it at all. I would not think that would be a desirable approach to it.

Mr. GATHINGS. The Department of Agriculture anticipated putting into effect—it might already be in effect—a plan by which the exporter exports the identical bale of cotton. Heretofore, that has not been the practice. I think that we should look into the export program on cotton. We can do that at the exchange, for that is where the exporting is done, in New Orleans and New York. It is out of the New Orleans office. We should get more facts with respect to exporting the bale of cotton. That is one thing that will work to the disadvantage of the cotton farmer, otherwise.

The CHAIRMAN. Those are policies of the Department of Agriculture, the CCC. They administer the program. As to whether or not the actual bale is sent. The Comptroller General is in the top echelon—he can say what should be done, but he is not in the position of making the policy.

Mr. POAGE. Probably, as to what our policy should be, I do not think they have any more authority to change that policy than I have. I think the committee and the Congress specifically provided for substitution. We did it with the idea that we would make the market more liquid and enable the cotton to move more readily. Maybe we ought to review that.

Mr. HOEVEN. We could settle this argument by referring to the law. What does the law say on this subject?

The CHAIRMAN. I think we ought to permit Mr. McDowell to indicate that the purchaser can go into the open market. He does not have to buy it from CCC. He can buy it otherwise.

Mr. McDOWELL. I think it is generally referred to as the Eastland amendment, it authorized permitting substitution, not requiring the identical bale to be shipped.

Mr. ALBERT. The important thing in this whole thing it seems to me is on page 10, where it says exactly:

When exporters applied for financing under Public Law 480, they represented 3,146 bales of cotton of a higher class than the class used in settlement with CCC.

The implication I get from that is that the Government is getting less, on the one hand, and they are selling it for more on the other. That is the thing that concerns me. It does not make any difference whether it is the same cotton or a different cotton. The whole point is if there are that number of bales in which he has an advantage from the Government as to the cost of it and under Public Law 480, I think we should know, at least, what that means.



Mr. POAGE. Did the Government recover anything on those?

Mr. McDOWELL. No.

Mr. POAGE. Why didn't we try to?

Mr. McDOWELL. The Intergovernmental Relations Subcommittee on two or three of these cases is working with the Department now with that in view.

The CHAIRMAN. Could he not recover? If an exporter buys from CCC and they sell him 3,000 bales of cotton, he finds it has been over-classed, he knows it has been overclassified and pays the Government for it, and sells at the correct classification, but it turns out to be underclassified, he can come back on the Government for a refund, can he not?

Mr. McDOWELL. Yes, that is in the sales transaction.

Mr. POAGE. The factual situation shows that did not happen because you had 1,200-and-some-odd bales out of 3,000 and that the Government paid more than for the original classification.

Mr. McDOWELL. That is right.

Mr. POAGE. On the other hand, when we classified many thousands we found 81 percent of them less than we thought they were running. Certainly, one-third of these bales of cotton were not lacking.

Mr. McDOWELL. It would be unlikely.

The CHAIRMAN. It is possible.

Mr. McDOWELL. I understand there are other factors as far as mill use is concerned that are not measured by the Government classification procedures.

The CHAIRMAN. That is right.

Mr. POAGE. Is it compensation that you should not receive? You could go out and file on it and collect that; couldn't you?

Mr. McDOWELL. Yes.

Mr. POAGE. Why shouldn't we be as strict with the cotton exporter as we are with others?

Mr. McDOWELL. There can be difference of opinion on grades. And, as I understand it, in the export trade most exporters, or many of them, have what they call their own private style or their own private brand. And what they are doing in this process is telling CCC that, "My private brand is comparable to U.S. Strict Middling" or whatever class it may be.

The CHAIRMAN. All right, let us proceed with your statement.

Mr. McDOWELL. There is one mitigating thing that I might mention. In some cases, when the representation was made to CCC, they did not yet have the results of the reclassification.

Mr. ALBERT. You recommended procedures?

Mr. McDOWELL. Yes.

This material that I have just read is in a draft report that CCC is considering now and we have not received their view on it.

Mr. JOHNSON. One more question. This check that you made of the sales of CCC under Public Law 480, were you not able to check the total amount of cotton that went through?

Mr. McDOWELL. These 3,000 bales are an insignificant portion of the total.

Mr. JOHNSON. What do you think would be the total bales of cotton?

Mr. McDOWELL. The total that went under Public Law 480 is some 3 million bales and so 3,000 is a small sample.

Mr. JENNINGS. In order to correct this, is legislation needed? Can it be corrected by administrative action, or is legislation necessary?

Mr. McDOWELL. A quick answer is that it could be handled through administrative action.

Mr. JENNINGS. That is all.

The CHAIRMAN. All right.

#### EXPORT PRICES FOR COTTON HAVE NOT BEEN COMPETITIVE IN THE WORLD MARKET

Mr. McDOWELL. In our fiscal year year 1958 audit report to Congress on CCC (B-114824 dated May 29, 1959), we stated that prices at which CCC had made cotton available for export for the 1958-59 marketing year had been maintained at levels in excess of competitive world prices and that, in our opinion, this action did not comply with the requirements of section 203 of the Agricultural Act of 1956 (7 U.S.C. 1853).

Section 203 of the Agricultural Act of 1956 provides in pertinent part, as follows:

In furtherance of the current policy of the Commodity Credit Corporation of offering surplus agricultural commodities for sale for export at competitive world prices, the Commodity Credit Corporation is directed to use its existing powers and authorities immediately upon the enactment of this act to encourage the export of cotton by offering to make cotton available at prices not in excess of the level of prices at which cottons of comparable qualities are being offered in substantial quantity by other exporting countries \* \* \*. Such quantities of cotton shall be sold as will reestablish and maintain the fair historical share of the world market for U.S. cotton, said volume to be determined by the Secretary of Agriculture.

On April 23, 1958, the Department of Agriculture announced that during the 1958-59 marketing year Government-owned upland cotton would again be available for sale for export on a competitive bid basis and that this program would be supplemented by a payment-in-kind program to encourage exports from commercial stocks. Under the payment-in-kind program, exporters of upland cotton from normal trade sources earn a subsidy for each pound of cotton exported. The subsidy so earned must be used by exporters to purchase additional cotton from CCC. August 1, 1958, was established as the beginning date for exports under both programs.

On May 12, 1958, the first bids under the 1958-59 competitive sales program were opened by CCC and a minimum acceptable price of 28.30 cents a pound for Middling 1-inch cotton at average location was established. On May 29, 1958, a payment rate of 6½ cents a pound under the payment-in-kind program was announced. The announcement also stated:

That rate of 6½ cents per pound will be effective until changed and will be subject to change without prior notice.

At the time of our review, February 1959, neither the minimum acceptable bid price of 28.30 cents nor the payment-in-kind subsidy rate of 6½ cents had been changed since they originally were announced.

While the prices at which CCC made cotton available for export remained fixed, world market prices declined according to publications of the Foreign Agriculture Service and the Agricultural Mar-



keting Service of the Department of Agriculture. For example, the November 1958 issue of "The Cotton Situation," a publication by the Agricultural Marketing Service, stated in part:

Foreign spot prices have declined sharply in recent months and in October were well below the 1957-58 average. \* \* \* Landed prices, c.i.f. major import markets, clearly indicate that nearly all higher grade foreign growths are currently priced below comparable U.S. qualities. This reverses the situation which prevailed during most of the past 2 marketing years. Except for the lower grades, U.S. export prices currently average above a year ago.

The most recent estimates indicate that U.S. cotton exports are not likely to exceed 2.9 million bales during the 1958-59 marketing year, compared to 5.7 million bales during 1957-58.

In a letter dated May 8, 1959, the President of CCC advised us that they did not agree that the requirements of section 203 of the Agricultural Act of 1956 had not been met. Pertinent sections of his letter are included in our audit report.

We also stated in our audit report that, since the enactment of the Agricultural Act of 1956, the Secretary of Agriculture had not made a formal determination of the volume of exports necessary to maintain the fair historical share of the world market for U.S. cotton. To comply with the intent of the act, we believe that the Secretary of Agriculture should make a periodic determination of the volume of cotton exports necessary to maintain such fair historical share.

The conference report on the act (H. Rept. 2197, dated May 22, 1956) states:

The Secretary has indicated that he considers 5 million bales to be the fair historical share based on the present level of world trade in cotton.

The legislative history of the act shows that the fair historical share of exports should increase as world consumption of cotton increases. It follows, therefore, that the fair historical share would decrease if world consumption of cotton decreased. For this reason, we believe that the Secretary's determination of the volume of exports necessary to comply with the act should be made periodically. We believe that this determination should be made at least annually to give consideration to changes in world trade and to establish a sales objective for the sales manager of CCC.

In commenting on our report, the President of CCC stated:

It would appear to be impracticable to determine in advance of the beginning of a marketing year that amount which is to be considered our fair share of the world cotton market. At the time such a determination would have to be made, not even the production of cotton in the United States or in foreign countries would be a known factor, much less what volume of cotton would be involved in international trade. Since patterns are constantly changing, it is not possible to determine in advance what such volume will be. In any event, it occurs to us that rather than a specific number of bales fixed in advance of the marketing year, our share of the world market would be more closely related to a percentage of international trade in cotton which, in any event, could only be determined in light of existing circumstances during the particular marketing year involved.

We recognize that a precise and firm determination of the fair historical share may not be practicable at the beginning of a marketing year. However, we believe that reasonable estimates of the factors involved in projecting the United States fair share can be obtained to provide a sales objective for the sales manager of CCC. The esti-

mated fair share could be adjusted periodically as circumstances warrant.

The CHAIRMAN. So the Department pays very little attention to the legislative history. The legislative history indicates that the Secretary should make the determination of our historical fair share of the world market, but then the Secretary, the President of the CCC in communicating with you says it could not be done, that it is impractical. You still think it should be done, don't you?

Mr. McDOWELL. It seems to us that some attempt or effort should be made, and we go ahead here to say that we recognize that a firm determination cannot be made. You cannot say there will be 4 million or 5 million, and stick to it. It seems to us practicable to have some kind of a target objective that you are working to as you go along, anyway.

The CHAIRMAN. The Secretary should determine our fair share of the world market and say, "I will subsidize 5 million bales." That would be notice to the world and it might have some effect. Otherwise, the prospective buyer sits around, waiting for the low price. He should make some determination so that the world would know what he was going to do.

Mr. SHORT. We had a considerable conversation on this point the other morning.

In the first place, he arrives at the price on the basis of an international agreement on the part of the cotton producers of the world. If I understood it rightly. And then subsequently even if the other countries saw fit to lower their price, and this country for what reasons I am not sure of, did not lower its price—I suppose because they had made this agreement, they would stick by it and the others did not—certainly, the other countries get the benefit of the world trade. And the U.S. exports of cotton during that period fell way below its normal amount. There was this recession that they kept referring to in the world cotton industry. And it would seem to me again in talking about this overall sort of a policy committee, that it should handle this foreign trade of all agricultural commodities and adjust them in the overall interest from time to time. Should that group come into the picture in this connection. And when they talk here about this matter of somebody else selling at a lower price and recommend that the price be adjusted.

The CHAIRMAN. The Secretary has complete authority to do just that. What happened here is he bought 9 million.

Mr. SHORT. The point I was trying to get at is, Is that determination completely with the Secretary? They have these other people in the State Department, for instance, that get into the act and they have an agreement there. Should the Secretary on his own make the determination?

The CHAIRMAN. The law gives the Secretary the responsibility.

Mr. GATHINGS. We are getting into a discussion of an act we passed about 2 years ago, that the Secretary shall sell about 5 million bales as referred to here by the witnesses today and sell cotton competitively on the world market. The Secretary of Agriculture is to make the determination. It is a hard job. Maybe it is competitive at 7½ cents a pound subsidy on that export price. He says he is going to look at that periodically. It might keep some of these buy-



ers, if he says that, from these countries from buying if they think he is going to take another look and do it in 90 days or some other period of time.

Mr. SHORT. The point I was trying to get at is I had the impression that they had come to some agreement on the price of the cotton with the other countries. Subsequently, some of those countries saw fit not to abide by that agreement and lowered their price. I think the point that you rightly state is that the Secretary has authority to have followed the other country but he did not do it. Why? Perhaps, there are a lot of factors that get into the picture as to why he did not do that.

Mr. Poage gave the right picture of how they came to arrive at that price and, perhaps, justifiably or not, did not see fit to put the price down as the other countries did.

Mr. POAGE. There is no agreement. I do not know whether there ought to be on that.

The CHAIRMAN. There was no agreement.

Mr. POAGE. Our Government did not want to make any agreement as to price. When we had refused to make an agreement even though there was a general understanding about what the price probably should be, certain other governments, and I think probably led by the Mexican Government, although I am not certain, deliberately lowered their price still further, presumably with the idea of capturing a larger share of the world market. We did not lower our price to meet those, but have announced that the first day of next month we will lower our price. To my mind, you should never announce you are going to lower the price at some later date; you should announce that you changed last night at midnight, because nobody will pay the higher price when they know that 2 weeks from now they will get the lower price. So we stopped the cotton market. There has not been any sold since, to speak of at all.

The CHAIRMAN. And the same thing might hold true of a lower price. Again, that is the reason I have complained to the Secretary. I thought his policy was wrong. He ought to say, "We will subsidize our fair share," 5 million bales, not to exceed that. That would increase consumption. Then it would go up instead of down.

Mr. SHORT. Would he not, also, have to say—would he not have to include, not at any specific price agreement, that we had, but at world price? If he set a price, if the other countries want to go lower they could sell all of their cotton before we could sell any.

The CHAIRMAN. We desired that the Secretary, upon some general agreement to do so, would establish a watchdog committee to supervise, that he would be a party to it and watch over the export of cotton so that one country would not trespass upon the other and everybody would get a fair price. The Secretary did not want any part of it. He wanted to make the determination, as Mr. McDowell said, our fair share is 5 million bales. I do not know what will happen. I know it is a very deplorable situation.

Mr. JENNINGS. As I understand the section 203, it requires that the Secretary of Agriculture make a determination of our fair share of the market. Is that correct?

Mr. McDOWELL. The language says, "Said volume to be determined by the Secretary of Agriculture." There is no specific language that says that he shall make it.

Mr. JENNINGS. As I understand it, that has not been done.

Mr. McDOWELL. Not formally, that is right.

Mr. JENNINGS. And you protested, you called attention to the fact that a determination had not been made. The President of the CCC stated that he felt that rather than this determination being made on the specific number of bales fixed in advance of the market year, our share of world market should be more closely related toward a percentage of international trade. What is the difference? Whether it is percentage of international trade or whether it is in fixed bales? A percent would reflect a fixed number of bales, would it not?

Mr. McDOWELL. There is some variation in the world trade in cotton from year to year. The world trade in cotton for 1957-58 was about 14 million bales.

Mr. JENNINGS. If either of these had been complied with, on a percentage basis or on a fixed basis, they would have been fairly close, would they not?

Mr. McDOWELL. Yes.

Mr. JENNINGS. The fact remains that the President of the CCC says that it should be made on a percentage. Neither of them have been made, have they?

Mr. McDOWELL. They did not maintain the same percentage.

Mr. JENNINGS. We dropped from roughly 5 million bales down to 3 million bales.

Mr. McDOWELL. Yes.

Mr. JENNINGS. It seems to me then that not only the law has been violated, but the spirit and intent of the law has been violated. Is legislation needed to correct that? Is the legislation in the act specific enough and direct enough that it would take care of the situation if it were only carried out?

Mr. McDOWELL. It seems to us that legislation is specific enough.

Mr. JENNINGS. Thank you.

The CHAIRMAN. Please proceed, Mr. McDowell.

#### DEPARTMENT OF STATE AND ICA FUNCTIONS

Mr. McDOWELL. Failure to comply with usual marketing requirements: In connection with our examination of the economic assistance program for India for fiscal years 1955 through 1958, we noted that India received surplus agricultural commodities, pursuant to the sales agreement of August 29, 1956, although the country had not met the usual marketing requirements established under this agreement for fiscal year 1957.

At the time of the 1956 agreement, section 101(a) of Public Law 480 provided that in negotiating an agreement for the sale of surplus commodities reasonable precautions should be taken "to safeguard usual marketings of the United States and to assure that sales under this act will not unduly disrupt world prices of agricultural commodities." To comply with the legislative requirement, the sales agreement provided that imports in fiscal year 1957 under title I should be over and above India's usual commercial imports from all sources. Usual imports for the commodities to be imported were established



at 375,000 metric tons of rice, 550,000 metric tons of wheat, and 500,000 bales of cotton.

During fiscal year 1957 India complied with the marketing requirements for rice and wheat, but failed to meet the quota for cotton. Normal cotton imports were only 354,423 bales, hence fell short by close to 146,000 bales.

I should point out, included in the 500,000-bale quota was 100,000 for the United States. And India did import 145,000 bales from the United States, so that the shortfall in their import requirement did not come out of U.S. transactions.

We have been advised by the International Cooperation Administration that the problem of meeting usual marketing requirements has been reviewed extensively by the interested U.S. agencies and some adjustments have been made and others proposed to meet changing circumstances. In February 1958 the sales agreement was amended by reducing the amount of cotton shipments from \$70 million to \$42 million. A corresponding increase was made in wheat shipments and related ocean transportation cost. In fiscal year 1959 a new sales agreement was negotiated covering grain only. A supplementary agreement, not yet formally signed, authorizes shipments of 100,000 bales of cotton. In connection with this agreement it was proposed to reduce usual marketing requirements from 500,000 to 350,000 bales of cotton annually. To this requirement will be added the shortfall in commercial imports in the preceding 2 years.

Utilization of foreign currency proceeds for economic development and other programs administered by ICA: The utilization of foreign currencies for economic development and other programs administered by the International Cooperation Administration has been slow, partly because of the leadtime required for the deposit of the sales proceeds and the need for specific detailed arrangements for their use. In recent years, however, increasing amounts of foreign currencies have accumulated in the possession of the U.S. Treasury and responsible officials in the Government have shown growing concern over these accumulations which derive not only from sales proceeds under Public Law 480 but also under section 402 of the Mutual Security Act and from numerous loans made by the United States which are repayable in the currencies of the borrowing countries.

Mr. POAGE. As to the first paragraph on that page, as I understand it, we are now making agreements to ship cotton that is going to exceed our normal shipments. You say:

In connection with this agreement it was proposed to reduce usual marketing requirements from 500,000 to 350,000 bales of cotton annually.

How do you reduce that? Is it just we will wind up selling that much less?

Mr. McDOWELL. The first agreement under Public Law 480 provided for India importing 500,000 bales of cotton from the usual channels of trade.

Mr. POAGE. I thought that the law required that he had to be sure that there would be no diminution of our normal sales for money. I thought all of these sales had to be in addition to the normal sales.

The CHAIRMAN. He said, as I understood you to say, the 100,000 bales was supposed to be our fair share of the Indian market.

Mr. McDOWELL. That is right.

The CHAIRMAN. And it is contemplated that India would import 500,000 bales from regular sources of supply.

Mr. McDOWELL. Including the 100,000 from us.

The CHAIRMAN. That is right. Since she only imported 354,000 bales instead of 500,000, it would make it easier for us to go into the Indian market than otherwise.

Mr. McDOWELL. Well, it is recognition of the fact that they were not able to import 500,000 from the normal channels.

The CHAIRMAN. That is right. So the normal imports, instead of being 500,000, are 350,000.

Mr. RABEL. This agreement of 1956 was a 3-year agreement, and it was difficult to forecast the normal marketing, so this amendment is proposed for 1959. I do not know exactly how it is being arranged, but it was difficult to forecast for the whole 3-year period.

The CHAIRMAN. So unless you change the 500,000 figure we would have to sit back and wait before we could go in with the new program?

Mr. RABEL. That is, ideally, they should do that, but actually the cotton was shipped, although India did not meet its usual marketing quota. They are trying to adjust the quota, but it has not been worked out finally yet.

Mr. JENNINGS. If they imported 100,000 bales from us, under the original agreement we would have to wait until they got the 500,000 bales from some other source.

Mr. RABEL. Theoretically, we would, but on the other hand, how long can you wait?—the year is gone.

Mr. POAGE. We are not complaining about it.

Mr. RABEL. It points out one of the difficulties under which the program works.

Mr. POAGE. I may not understand this, but I understand the law is that you cannot sell anything under Public Law 480 except in addition to normal purchases of the country, whether it be from us or from somebody else; it has to be in addition to the normal purchases.

Mr. JENNINGS. From year to year circumstances change.

Mr. POAGE. That is what I am trying to find out. Is it true that India was buying 500,000 bales of cotton, part of which was American cotton?

The CHAIRMAN. 100,000 from us.

The figure developed in the last part of the year.

Mr. RABEL. Conditions have changed. I understand that the cotton production of India has increased, which has been a contributing factor. But I think by making an agreement for 3 years, it was difficult to administer. Maybe they should not have done that.

Mr. POAGE. To say the least, there has been a reappraisal of what we consider the normal importation by Indian and it has been reduced a third.

Mr. RABEL. Yes.

Mr. JOHNSON of Wisconsin. Are they not making it up? As I understand it—

Mr. POAGE. We are making it up with Public Law 480.

Mr. RABEL. There would be a reduction in the Public Law 480 program.

Mr. POAGE. A reduction in the Public Law 480 program?



Mr. RABEL. In order to make up for this shortfall or do you mean reducing the quota?

Mr. POAGE. You are making a reduction in cash sales down to 350—

Mr. JOHNSON. The last sentence says:

To this requirement will be added the shortfall in commercial imports in the preceding 2 years.

So beside the 350 they have got to make up the 2 years they are short.

Mr. POAGE. That is right, there will be some more there. So they won't require India to buy 500,000 bales before they buy our 100,000; they will simply replace the 100,000 bales with 480 cotton instead of with normal sales.

Mr. JENNINGS. These are in American normal sales.

Mr. POAGE. We don't know whether they are American or whether they are not, and the law doesn't say whether they are American or not. All I am talking about, gentlemen, is, I have found your office extremely unctuous when it comes to checking as much as \$3.72 from some old woman who has been overpaid by either social security or the Veterans' Administration; you never overlook an opportunity to do that, but if it is a hundred thousand bales of cotton here that is in deliberate violation of the law, why we presumed that it is a good thing to do it. I am not arguing that it wasn't a good thing to do it—on some of these things. I think some of these \$3.72 overpayments are a good thing too, but you always check them. I just wondered why you are so lenient with a hundred thousand bales of cotton that obviously is sent in violation of law. Maybe it is a good thing to send it.

Mr. McDOWELL. I am not a lawyer, but it is not clear that it is a violation of the law.

Mr. POAGE. You resolved in this case every doubt in favor of the Department, and you resolve every doubt against the claimant otherwise, that is all. You never resolved a doubt in favor of a veteran or a widow, did you? You resolved every doubt in favor of the Government. I am not complaining about that, but that is the policy of your agency, is it?

Mr. McDOWELL. No; I can't quite agree with you.

The law here said the President should take reasonable precaution. Well, he required a provision to be put in the agreement with the Indian Government saying that they would do certain things. The Indian Government for one reason or another was unable to do those things. Now it doesn't necessarily follow that the President didn't follow the law. He did in incorporating the provision that the Indian Government would do it, but the Indian Government is a sovereign government, and he may not be able to control what it does. So it is not necessarily noncompliance on the part of the executive department of our Government if the Indian Government was unable to carry out the full agreement.

Mr. ABERNETHY. May I ask a question, Mr. Chairman?

I would like to ask the witness if there is any suspicion—maybe that isn't the appropriate word, but I think it will get the point of it—that there was a revision in the 500,000-bale figure for normal Indian imports down to 350,000 for the purpose of more readily making available cotton due India under the Public Law 480 program?

Mr. RABEL. That is possible, of course, but we haven't—

Mr. ABERNETHY. I asked if you suspected that there was.

The CHAIRMAN. There couldn't have been any other reason except that.

Mr. RABEL. We haven't made a sufficiently penetrating analysis to be able to evaluate that. It is certainly a possibility.

Mr. ABERNETHY. Was this suspicion on your part that there was a lowering of the figure from 500,000 to 350,000 so as to just make 480 cotton more readily available? If so, I will ask you another question.

Mr. RABEL. I personally am not sufficiently expert in the agricultural question. I would have to analyze the sales provisions and the advantages to India to buy under Public Law 480 conditions versus their normal marketing—I personally do not know that.

The CHAIRMAN. What could possibly have prompted this action other than as indicated by Mr. Abernethy? It was actually the fact, we then unloaded that 500,000 or 350,000 bales. They figured it was a more realistic figure and it enabled us to move the cotton more quickly, and it was very unreasonable and unrealistic to maintain the 500,000 figure knowing that they were not going to import that much.

Mr. RABEL. On this question we have contacted only ICA because this work was a part of our examination of the mutual security program. We have not contacted Agriculture. Now if I may read the answer which we have received on this situation from ICA—I don't know to what extent they have consulted with Agriculture, but I presume it does reflect the official position of Agriculture. If I may read ICA's answer on that problem—

The CHAIRMAN. What do they say? Let's read it.

Mr. RABEL (reading):

In the case of India the 500,000-bale annual level established in August 1956 was based upon average imports in recent years when imports had been at a high level and domestic demand for textiles was on a rising scale. India's production of cotton increased from a total of 3.2 million bales in 1951 to 4.2 million bales in 1956 and has remained at about the same level through 1958. At the same time, India's domestic consumption of cotton has increased only in proportion to the increase in domestic production and exports of cotton textiles did not increase. Consequently, India's total imports of cotton declined and as GAO points out the reduction was effected in commercial imports. In fact, total imports in fiscal year 1957, including the amount purchased from the United States under Public Law 480, amounted to only the usual 500,000-bale marketing requirement, and in fiscal year 1958 total imports fell to 328,000 bales.

Mr. ABERNETHY. May I ask you another question there? You brought this to our attention. You evidently brought it to our attention for a particular purpose. I would like to inquire whether or not, since you have discovered this, you looked into it, and you are now satisfied that the 350,000 import figure would be normal? Would the figure 350,000 be their normal imports through the usual channels of trade?

Mr. RABEL. We have brought this up principally as a matter of information; we have to confess that we have not sufficiently evaluated it to present an informed opinion or evaluation of this. It is a difficulty in the administration of the program and, as we pointed out in the beginning of our statement, we have not made a pertinent



and comprehensive review of the operation of Public Law 480. This statement is a collection of various findings which we have pertaining to this program, and we are presenting it in this fashion to the committee. But we have to say that we have not evaluated all these matters sufficiently to be really helpful.

Mr. POAGE. Can we find out now—you gave me an answer once, and I think I must have misunderstood you; I had understood that this 500,000 or 350,000 was the total amount of cotton that India would normally be expected to import. Didn't you read a statement there that the normal importations were over 2 million bales? This, then, would just be the American portion of those imports, wouldn't it?

Mr. RABEL. No, the 3 or 4 million bales apply to the production of cotton. India is a cotton-producing country; this is in addition to what they are importing.

Mr. POAGE. The total production of cotton in India—

Mr. RABEL. Their production has increased, while the consumption of cotton has increased no more, proportionately, than their production—

Mr. POAGE. All right, I just wanted to be sure what that 2 million figure was in your statement.

Mr. RABEL. That was a production figure.

Mr. POAGE. A domestic production figure?

Mr. RABEL. Yes.

The CHAIRMAN. Go ahead.

Mr. McDOWELL. The problems involved in the accumulation of foreign currencies owned or controlled by the U.S. Government, and possible ways of accelerating their use, have been the subject of a special report submitted by a three-man consultant team in August 1958 at the request of the Director, International Corporation Administration. We believe this report discusses in a generally accurate and informative manner the problems faced by the executive branch. It emphasizes the need for a flexible country-by-country approach because of the considerable variations in conditions and requirements which the consultants found in the several countries visited by them, based on their relative stage of economic development.

The consultants list a number of suggested uses to further U.S. aid to underdeveloped countries, particularly in the fields of health, welfare, and education, development of natural resources, and loans to industry, agriculture, small business, and handicraft. The consultants suggest certain revisions in Public Law 480 and greater flexibility in its operations. They contend that the legal requirement that commodities be sold, rather than granted, and most of the proceeds be loaned, rather than granted, has aggravated the problem of growing accumulations. The consultants also recommend that the applicability of section 1415 of the Supplemental Appropriation Act, 1953, be further relaxed.

Mr. ABERNETHY. Going back to the subject we were discussing a moment ago, there is another question that has occurred to me. You gave us the information regarding the revision down of the normal imports of India. Have there been like revisions in other countries, or related to other countries.

Mr. RABEL. I personally have no knowledge in that respect as to other countries. Maybe Mr. McDowell in his work does.

Mr. McDOWELL. I do not.

The CHAIRMAN. Mr. Heimburger wants to ask you a question.

Mr. HEIMBURGER. In that connection, gentlemen, do you have available to you the secret or restricted portions of these agreements which are not available to the general public and to Congress? It is those portions which contain these stipulations as to the usual marketing, and sometimes other provisions. Do you have available to you all of these agreements?

Mr. RABEL. I have in my hand here the agreement with India, and the normal or usual marketing requirement is included in annex No. 1. This is the printed document in the official treaty series.

Mr. HEIMBURGER. I was not referring to this particular agreement, nor to any particular agreement, and I don't think that this is a general thing, but there are some agreements which have been sent up to Congress on an informatory basis which have not included all of the provisions of the agreement. My question is, merely, Do you gentlemen have available to you all of the provisions of all of these agreements?

Mr. RABEL. Well, so far, we had access—but I am not aware of these classified sections.

Mr. HEIMBURGER. I cannot point them out to you, because I have never seen them, but there are some parts of some agreements about which the State Department has testified before the Government Operations Committee, which are not made public or submitted to Congress.

Mr. RABEL. I am not aware of any documents or any information relating to these agreements which has not been made available to us.

Mr. HEIMBURGER. I guess you have not seen the secret parts of the agreement either.

Mr. RABEL. Maybe we haven't seen them.

Mr. POAGE. Mr. McDowell, you have just read us the suggestions for further U.S. aid to underdeveloped countries and, as I see it, every suggestion that has been made there—I understand they are not yours, but that you are merely reporting to us the suggestions that have been made to you—as far as I can tell, every one of those suggestions simply means more giveaway and less return to the United States; isn't that the sum and substance of it?

Mr. RABEL. Yes. Particularly one of the recommendations of this study by the three-man team is to grant the commodities rather than sell them, as is being done now under the law, and as to the local currencies, to grant and not to loan them, which is now the rule under the law. Although the President has authority to grant, he has been reluctant to exercise it.

The Bureau of the Budget to which this authority has been delegated has been reluctant to waive section 1415 of the Supplemental Appropriations Act of 1955, which would require ICA to pay in dollars if they want to grant local currencies. And that section has not been waived by the President, except in only one or two cases. So, in fact, most of the local currencies are loaned for economic development purposes.

Mr. POAGE. I know that. And all of these recommendations have as their objective getting less money back to the U.S. Treasury; isn't that it?



Mr. RABEL. That is correct.

Mr. JENNINGS. Looking at some of the figures here on the exports and imports of the various countries, speaking of the years 1955, 1956, 1957, and 1958, it appears that we have actually lost the volume which you are talking about. For instance, here the imports of all but the U.S. cotton—for instance, Africa from 1956–57 to the 1957–58 year went from 96.4 to 99.2; Egypt went from 41 million to 50 million; Sudan, 55 million to 64 million; and the United States from 289 million down to 114 million. So it appears to me that the loss that you are talking about, from 500 million down to 350 million, all of it took place out of our United States.

Mr. ABERNETHY. You mean 500,000.

Mr. JENNINGS. Yes, thousand bales; it is based on thousands of bales. So that it would be 96,000 to 99,000. In the case of the United States it would be 289,000 bales, down to 114,000 bales.

Mr. McDOWELL. What country is that, sir?

Mr. JENNINGS. The United States, and India.

So I think the fact that you have pointed this out is indicative that you are doing a good job—perhaps it is not thorough enough, and as you say it in your opening statement, you have not gone into this in sufficient detail to evaluate all of the implications and ramifications, but in this particular case which you have pointed out, in looking back to the imports in India, it certainly seems that reevaluation from 500 million down to 340 million, most of that, practically all of it, is out of the U.S. export trade, when actually all of the rest of the countries have increased. So I think you have really done a good job reporting this.

Mr. RABEL. May I add here that I just recall that in the case of Yugoslavia there was a question whether sales under Public Law 480 have infringed on the usual marketings between the United States and Yugoslavia. You asked whether there were other countries which we have looked into. I just recall that in Yugoslavia there was a question; I cannot give you the answer at this point. You asked whether there was a suspicion that maybe the country preferred to receive sales under Public Law 480. I would say that such a suspicion existed in the case of Yugoslavia, but I am not competent here to give a definite answer.

The CHAIRMAN. All right. Go ahead, Mr. McDowell.

Mr. McDOWELL. We believe that it is open to doubt whether the report will materially help to resolve the problem, since it offers not more than generalized conclusions and recommendations, rather than specific measures for any of the individual countries reviewed by the consultant team, and since the various recommended actions involve changes in established congressional policy and must overcome basic economic and technical obstacles.

As of December 31, 1958, ICA reported a total of \$2.1 billion planned for programs under its administration. Deposits earmarked for such programs totaled \$1.5 billion, of which the agency had withdrawn \$663 million, leaving an unexpended balance of \$860 million for future use. The largest program under ICA administration, loans for economic development, totaled \$1,267 million in terms of executed agreements; loan disbursements totaled \$487 million at December 31, 1958.

In view of the relatively recent starting date of these loan programs, our office has not had an opportunity to examine the propriety of representative monetary transactions and of pertinent administrative procedures followed by ICA. We are planning to make such an examination in selected foreign countries as a part of our continuing review of major assistance activities under the mutual security program.

#### ADMINISTRATION OF RELIEF PROGRAM UNDER TITLES II AND III

In connection with our examination of economic and technical assistance programs in a number of foreign countries, we had occasion to review the administration of relief and food distribution programs under the authority of titles II and III of Public Law 480. Our concern with these programs stems from the fact that International Cooperation Administration has been assigned responsibility for administering the programs under title II and for supervising and auditing the operations of voluntary relief agencies under title III.

Our findings are set forth in our published reports on Vietnam and Pakistan and in a draft report (now in final preparation) on India.

In the case of Vietnam, end-use investigations conducted by the ICA overseas staff disclosed that some of the commodities distributed under the title III program were sold by the recipients in the black market patronized chiefly by Europeans and Americans. This conclusion was attributed to some extent to the fact that several commodities, especially dairy products, were foreign to the diet of the local population and therefore not generally accepted.

In the case of Pakistan, investigation by ICA oversea personnel showed that relief programs, both under title II and III, did not receive the expected favorable publicity for the United States. ICA investigations further revealed certain unsatisfactory conditions in the voluntary food distribution programs such as (1) overlapping distributions by the various agencies, (2) black-market transactions involving an estimated 15 percent of the commodities furnished by the United States, and (3) unreasonable accumulations of commodities in storage prior to distribution. Programs conducted by two of the three principal agencies were temporarily suspended by mutual agreement between the United States and Pakistan.

In the case of India we observed at the time of a field examination in November 1957 large quantities of powdered milk which had been in storage in Bombay and Calcutta for an undue length of time (between 3 months and 2 years). We brought this condition to the ICA mission's attention and were informed that proper followup action would be taken.

After return from our field trip, we received a copy of the mission's report on "Review and Evaluation of Voluntary Agency Program in India," furnished to the Washington office of ICA on January 17, 1958. The mission's report disclosed several unsatisfactory conditions:

1. Insufficient coordination in programing between the agencies and resulting overlapping.
2. Inadequate facilities and services of the Government of India in the receipt, storage, and handling of commodities.



3. Improper use of commodities, such as their sale to defray transportation costs and their unauthorized allocation to local Government officials.

4. Failure of the program to serve as an effective instrument of promoting a better relationship between the people of the United States and India.

Several recommendations for improving the program operations of the voluntary agencies were under review by ICA and other responsible U.S. agencies. Latest information received from ICA indicates that the mission in India is continuing its audit activities in this area and that evidence of some improvements has been noted. ICA advises that it has brought program deficiencies to the attention of the responsible voluntary agencies, but points to the inability of some of the agencies to secure the full cooperation of the Indian Government which is essential for a successful food distribution program. The agency further advises that a definitive evaluation of the voluntary relief program must await the outcome of the field audit currently in progress.

Mr. HOEVEN. You make no reference to the situation in Laos as disclosed pursuant to an investigation by the Hardy subcommittee of the Government Operations Committee. Do you have any information on that subject?

Mr. RABEL. Yes; we made a field review in Laos back in March 1958. We also examined the records of the ICA here in Washington, and then we made a followup review in Laos last December.

Mr. HOEVEN. Has the situation been cleared up?

Mr. RABEL. Well, we have noted improvements. It is a rather complicated and unsatisfactory situation in Laos, and in one short statement I cannot summarize what has been done. But certainly the agencies, ICA and the State Department, have taken various steps.

Mr. HOEVEN. I just noted that you make no reference to Laos in your report.

Mr. RABEL. This relates only to programs under Public Law 480 in our statement, but I am not aware that Public Law 480 programs were conducted in Laos.

Mr. HOEVEN. Then Public Law 480 was not involved in this investigation, is that right?

Mr. RABEL. Yes; as I remember the Laos program did not include Public Law 480 programs.

Mr. McDOWELL. This gets back to the question, Mr. Heimburger asked earlier.

#### PROBLEM OF EXCHANGE RATES APPLICABLE TO FOREIGN CURRENCIES ACQUIRED UNDER PUBLIC LAW 480

Many foreign governments with which the United States has concluded sales agreements under title I have a multiple exchange rate system. For example, international financial data prepared by the International Monetary Fund for December 1958 lists six different exchange rates for Spain ranging from 31 to 52 pesetas per U.S. dollar depending upon the nature of the exchange transaction.

Most of the title I sales agreements provide that the dollar value of commodities sold will be converted into foreign currencies at the

rates for dollar exchanges generally applicable to import transactions on the dates the exporter is reimbursed with a dollar check for the commodities shipped. The import rate of exchange is generally different from the Treasury selling rate at the date of dollar disbursement. The Treasury selling rate is the rate of exchange generally used for accommodation exchanges and to pay U.S. obligations in foreign countries.

Budget-Treasury Circular A-34, dated July 1957, provides the basic procedure for the valuation of foreign currencies for reporting purposes. Under this procedure, differences between collection rates and Treasury selling rates are not shown in Treasury and other fiscal reports until such time as the currencies are used. For some countries the differences are substantial.

In Spain the collection rate ranged from 38.95 to 42 units of currency per dollar whereas the Treasury selling rate for the same period ranged from 43 to 58 units of currency per dollar. Under three title I sales agreements with Spain, foreign currency collections were reported at the collection rate having a dollar value of \$213,147,000 whereas at the Treasury selling rates, at rates of dollar disbursement, the dollar value of the currencies was \$179,797,000 or 16 percent less than the value at the collection rate.

Mr. POAGE. We couldn't have gotten any more out of them than what we sold them for, could we, these pesetas, we couldn't have received any more than our selling rate?

Mr. McDOWELL. No.

Mr. POAGE. Consequently, we couldn't get any more than \$175,797,000, could we?

Mr. McDOWELL. I may be misleading you when I say Treasury selling rates, the currency has not been actually sold, but that would have been its value at the date we acquired it. We didn't instantaneously sell it.

Mr. POAGE. That would be the only meaningful rate, that rate of \$213 million is purely theoretical, isn't it? We couldn't have got that money for it?

Mr. McDOWELL. That is right. Of course, the whole program is for currencies that are not immediately convertible.

Mr. POAGE. I know, but we need a yardstick that tells us how much we are losing on this. We realize that we are going to lose something on it, we started out knowing that we were going to lose something on it.

Mr. McDOWELL. Yes.

Mr. POAGE. All I am talking about is, we would like to know what we are going to lose rather than get the rosy figures that make it look like we are not losing very much, because we are in fact taking a tremendous loss on this thing.

Mr. McDOWELL. We can't give you very good answers either, because all moneys are not used for the same purpose, and some of the money, approximately half of it, we loan back to the country from which it accrues, so there the valuation may not be quite such a significant factor.

Mr. POAGE. Has your agency recommended to either Agriculture or the State Department or anybody else that we abandon the maintenance values in these contracts?



Mr. RABEL. I don't think that we would recommend it. But I noticed that the consultants in their report, which was previously mentioned, recommended also to abandon the maintenance of value.

Mr. POAGE. They recommended on May 12 of this year, and everything is retroactive back to the first of last July; it has already been done. Now, I just wanted to get it clear whether you folks recommended any such procedure as that.

Mr. RABEL. We certainly wouldn't.

The CHAIRMAN. Let me ask a question. How can a man engage in a barter transaction with any degree of security when he realized the discrepancy in his rates of exchange? If I understand how these barter transactions are operated, the American businessman buys the strategic materials he is going to import, and he exchanges that for some agricultural commodity. If the rate of exchange is fluctuating like this, and there is a variation of 16 percent in the peseta, I don't see how they can engage in a barter transaction.

Mr. McDOWELL. Of course, the barter contractor does not necessarily have to sell the agricultural commodities in an area where currencies are not sound.

The CHAIRMAN. I know. But Spain is certainly considered a friendly country, and I suppose we have done some substantial business with Spain, as would be indicated by the figure here that you have just given us—\$213 million.

Mr. McDOWELL. That did not grow out of barter transactions.

The CHAIRMAN. I know they don't. But wasn't there some barter?

Mr. McDOWELL. These are not barter transactions that we are talking about.

The CHAIRMAN. These are all title I transactions?

Mr. McDOWELL. Yes.

The CHAIRMAN. Have you had any occasion to investigate some of the barter transactions?

Mr. McDOWELL. We have looked at barter transactions, but we don't get into the Treasury angle there, because the Government doesn't become owner of foreign currency under barter transactions. But the exporter does have the risk that you are talking about of making sure that he sells agricultural commodities for currencies that he can utilize.

The CHAIRMAN. Although there is no currency involved, maybe, in the barter transactions the property of value, to wit, a commodity, is involved. Now, I wanted to ask if you had any occasion to investigate any of these barter transactions to determine whether or not there is anything illegal involved in them, or whether they have been consummated in a manner compatible with the law?

Mr. McDOWELL. We have looked at some barter transactions, and in earlier years there were things that we thought were not sound, some of which have been cured now. At one time, for instance, they could draw the commodities from CCC and not repay in strategic material until several months later, so that you had the effect of an interest free loan, they could draw down several million dollars worth of agricultural commodities and not pay interest on it. That procedure has now been changed. At one time the exporter had a 72-hour period during which to fix his sales price, watching the agricultural market to obtain the price which would be the most advantageous

to him. That period has now been eliminated. So there have been some changes made in the barter program as a result of some of the work that we have done.

The CHAIRMAN. But generally speaking you think that the barter transactions that you know about have been carried on properly and legally?

Mr. McDOWELL. Yes. There is one that relates to this French housing that we have under consideration about which we have a question, but we don't have a conclusion on it as yet.

The CHAIRMAN. That is the one that is just finishing?

Mr. McDOWELL. Yes, that is the one that is finishing.

The CHAIRMAN. Military housing in France?

Mr. McDOWELL. Yes. Our Paris office is doing some work, but it has not been brought to a conclusion.

The CHAIRMAN. I think it came up before our committee here, in connection with French housing, that contractors understood that the French Government would not require the payment of sales tax on building materials, and finally they did impose the sales tax, and it took about 16 percent of the profits away from the contractors. The amount of the tax, I understand was about 16 percent. Have you checked to see how that is going to be ended?

Mr. McDOWELL. We are still considering that, and one of the things I happened to see was a letter to you on that subject, so I know you are aware of it. And whether the explanation that you got satisfies us we haven't yet decided.

The CHAIRMAN. Whether the explanation I got from whom?

Mr. McDOWELL. The military. On that tax question.

The CHAIRMAN. Well, we brought that out here before the committee, and the local attorney here in Washington, for the contractor, I think, brought it to your attention. Is that the one you are working on now?

Mr. McDOWELL. Yes.

The CHAIRMAN. Well, have you any information in your office that you could give to the committee, starting at the very beginning of one of those transactions and following through to completion.

Mr. McDOWELL. An explanation of the mechanics of a barter transaction?

The CHAIRMAN. Well, we have already asked the USDA to give us that. But is there any way you can determine the profits that are involved in these transactions?

Mr. McDOWELL. No. The sales announcements ordinarily provide an access to the records relating to the agricultural commodities part of the barter transaction with CCC. But there is no provision in there for GAO to have access to the contractor's records, and that is where you would have to go.

The CHAIRMAN. We asked the USDA representatives just the other day if they could give us any idea about the profits that had been made in these transactions, and the indication was that they could not. And I don't assume that you have any way of determining just what profits were made; do you?

Mr. McDOWELL. No; we do not have access to the contractor's records. But I didn't quite make it clear, that access to records clause, I think, could be interpreted to mean only to the records with respect



to the agricultural commodities, there might be some doubt as to whether there is access to all the fiscal or financial records of the company.

The CHAIRMAN. That is all.

Go ahead with your statement, Mr. McDowell.

Mr. McDOWELL. In Poland, where the greatest difference in rates exists, the collection rate was 24 units per dollar whereas the Treasury selling rate was 55 units per dollar. Under two title I sales agreements with Poland, foreign currency collections were reported at the collection rate as having a dollar value of \$122,778,000 whereas at the Treasury selling rate at dates of dollar disbursement the dollar value of the currencies was \$53,575,000 or 56 percent less than the value at the collection rate.

To determine the extent of the difference between values reported at agreement rates and at Treasury selling rates, we reviewed the recorded collections for 11 countries from July 1, 1956, through December 31, 1958. The collections for transactions in these 11 countries accounted for the bulk of the difference in terms of dollars between the valuation of foreign currencies at the Treasury selling rate and valuation at the collection rate. The dollar value as reported by the Treasury Department at the collection rate was \$925,534,000 while the value at the Treasury selling rate at the date of dollar disbursement was \$679,404,000, a difference of \$246,130,000 or 27 percent less than the reported value at the collection rate.

We believe that the problem as to whether the differences in foreign currency valuation at collection rates and Treasury selling rates at the time of collection should be recognized in fiscal reports requires further consideration.

Our review of this problem is continuing.

That concludes our statement, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mr. McDowell. We are very glad to have you and your associates appear. And I think you have given us a very fair and forthright statement. It clearly indicates that we still have quite a problem to solve, that is, what will we do with the bales of foreign currency that we have been collecting throughout the world. As you say, as this committee reported, if you were giving the commodities away you wouldn't have the problem of the foreign currencies now.

Any further questions?

Mr. Heimbürger, the counsel, want to ask some questions.

Mr. HEIMBURGER. Mr. McDowell, in the part of your statement where you describe the lack of control which the CCC or the Department exercises over cotton exports, you passed rather quickly over the grain exports.

Now, I understand that they do have somewhat better control over the grain exports than they have over the cotton exports, over quality and over price, and that sort of thing.

Mr. McDOWELL. Yes; they get a certificate from the licensed inspector on quality, which is different, of course, than it is under the cotton arrangement.

Mr. HEIMBURGER. I have heard, however, that there are some aspects of the grain export program that probably can stand tidying up also. And I refer specifically to the report—which I have never seen in

writing—that there is a 4-cent leeway which the Department of Agriculture allows in checking the reported export price of the grain against the then current market price, if it is within 4 cents they don't take the trouble to investigate it.

Do you know whether or not that is correct?

Mr. McDOWELL. That is an administrative procedure. They do not believe that it is practicable to examine every transaction in detail, so that is a screening device, as I understand it, to see whether or not the contract should be examined in detail as to reasonableness of price. And if it is within that allowance, they do not then go into a further detailed examination.

Mr. HEIMBURGER. I assume these exporters know that and they know that if they overprice their grain only  $3\frac{1}{2}$  cents, they are normally in the clear. Can you make that assumption?

Mr. McDOWELL. I would assume that since you know it and we know it that they know it. The rate is not the same on all grains, however.

Mr. HEIMBURGER. I assume not. I assume the 4-cent tolerance is wheat.

Mr. McDOWELL. That is wheat; yes.

Mr. HEIMBURGER. Now, one other detail that has been reported to me—and I don't know that this is correct—suppose there is a purchase authorization under a title I agreement which authorizes the export of wheat, and this purchase authorization will cover a period of time, maybe 90 days, maybe 60 days, maybe 30 days, within which the wheat may be purchased and shipped out of the country.

My understanding is that the Department of Agriculture does check the reported export price of the wheat against the market price on the day the contract is reported to be made by the exporter.

Mr. McDOWELL. Yes.

Mr. HEIMBURGER. But that it does not check the accuracy of the date on which the contract is reported to have been made.

In other words, say that the purchasers authorization calls for export of grain during the month of July just passed, and I, a grain exporter, make a sale during that month under this title I authorization. Suppose that there has been a 6-cent variation in the price of the grain, and I am going to export it, and having reached an agreement with the importer in the other country, I note that this is a good deal, and I simply wait until the time for me to report to the Department of Agriculture, and then I put on my sales contract the date in July on which grain was at its highest point. To your knowledge, does the Department of Agriculture have any machinery for checking the accuracy of the reported date of such a contract?

Mr. McDOWELL. Not as a regular procedure. They have intermittent or periodic examinations by their Compliance and Investigations Division, where they go into the exporters' places of business and make examinations, and they could and would be able to observe supporting documentation. That is not a systematic type of examination, but there are periodic examinations of that type made, and information on reported contract dates can be obtained during such examination.

Mr. HEIMBURGER. As far as you know, there is no routine or systematic method of checking the accuracy of this reported sale?



Mr. McDOWELL. As I understand it, there is a contract abstract that comes in that gives CCC the date of the contract, and I do not know of any systematic procedure for checking the information furnished.

Mr. HEIMBURGER. One other aspect here. It develops that there is a little lack of knowledge on the part of us here as to how this payment in kind operates, and the effect it has on our export sales price. Is there a payment in kind made to the exporter when he purchases the commodity from the CCC and then exports it?

Mr. McDOWELL. No; he earns it in connection with the exportation.

Mr. HEIMBURGER. Now, suppose that I, an exporter, have a sale abroad for American cotton, and I buy it on the open market and export it, then upon proof of exportation I am eligible for a subsidy in the form of a payment in kind; is that correct?

Mr. McDOWELL. Yes.

Mr. HEIMBURGER. I am not trying to trick you, I am just looking for information.

Mr. McDOWELL. I wish you would have taken wheat, but go ahead.

Mr. HEIMBURGER. All right, we will take—no; let's stick to cotton.

Mr. McDOWELL. We will try it.

Mr. HEIMBURGER. If I buy it on the open market and export it, to make up the difference between what I pay for it and what I sell it for abroad, I get what amounts to a payment in kind; isn't that the way it works?

Mr. McDOWELL. Yes.

Mr. HEIMBURGER. Now, if I buy this cotton from CCC and export the same cotton, am I then eligible for payment in kind?

Mr. McDOWELL. Mr. Eschwege will answer that.

Mr. ESCHWEGE. Under the old program of CCC announcement, NOC-11, the exporter would buy the cotton at a reduced price. There he would not be entitled to a payment in kind subsidy upon export of that particular cotton.

Mr. HEIMBURGER. That is the procedure at the present time?

Mr. ESCHWEGE. Yes. That is the old program which is still in effect until August 1.

Mr. HEIMBURGER. So that at the present time, now—suppose a person with a barter contract calling for the delivery by CCC of an equivalent value in cotton—cotton equivalent in value to the materials turned over—buys the cotton under the old program, as you call it, the one that is now in effect, from the CCC. As he is required to do, he buys it at the export price, which has been established by CCC at a level, as you pointed out, above the competitive world market level. Then he is required to dispose of this cotton at the world market level for what he can get for it, of course. So that if the world market level is lower than the value at which CCC has sold the cotton to him, he automatically has to take a loss on that cotton; wouldn't that follow? And he is not compensated by any payment in kind to make up any difference?

Mr. McDOWELL. Yes, that would be true. Because the margin between CCC exports and the world market was not wide.

Mr. HEIMBURGER. But whatever it was, there is no compensation to him in the form of a subsidy or payment in kind to make up this difference between the CCC export selling price and whatever the world market price is.

Mr. McDOWELL. That is our understanding.

Mr. POAGE. I was just a little hazy on this payment in kind program. As of the 1st of next month, he will buy that cotton at the domestic price level—

Mr. ESCHWEGE. That is correct.

Mr. POAGE. And he will be paid an amount of cotton whether he buys it from private sources or whether he buys it from Commodity Credit—he will still be given an amount of cotton which will represent the percentage difference between the domestic price and the world price?

Mr. ESCHWEGE. Yes.

Mr. McDOWELL. The wheat program has been that way.

Mr. POAGE. I know, the wheat program has been that way, and the cotton program will be that way within a couple of weeks.

Mr. ESCHWEGE. That is right.

Mr. HEIMBURGER. Just one more question.

You have discussed the reduction in the case of the agreement with India of the usual marketing requirement. Isn't it true that at the time this new agreement was entered into, reducing the usual marketings for cotton in the case of India, that there was pending a rather substantial proposal to barter American cotton with India for some Indian material which would, of course, have gone in to help build up their usual marketing had that been true?

Mr. McDOWELL. We probably have lack of coordination between the Agriculture audit staff and the ICA audit staff on that one.

Mr. HEIMBURGER. Thank you. That is all the questions I have.

Mr. POAGE. The committee will stand in recess until 2 o'clock this afternoon.

We are very much obliged to you, Mr. McDowell.

(Whereupon, at 12:12 p.m., the subcommittee recessed to reconvene at 2 p.m., the same day.)

#### AFTERNOON SESSION

The CHAIRMAN. The committee will please be in order.

Mr. STAMBAUGH, you may proceed.

Mr. STAMBAUGH. With your permission, I would like, first, to introduce my colleagues on the Board of Directors of the Export-Import Bank, Mr. George A. Blowers, who has had about 25 years' experience in international finance, having founded and headed up the central banks of various countries around the world—including Ethiopia, Saudi Arabia, and Liberia—probably one of the best known experts in foreign currencies in the city of Washington; and Mr. Eugene E. Oakes, on my left, who is one of our economists.

These two gentlemen are entitled to all of the credit for the manner in which what we fondly call in the Bank, the "Cooley program" has been carried out in our institution.

The CHAIRMAN. May I say that I want to thank you and your associates for the splendid manner in which you have cooperated with the committee and, especially, for the frequent reports that I receive regarding the administration of the program that you have referred to. I have not had any criticism up to this date of any part or parcel of this operation as it has been carried on, and I know that the members of the committee will be glad to hear you, Mr. Stambaugh—and those who are now present—when you read your statement into the record.



We appreciate your being here and we are very glad to welcome you and your associates.

**STATEMENT OF LYNN U. STAMBAUGH, FIRST VICE PRESIDENT,  
EXPORT-IMPORT BANK OF WASHINGTON; ACCOMPANIED BY  
GEORGE A. BLOWERS, DIRECTOR, AND EUGENE E. OAKES,  
ECONOMIST**

Mr. STAMBAUGH. Mr. Chairman, if you are interested in saving time, we can place my statement in the record. It contains what you might call an up-to-date report on the complete administration of the Cooley amendment program to this date.

The CHAIRMAN. If you do not mind, I would like to have you read the statement. It is only a very few pages.

Mr. STAMBAUGH. Mr. Chairman and gentlemen of the committee; we greatly appreciate this opportunity to report on the foreign currency loans to private enterprise which the Export-Import Bank is authorized to make under section 104(e) of Public Law 480. While the Cooley amendment was enacted in August 1957, the first funds were actually made available to the Bank in June 1958.

**THE CREDITS WHICH HAVE BEEN MADE**

Since that time the Bank has authorized 72 credits in 13 countries, for a foreign currency equivalent to \$34.1 million. An additional 10 credits in 5 countries, equivalent to \$3.6 million, have been recommended for the approval of the host governments. Thus the Bank has acted favorably on 82 credits, equivalent to \$37.7 million.

Under the law, these credits can be made to U.S. firms or their affiliates for business development and trade expansion in the host countries or to host country firms having no U.S. affiliation for facilities which will improve the markets for U.S. agricultural commodities. Of the 72 credits authorized to date, 67 have been made to U.S. firms or their affiliates. Four were to Israeli firms and will finance storage facilities that will assist in marketing U.S. grains; 1 credit was made to a malt factory in Peru whose activities will expand the market for U.S. barley in that country.

I suggest that it would not disturb me if you interrupt me at any time to ask questions.

A number of the credits to U.S. firms and their affiliates will also have the effect of improving the oversea market for American agricultural commodities. For instance, a credit to a Peruvian subsidiary of the General Milk Co. of California will expand the market for U.S. butterfat and nonfat powdered milk. Credits to a Colombian subsidiary of the Ralston-Purina Co. of Missouri and a Mexican subsidiary of the Archer-Daniels-Midland Co. of Minneapolis will finance feed mills that will use grain imported from the United States.

The 67 credits to U.S. firms and their affiliates cover a wide range of manufacturing industries and benefit American firms located in 21 different States. In addition to the credits already mentioned, the list of loan recipients includes affiliates of Burlington Industries of Greensboro, N.C.; Spartan Mills of Spartanburg, S. C.; the International Harvester Co. of Illinois; John Deere & Co., of the same

State; the Wyatt Metal & Boiler Works, of Houston, Tex.; the Dayton Rubber Co. and the General Tire & Rubber Co., of Ohio; and a Tulsa, Okla. firm of engineering contractors. Other credits will assist manufacturers of chemicals and pharmaceutical products in Pakistan, electrical supplies and equipment in Italy, pulp and paper products in Mexico, aluminum products in Colombia, automotive components and parts and industrial pumps and compressors in France, footwear in Peru, plastics in Israel, sewing machines in Turkey, and elevators in India. In addition, credits have been authorized to a Peruvian subsidiary of Sears, Roebuck, a hotel in Colombia, distributors of petroleum products in Israel, Greece, and Finland, and a supermarket in Milan, Italy.

The bulk of these credits are of comparatively modest size. Most of them are for the equivalent of between \$100,000 and \$500,000. Twenty-nine of the sixty-seven credits are for less than \$250,000, and only nine are equivalent to \$1 million or more.

The Bank believes that these credits are an effective stimulant to U.S. private investment abroad, since they usually bring with them a dollar investment by the recipient of the foreign currency loan. The effectiveness of the stimulus is increased when the Bank is able to make combinations of dollar and local currency loans to the same borrower. Recently the Bank was able to announce a credit of \$840,000 and one of 12 million soles to a Peruvian affiliate of a U.S. company. These two credits, which are equivalent to about \$1.3 million, will help finance the construction of a plant for the production of caustic soda and chlorine. A number of other proposals for similar combinations of dollar and local currency loans are now under study.

#### PROVISION FOR 104(e) LOAN FUNDS IN COMMODITY SALES AGREEMENTS

The process of making these loans begins with an allocation of the necessary funds under the commodity sales agreement. The statute permits rather than requires 25 percent of the proceeds of the sales agreement to be set aside for 104(e) loan purposes, but the conference committee report on the Cooley amendment directed that 25 percent should be allocated unless there are compelling reasons to the contrary. Under these circumstances the Bank has pressed vigorously for the full 25 percent of the sales proceeds. Whenever a smaller percentage was in fact used or no provision was made for 104(e) loans, an appropriate agency of the Federal Government certified that a compelling reason existed for the departure from the 25-percent rule. Such certifications are based on overriding considerations of foreign policy, U.S. budgetary needs, or an apparent refusal on the part of the foreign government to accept the sales agreement unless the provision for 104(e) is eliminated or reduced.

The attached table lists the countries with which sales agreements have been announced since August 1957 and indicates the percentage of the sales proceeds available for 104(e) loans. Agreements have been announced with 27 countries. The full 25 percent was provided under the agreements with 15 countries. Some provision for 104(e) loans was made in all but five countries—Burma, Poland, Yugoslavia, the United Kingdom, and Spain.

The table indicates that there could be made available to the Bank under the agreements announced to date foreign currencies equivalent



to approximately \$224 million. This is a ceiling figure. If the foreign country does not purchase all that it can under the sales agreement, the amount coming to the Export-Import Bank is reduced. Moreover, the foreign currencies are not actually available for loans until after the commodities have been delivered and paid for in the host country and a share of the proceeds has been placed to the account of the Bank. As a matter of policy, the Bank decided at an early date that it could not authorize loans under this program until the funds needed to cover them were actually in the Bank's account.

While it is very difficult to estimate just how much of the \$224 million would in fact be transferred to the Bank if apportionments were requested at this time, our best guess is that, at the outside, the amount would not exceed the equivalent of \$110 million. The credits upon which the Bank has acted favorably to date would absorb one-third of this amount.

Eighty percent of the uncommitted funds consists of Indian and Pakistani rupees, for which the demand has been slow in developing. The Bank has made an aggressive effort to publicize the availability of these currencies. Recently we received several large applications which would absorb a substantial portion of the Indian currency, and the Bank now has a representative in New Delhi who will devote a substantial portion of his time to the foreign currency loan program in that area.

At the request of the Bank, the sales agreements authorize the use of some of the proceeds for the Bank's administrative expenses incident to the loans in the host country. This has turned out to be an important provision, because in a number of cases the host country has made it clear that it regards the Export-Import Bank as taxable with respect to its operations under this program. Were it not for the specific provision for administrative expenses in the sales agreements, the Bank might have had to ask for permission to use dollars in order to defray the costs. The Bank, of course, will make every effort to achieve a tax-free status as an agency of the U.S. Government.

#### THE MECHANICS OF MAKING A LOAN

The procedures under which the foreign currency loans are made differ in a number of important respects from those used under the Bank's regular dollar-lending operations and are, generally speaking, a good deal more complicated. An unusually large number of clearances with other agencies is involved.

#### A. RELATIONS WITH THE HOST GOVERNMENT

Under the law all loans must be approved by the government of the host country. At the request of the Bank, the commodity sales agreement has included or has appended to it an understanding which (1) identifies the agency that will represent the host government in approving loans, (2) commits the Export-Import Bank to transmit to that agency the information necessary for such approval, and (3) commits the representative of the host government to express its approval or disapproval of a proposed loan within 60 days after receipt of notice that the Export-Import Bank is ready to make the loan. If the host

government fails to respond within 60 days, the loan may be deemed to have been approved.

This is, of course, a bare outline of the procedure. The Bank attempts, through discussions with the Washington representatives of the host governments, through the good offices of the American embassies, and frequently by sending missions to the host country, to inform the latter of the policies that are being followed by the Bank and the kinds of applications which are being received. The Bank solicits the views of the host government as to the kind of loans which are to be made, the interest rate which is to be used, and the repayment periods that will be considered appropriate. As a result, the host government is not taken by surprise when the request for the approval of a loan arrives and the Export-Import Bank is able to avoid proposing loans which it knows the host country does not favor. To date, we have had only three rejections to our formal requests for approval by the host government.

#### B. RELATIONS WITH EMBASSY

The Bank recognized at the outset that in this program it would have to make available in the host country the information needed by a potential applicant, that it would have to rely on the advice and assistance of the American Embassy to a somewhat greater extent than is true in its dollar-loan operations and, finally, that it was necessary to set up a mechanism whereby the loan funds could be distributed and received in the host country.

Under existing procedures, applications may be presented either directly at the Export-Import Bank or to the American Embassy for transmission to the Bank. Immediately after the announcement of a sales agreement the Bank sends to the Embassy an outline of the operating procedures and a suggested press statement which lists the point that should be covered in a letter of application. The policies with respect to eligibility for loans are described and the advice of the Embassy as to interest rates and the selection of an agent bank is requested. As applications are received by the Bank in Washington, summaries are sent to the Embassy. The latter's views are sought on all applications received.

#### C. AGENT BANKS

In most countries the Bank has designated an agent to represent it in the disbursement and receipt of funds and to handle the book-keeping details associated with the administration of the loan in the host country. For the most part, branches of U.S. commercial banks, which act as depositories for the Treasury Department, have been selected for this purpose. Sometimes a development bank of the host country has been used instead. These agent banks are compensated by a fee which is borne by the loan recipient.

#### D. RELATIONS WITH OTHER U.S. AGENCIES

The Bank is required to clear all of the credits made under this program with the National Advisory Council. In addition, it has set up a more or less formal procedure under which it obtains the advice of the Department of Agriculture and Commerce with respect



to the application of specific provisions of the law to proposed loans.

For instance, the law restricts loans to firms having no U.S. affiliations to cases where the loan will finance facilities that will improve the market for U.S. agricultural commodities. The law also prohibits the making of loans which will result in competition with U.S. agricultural commodities. When an application involves these issues, the advice of the Department of Agriculture is requested.

The law also prohibits loans for the manufacture of goods which will be exported to the United States in competition with production in the United States. Applications which appear to involve this provision are checked out with the Department of Commerce.

Finally, the law prohibits loans for facilities which will compete with the products of U.S. agricultural commodities. This is the most difficult of the three prohibitions to interpret and frequently involves checking with both the Departments of Agriculture and Commerce.

Numerous problems were encountered in devising these arrangements, but we benefited from excellent working relations with the host countries and received a great deal of help from the American embassies and much valuable advice from other agencies in Washington. We feel a real sense of accomplishment in the credits which have been authorized and the administrative arrangements which made them possible.

#### THE TERMS OF THE CREDITS

The credits are made in and are repayable in the foreign currency. No maintenance-in-value clause is used in the loan agreement and for this reason the interest rate is drawn from the pattern existing in the host country rather than in the United States. Another compelling reason is to avoid unfair competition with the host country's financial institutions. Since the loans are made primarily to U.S. firms and their affiliates, easier terms would give the U.S. affiliates a competitive advantage which might be the basis for complaint in the host country.

The Bank selects an interest rate for each country in which the program operates similar to the rate that a comparable institution, say a development bank, in the host country would charge for medium- and long-term credits to private business. Under the credits announced and proposed, the interest rate ranges from 6 to 12 percent.

In certain countries where the demand for the funds has been very large, such as Mexico, Colombia, France, and Israel, it was necessary to ration the funds, and the credits have been restricted to the financing of fixed assets. However, credits involving working capital have been authorized in India, Pakistan, Turkey, Italy, the Philippines, and Peru.

The repayment period has ranged from 6 to 10 years.

Many of the loans have been made on the general credit of the borrower. Where additional security is necessary, the guarantee of the U.S. parent firm or a financial institution in the host country is required.

In all cases the Bank has assured itself, as it does in its dollar loans, that a reasonable prospect of repayment exists.

## CONCLUSION

The Bank believes that it is particularly well suited to the administration of the 104(e) program and that it has made a good record to date. It has received 330 applications, two-thirds of which have been acted upon, and has authorized or recommended 82 loans. This represents a considerable increase in the Bank's workload, which has been handled by the Bank's regular staff. In order to make these loans in an expeditious manner, the Bank has set up numerous administrative arrangements with foreign governments, agent banks, U.S. embassies, and other U.S. Government agencies. By and large, these arrangements are working well.

We believe that the program can continue to be of real assistance to U.S. industry, including agriculture, and that the loans will help to develop U.S. private investment in the various host countries.

(The tabulation referred to follows:)

## Public Law 480 commodity sales agreement programs, Aug. 13, 1957-July 15, 1959

[Money amounts in millions]

Country and unit of currency	Market value of commodity sales agreements in dollars	Maximum Export-Import Bank share for sec. 104(e) loan funds			Credits authorized—foreign currency
		Percent of sales proceeds	Dollar equivalent <sup>1</sup>	Foreign currency	
Countries where 104(e) loan funds were provided:					
Applications being accepted:					
Argentina (peso).....	33.0	25	8.3	660.8	-----
Ceylon (rupee).....	21.0	25	5.3	25.0	-----
China (Taiwan) (N.T.D.).....	25.5	24	6.0	190.9	-----
Ecuador (sucre).....	1.8	25	.5	7.0	-----
Finland (markka).....	13.1	16	2.1	660.3	340.0
France (franc).....	55.9	25	13.9	6,370.1	2,845.0
Greece (drachma).....	19.8	15	2.9	87.3	15.0
Iceland (króna).....	5.3	15	.8	19.4	-----
India (rupee).....	295.8	25	73.9	352.5	1.0
Indonesia (rupiah).....	40.3	25	10.0	378.5	-----
Korea (hwan).....	83.0	2	2.0	1,000.0	-----
Pakistan (rupee).....	151.3	19	29.3	139.6	1.0
Philippines (peso).....	4.1	25	1.0	2.0	.5
Turkey (lira).....	86.7	15	13.0	90.5	19.3
United Arab Republic (Egyptian pound).....	48.3	25	12.1	5.0	-----
Uruguay (peso).....	12.4	25	3.1	12.5	-----
Vietnam (piaster).....	6.0	25	1.5	52.5	-----
Total.....	2 903.1	21	2 185.4	-----	-----
Receipt of applications terminated:					
Colombia (peso).....	13.7	25	3.4	24.2	23.3
Israel (pound).....	79.3	25	19.8	35.7	16.5
Italy (lira).....	25.0	25	6.3	3,902.3	1,825.0
Mexico (peso).....	28.2	25	7.1	88.7	88.0
Peru (sol).....	7.8	25	2.0	48.0	41.0
Total.....	154.0	25	2 38.5	-----	-----
Countries where no provision was made for 104(e) loans:					
Burma.....	18.0	-----	-----	-----	-----
Poland.....	163.1	-----	-----	-----	-----
Spain.....	208.0	-----	-----	-----	-----
United Kingdom.....	13.0	-----	-----	-----	-----
Yugoslavia.....	167.8	-----	-----	-----	-----
Total.....	569.9	-----	-----	-----	-----
Grand total.....	1,627.0	14	223.9	-----	-----

<sup>1</sup> Amounts specified in the sales agreements; not necessarily the equivalents at present rates of exchange of the foreign currency amounts shown.

<sup>2</sup> Column does not add due to rounding.



The CHAIRMAN. We thank you very much, Mr. Stambaugh. Are there any questions?

Mr. MATTHEWS. Mr. Chairman, I would like to ask Mr. Stambaugh a question. And I should like to say at the outset, how much I have enjoyed his presentation. And I should like to brag on Mr. Blowers because he is a fellow Floridian. I am delighted to have him here.

What happens to the money when the loans are repaid? The thing that I had in mind is this: Is this a revolving fund, so that you can make new loans out of the money being repaid?

Mr. STAMBAUGH. As we interpret the Cooley amendment, it is not a revolving operation. We pay all collections back into the Treasury. We do not see those foreign currencies again.

Let me say this, first, that in some countries we could expand this operation to a considerable extent if we had more foreign currencies available to us to loan, such countries as Mexico, Israel, Colombia—there are quite a number of countries. Of course, if it were on a revolving fund basis we would have more currencies to loan, but I think that is a problem for the Department of Agriculture, because it would have an effect on the negotiation of the sales contracts by the Department of Agriculture.

Mr. MATTHEWS. But in your opinion you, certainly, could make more loans if the payments could be put into a revolving fund and it would, probably, be, you think, a benefit, if that could be done. Would you like to express an opinion on that?

Mr. STAMBAUGH. I think so; yes, I do.

Mr. POAGE. What happens to this money when it gets back to the Treasury?

Mr. STAMBAUGH. It goes into our accumulation of funds.

Mr. POAGE. Into what?

Mr. STAMBAUGH. Into the U.S. Government accumulation of foreign currencies.

Mr. POAGE. Then what do we do with it?

Mr. STAMBAUGH. You are getting way out beyond my department now.

Mr. POAGE. Can we use it for any purpose?

Mr. STAMBAUGH. May I refer that question to Mr. Oakes?

Mr. POAGE. Yes.

Mr. OAKES. It goes into the general account of the Treasury. It is available, I think, for whatever uses the U.S. Government can put it to.

Mr. POAGE. If that is true, it could be converted into dollars, maybe.

Mr. OAKES. That is not a question that I feel competent to answer.

Mr. POAGE. That is what I am trying to get information on. Can that money be converted into dollars?

The CHAIRMAN. You have no authority to do that?

Mr. STAMBAUGH. That is our interpretation of it.

The CHAIRMAN. Should we not have a provision in Public Law 480 that will take care of that situation?

Mr. STAMBAUGH. And put it on a revolving fund basis?

The CHAIRMAN. Have it go into a revolving fund.

Mr. STAMBAUGH. I think that the Department of Agriculture should be consulted about that, because it might have some effect on their

ability to negotiate these sales contracts. In other words, a country might object to its being placed on a revolving basis.

The CHAIRMAN. I do not see why a country would object, because, actually, it is aiding and building up the economy of the host country.

Mr. STAMBAUGH. From our point of view that would be beneficial to our operation.

The CHAIRMAN. I wish you would consider it and, perhaps, propose an amendment.

Mr. STAMBAUGH. Mr. Chairman, before the Foreign Relations Committee of the Senate the other day we were asked to prepare a memorandum on that point. We will be very happy to provide this committee with the same memorandum.

The CHAIRMAN. Thank you very much.

(The memorandum appears on p. 317.)

The CHAIRMAN. Mr. Heimburger has a question to ask you.

Mr. HEIMBURGER. I just told Mr. Poage that I think that I can answer the question he asked the gentleman of what happens to the fund after it gets back into the Treasury. My understanding is that the money we obtain in foreign currency becomes a part of the funds available to the Bureau of the Budget under the agreement which has been entered into and that it can then be used for any purposes stipulated in the agreement. There is usually a clause providing that it can be used for any of the purposes specified in section 104 of the act.

The CHAIRMAN. By the Export-Import Bank for the purposes for which it was organized?

Mr. HEIMBURGER. I do not know the answer to that.

The CHAIRMAN. That is what we are talking about.

Mr. STAMBAUGH. I am afraid not, because the only law under which funds are apportioned to the Export-Import Bank are for the purpose of making what we formally call Cooley loans, that is, under the Cooley amendment. And the collections on those loans, if they get back into the Treasury, would have to have some additional legal authority to transfer them back to the Bank.

The CHAIRMAN. In this memorandum you might suggest an amendment to the law, for the fund to be reused for the purposes for which it was originally set aside.

Mr. STAMBAUGH. We will be very happy to do that, subject, of course, to the control that we are under of the Bureau of the Budget. It will have to be approved by the Bureau of the Budget if we suggest legislation.

The CHAIRMAN. Where did this idea of transferring the administration of this program from the Export-Import Bank to some other agency of the Government originate?

Mr. STAMBAUGH. Are you referring to the food for peace program?

The CHAIRMAN. I am referring to the suggestion that your agency be deprived of the right to administer the program and to turn it over to the Development Loan Fund.

Mr. STAMBAUGH. You say when did it originate?

The CHAIRMAN. How did it originate?



Mr. STAMBAUGH. We appeared before the Senate Foreign Relations Committee just about a week ago in a hearing on Senator Humphrey's bill, a counterpart of which has been introduced here in the House by several Members of the House which is known as the food for peace bill. That contains a provision that the administration of the Cooley amendment funds be transferred from the Export-Import Bank to the Development Loan Fund. And at the conclusion of that hearing Senator Humphrey stated to us that he was convinced that the responsibility should remain in the Export-Import Bank.

The CHAIRMAN. I am glad to hear that, because I was under the impression that Senator Humphrey had a provision in his bill otherwise.

Mr. STAMBAUGH. It was in his bill.

The CHAIRMAN. He thinks now that it would be wise not to do that?

Mr. STAMBAUGH. So he stated the other day.

The CHAIRMAN. That is all right.

Mr. STAMBAUGH. I would hope that would mean that it would be reported out of the committee in the Senate without that provision in it.

The CHAIRMAN. As to Pakistan and India, the rupees there, what have you done about those?

Mr. STAMBAUGH. We have done everything that we could. I think that we are making progress, Mr. Chairman. As a matter of fact, one of our purposes in sending a representative to New Delhi, to establish him there for a protracted period, was to try to stimulate interest in Cooley loans in India. And in Pakistan we are doing everything we can there.

Maybe Mr. Blowers would care to enlarge upon that.

Mr. BLOWERS. Mr. Chairman, I and another director have called on nearly all of the bankers in New York and Boston and Chicago to tell them that we have these funds available, and the conditions under

which we are willing to lend them and have asked them to bring this to the attention of any of their clients who have businesses in these countries. We are getting some response from that. The applications are coming in now. As a matter of fact, we have one application from India which would take about 10 percent of our present available rupees, that is, this one application would.

The CHAIRMAN. What does that application contemplate in the way of rupees?

Mr. BLOWERS. It is for the building of a fully integrated aluminum plant in India.

The CHAIRMAN. Is this money available for housing, or could it be made available for housing in those countries?

Mr. BLOWERS. We have made a loan in Peru to help housing, that is, we have proposed it to Peru. We have not got their agreement yet. It is available for housing. As a matter of fact, there is a large company in the Middle West that has sent a representative to Pakistan and to India to look into the possibility of using some of these funds in India for housing.

The CHAIRMAN. You have consummated about 82 loans?

Mr. BLOWERS. Yes, sir.

The CHAIRMAN. Could you give us, for the record, information indicating what is to be accomplished by the loans, whether it is for the building of housing or for other internal improvements?

Mr. BLOWERS. They run the whole gamut of industrial enterprise. We have a list of all of the loans that we have made under this program to date and the purposes for which they were made, Mr. Chairman.

The CHAIRMAN. I would like to have that in the record.

Mr. BLOWERS. We will supply this for the record.

The CHAIRMAN. Give it to the reporter and we will include it in the record at this point.

(The tabulation follows:)



*Export-Import Bank of Washington—Statement of loans and credits authorized in currencies of other countries under sec. 104(e) of Public Law 480, June 30, 1959*

Country and obligor (guarantors in parentheses)	Credit No.	Purpose	Credits authorized		Cancellations and expira- tions	Undisbursed balance		Status of loans		Interest and commissions collected
			Date	Amount		Amount	Expiry date	Disbursed	Outstanding	
ASIA										
India: Otis Elevator Co. (India) Pri- vate, Ltd.	C-86-1	Working capital to finance ac- counts receiv- able and pur- chase of inven- tories.	May 29, 1959	Indian rupees 1,000,000		Indian rupees 1,000,000	June 30, 1960			
Israel: Israel Bank of Ag- riculture, Ltd.	C-71-1	Land, buildings, and equipment for grain storage elevators.	Dec. 11, 1958	Israeli pounds 3,720,000		Israeli pounds 3,720,000	Dec. 31, 1959	Israeli pounds	Israeli pounds	
Dagon Batey- Manguroth Le- Israel, Ltd. (Ellern's Bank).	C-71-2	Land, buildings, machinery, and equipment for grain storage.	do.	1,550,000		1,550,000	do.			
Silos & Ware- houses Co., Ltd. (Bank Leumi LeIsrael B.M.).	C-71-3	do.	do.	360,000		260,000	do.	100,000	100,000	
Samson Tire & Rubber Co., Ltd.	C-71-4	Land, buildings, and equipment for tire and tube manufacturing plant.	do.	370,000		270,000	do.	100,000	100,000	
Alliance Tire & Rubber Co., Ltd.	C-71-5	Land, building, machinery, and equipment for tire and rubber manufacturing plant.	do.	775,000		375,000	do.	400,000	400,000	
The United Saran Plastic Corp., Ltd.	C-71-6	Land, buildings, and equipment for production of plastic prod- ucts.	do.	50,000		35,000	do.	15,000	15,000	
Kaiser-Frazer of Israel, Ltd. (the Israel Industrial Institution, Ltd.).	C-71-7	Land, buildings, machinery, and equipment for automobile as- sembly plant.	do.	3,410,000		3,410,000	do.			

C-71-8	Land, buildings, and equipment for production of soling materials and heels.	do.	60,000	do.	60,000	do.	60,000
C-71-9	Land, buildings, and equipment for production of plastics and chemical products.	do.	125,000	do.	125,000	do.	125,000
C-71-10	Land, buildings, and equipment for production of mattresses and furniture.	do.	50,000	do.	5,000	45,000	45,000
C-71-11	Land, buildings, and equipment for rebuilding automotive parts.	do.	190,000	do.	190,000	do.	190,000
C-71-12	Land, buildings, and equipment for grain storage.	do.	200,000	do.	200,000	do.	200,000
C-71-13	Land, buildings, and equipment for petroleum distribution.	do.	1,100,000	do.	500,000	600,000	600,000
C-71-14	Land, buildings, machinery, and equipment for steel-processing plant.	do.	360,000	do.	360,000	do.	360,000
C-71-15	Land, buildings, machinery, and equipment for chemical plant.	do.	775,000	do.	775,000	do.	775,000
C-71-16	Land, buildings, machinery, and equipment for cotton spinning mill.	do.	1,900,000	do.	1,900,000	do.	1,900,000
C-71-17	Land, buildings, machinery, and equipment for textile plant.	Feb. 5, 1959	1,500,000	do.	1,200,000	300,000	300,000
Total, Israeli...			16,495,000		14,935,000	1,560,000	1,560,000



*Export-Import Bank of Washington—Statement of loans and credits authorized in currencies of other countries under sec. 104(e) of Public Law 480, June 30, 1959—Continued*

Country and obligor (guarantors in parentheses)	Credit No.	Purpose	Credits authorized		Cancellations and expira- tions	Undisbursed balance		Status of loans		Interest and commissions collected
			Date	Amount		Amount	Expiry date	Disbursed	Outstanding	
ASIA—continued										
Pakistan: Warner-Lambert (Pakistan), Ltd. (Warner-Lambert Pharmaceutical Co.).	C-91-1	Equipment for production of pharmaceuticals and toiletries.	Dec. 31, 1958	Pakistan rupees 1,000,000		Pakistan rupees 750,000	Dec. 15, 1959	Pakistan rupees 250,000	Pakistan rupees 250,000	Pakistan rupees 1,780.13
Turkey:										
Williams Bros. Co.	C-77-1	Construction of pipelines.	June 18, 1959	Turkish lira 6,000,000		Turkish lira 6,000,000	Nov. 30, 1959			
Abbott Universal, Ltd. (Abbott Laboratories).	C-77-2	Production and distribution of pharmaceuticals.	do	4,616,000		4,616,000	Jan. 31, 1960			
Singer Sanayi, A. S. (Singer Manufacturing Co.).	C-77-3	Land, buildings, machinery, and equipment for production of sewing machines.	do	1,650,000		1,650,000	Aug. 1, 1960			
Pfizer Inc., S. A. (Chas. Pfizer & Co., Inc.).	C-77-4	Acquisition of machinery and equipment for production and distribution of pharmaceuticals.	do	7,000,000		7,000,000	Jan. 31, 1960			
Total, Turkish lira.				19,266,000		19,266,000				
EUROPE										
Finland: oy Esso ab.	C-37-1	Land, buildings, machinery, and equipment for expansion of facilities for petroleum products.	Feb. 19, 1959	Finnish markka 340,000,000		Finnish markka 340,000,000				

France: Compagnie Inter- nationale des Machines Agri- coles. Union Chimique Atlantique.	C-38-1	Agricultural equipment manufacturing facilities. Expansion of plant facilities for manufacture of pharma- ceutical chem- icals.	Dec. 18, 1958	French francs 800,000,000	French francs 800,000,000	French francs 800,000,000	Feb. 1, 1960	French francs 800,000,000	French francs 800,000,000
	C-38-2	Expansion of plant facilities for manufacture of pharma- ceutical chem- icals.	do.	85,000,000	85,000,000	85,000,000	Feb. 1, 1960		
Metappa, S.A.R.L.	C-38-3	Expansion of fa- cilities to manu- facture motor control devices.	do.	50,000,000	50,000,000	50,000,000	do.		
Abbott, S.A.	C-38-4	Expansion and modernization of plant to pro- duce pharma- ceutical prod- ucts and chem- icals.	do.	95,000,000	95,000,000	95,000,000	do.		
Worthington, S.A.	C-38-5	Expansion of fa- cilities to manu- facture pumps, compressors, steam turbines and refrigeration machinery.	do.	200,000,000	200,000,000	200,000,000		200,000,000	200,000,000
Dewalco, S.A.R.L.	C-38-6	Expansion of fa- cilities to manu- facture plastic packaging ma- terials.	do.	185,000,000	185,000,000	185,000,000	Feb. 1, 1960		
Bendix, S.A.	C-38-7	Expansion of facilities to manufacture automotive component parts.	do.	630,000,000	630,000,000	472,500,000	do.	157,500,000	157,500,000
Societe Francaise Case de Materiel Agricole et In- dustriel.	C-38-8	Modernization of plant to manufacture agricultural and industrial machinery.	do.	600,000,000	600,000,000	600,000,000		600,000,000	600,000,000
Total, French francs.				2,645,000,000	2,645,000,000	887,500,000		1,757,500,000	1,757,500,000



*Export-Import Bank of Washington—Statement of loans and credits authorized in currencies of other countries under sec. 104(e) of Public Law 480, June 30, 1959—Continued*

Country and obligor (guarantors in parentheses)	Credit No.	Purpose	Credits authorized		Cancellations and expira- tions	Undisbursed balance		Status of loans		Interest and commissions collected
			Date	Amount		Amount	Expiry date	Disbursed	Outstanding	
<b>EUROPE—CON.</b>										
Greece: Mobil Oil Hellas A. E. (Socony Mobil Oil Co., Inc.)	C-40-1	Land, buildings, machinery and equipment for additions to petroleum stor- age facilities.	Feb. 19, 1959	<i>Greek drachmas</i> 15, 000, 000		<i>Greek drachmas</i> 15, 000, 000	June 30, 1960			
Italy: Supermarkets Ital- iani, S.p.A.	C-45-1	Land, buildings and equipment for construction of supermar- kets, bakery plant and ice cream plant.	Apr. 30, 1959	<i>Italian lira</i> 625, 000, 000		<i>Italian lira</i> 625, 000, 000	do			
Cabot Italiana S.p.A.	C-45-2	Plant site and construction of carbon black producing plant.	May 14, 1959	600, 000, 000		600, 000, 000	do			
Fabbrica Appa- rati per Comunicazioni Elettriche Standard (Face Standard), S.p.A.	C-45-1	Expansion of tele- communications production facilities.	do	600, 000, 000		600, 000, 000	do			
Total, Italian lira.				1, 825, 000, 000		1, 825, 000, 000				
<b>LATIN AMERICA</b>										
Colombia: Abbott Laborato- ries de Colombia, S.R.L. (Abbott Laboratories).	C-14-1	Land, buildings, machinery, and equipment for production of ethical pharma- ceutical products.	Jan. 15, 1959	<i>Colombian pesos</i> 7, 700, 000		<i>Colombian pesos</i> 7, 700, 000	Dec. 31, 1959	<i>Colombian pesos</i>	<i>Colombian pesos</i>	

Malzena, S. A. (Corn Products) Co.).	C-14-2	Land, buildings, machinery, and equipment for production of starch, glucose, and related products.	do.	5,000,000	do.	3,200,000	do.	2,700,000	2,700,000	do.
Aluminio de Co- lombia-Reyn- olds, Santo Domingo, S.A.	C-14-3	Land, buildings, machinery, and equipment for production of aluminum products.	do.	2,000,000	do.	1,100,000	do.	900,000	900,000	do.
Carboquimica, S. A. (W. R. Grace & Co.).	C-14-4	Land, buildings, machinery, and equipment for production of chemical prod- ucts.	do.	600,000	do.	300,000	do.	300,000	300,000	do.
Carton de Colom- bia, S.A.	C-14-5	Land, buildings, machinery, and equipment for production of paperboard and paperboard products.	do.	900,000	do.	500,000	do.	400,000	400,000	do.
Cia. Hotel Del Prado, S.A.	C-14-6	Land, buildings, machinery, and equipment for rehabilitation and moderniza- tion of Hotel Del Prado.	do.	900,000	do.	900,000	do.			do.
Confecciones de Papel Shellmar de Colombia, S.A.	C-14-7	Land, buildings, machinery, and equipment for production of containers, etc.	do.	400,000	do.	400,000	do.			do.
Parke Davis Inter- American Corp., Ltd.	C-14-8..	Land, buildings, machinery, and equipment for production of pharmaceuticals.	do.	2,400,000	do.	1,300,000	do.	1,100,000	1,100,000	do.
Pfizer Corp.....	C-14-9..	Land, buildings, machinery, and equipment for production of chemical and drug products.	do.	1,700,000	do.	900,000	do.	800,000	800,000	do.



*Export-Import Bank of Washington—Statement of loans and credits authorized in currencies of other countries under sec. 104(e) of Public Law 480, June 30, 1959—Continued*

Country and obligor (guarantors in parentheses)	Credit No.	Purpose	Credits authorized		Cancellations and expira- tions	Undisbursed balance		Status of loans		Interest and commissions collected
			Date	Amount		Amount	Expiry date	Disbursed	Outstanding	
LATIN AMERICA—con. Colombia—Con. Purina Limitada...	C-14-10	Land, buildings, machinery, and equipment for production of animal feeds.	Jan. 15, 1959	Colombian pesos 800,000		Colombian pesos 400,000	do	Colombian pesos 400,000	Colombian pesos 400,000	
Total, Colombian pesos.....				23,300,000		16,700,000		6,600,000		
Mexico: Wyatt de Mexico, S. A. de C. V. (Wyatt Metal & Boiler Works, Inc.)	C-23-1	Land, buildings, and equipment for metal and boiler works.	June 19, 1958	Mexican pesos 3,620,000		Mexican pesos 524,633.77	Dec. 31, 1959	Mexican pesos 3,095,366.23	Mexican pesos 3,095,366.23	Mexican pesos 45,891.87
Cia. Mexicana de Refractarios A. P. Green, S. A.	C-23-2	Machinery and equipment for production of fire clay refrac- tories and spe- cialties.	do	8,500,000		3,065,238.77	Jan. 31, 1960	5,434,761.23	5,434,761.23	74,017.66
Sears, Roebuck de Mexico, S. A. de C. V.	C-23-3	Machinery and equipment for retail merchan- dise activities.	do	10,000,000		6,200,000.00	Dec. 31, 1959	3,800,000.00	3,800,000.00	143,397.26
International Har- vester Co. of Mexico, S. A. de C. V.	C-23-4	Equipment for manufacturing farm imple- ments and truck parts.	do	1,637,000		1,137,000.00	do	500,000.00	500,000.00	3,726.03
John Deere de Mexico, S. A. de C. V. (John Deere & Co.).	C-23-5	Land and build- ings for the manufacture of agricultural tractors, ma- chinery, and implements.	do	5,000,000				5,000,000.00	5,000,000.00	34,246.53

Lamparas General] Electric de Mexico, S. A. de C. V.	C-23-6.-	do.....	4, 070, 000				4, 070, 000.00	4, 070, 000.00	135, 830.13
Grace y Cia. (Mexico) S. A. de C. V. (W. R. Grace & Co.).	C-23-7	do.....	4, 900, 000				4, 900, 000.00	4, 900, 000.00	136, 054.81
Philco, S. A. de C. V.	C-23-8	do.....	1, 635, 000			835, 000.00	Jan. 31, 1960	800, 000.00	21, 205.47
Perfeccion y Lov- able de Mexico, S. de R. L. (The Lovable Bras- siere Co.).	C-23-9	do.....	600, 000			140, 812.88	June 30, 1959 <sup>1</sup>	459, 187.12	---
Negociacion Textil "La Concordia," S. A.	C-23-10	do.....	3, 000, 000			408, 979.63	July 15, 1960	2, 591, 020.37	55, 642.85
Beneficiadora y Industrializadora, S. A. de C. V. (Schering Corp.)	C-23-11	do.....	572, 000					572, 000.00	17, 395.07
Monsanto Mexicana, S. A.	C-23-12	Aug. 14, 1958	6, 000, 000					6, 000, 000.00	---
Proctor and Gamble de Mexico, S. A. de C. V.	C-23-13	do.....	3, 750, 000	3, 750, 000					---
Cia. Industrial de San Cristobal, S. A.	C-23-14	Aug. 27, 1958	4, 150, 000					4, 150, 000.00	78, 338.36

<sup>1</sup> Extension pending.



Export-Import Bank of Washington—Statement of loans and credits authorized in currencies of other countries under sec. 104(e) of Public Law 480, June 30, 1959—Continued

Country and obligor (guarantors in parentheses)	Credit No.	Purpose	Credits authorized		Cancellations and explanations	Undisbursed balance		Status of loans		Interest and commissions collected
			Date	Amount		Amount	Expiry date	Disbursed	Outstanding	
LATIN AMERICA—CON. Mexico—Continued Industria Electrica de Mexico, S. A.	C-23-15	Buildings, machinery, and equipment for manufacture of refrigerator cabinets, compressors, air conditioning equipment, and home laundry equipment.	Oct. 16, 1958	Mexican pesos 8,800,000		Mexican pesos 5,300,000.00	Dec. 31, 1959	Mexican pesos 3,000,000.00	Mexican pesos 3,000,000.00	Mexican pesos 14,794.52
Ferro-Alcanton de Mexico, S.A.	C-23-16	Land, buildings, machinery, and equipment for production of ferro-manganese and other ferro alloys.	Dec. 11, 1958	3,500,000		1,630,346.18	do.	1,869,653.82	1,869,653.82	
Ralston Purina de Mexico, S.A. de C.V.	C-23-17	Land, buildings, machinery, and equipment for cultivation, manufacture and storage of animal products and animal feed, and sesame plant solvent	do.	10,000,000		3,112,346.52	do.	6,887,653.48	6,887,653.48	37,829.98
Industrial Pecuaría, S.A.	C-23-18	Land, buildings, machinery, and equipment for production of animal feeds.	do.	10,000,000		9,109,869.44	do.	890,130.56	890,130.56	

Textiles Morelos, S.A. de C.V.	C-23-19	Machinery and equipment for manufacture and storage of finished textile products.	Jan. 22, 1959	2,500,000	3,750,000	2,500,000.00	do	54,019,772.81	54,019,772.81	798,370.59
Total, Mexican pesos.				91,734,000	3,750,000	33,964,227.19		54,019,772.81		
Peru:				Peruvian soles 7,000,000		Peruvian soles		Peruvian soles 7,000,000	Peruvian soles 7,000,000	
Sears, Roebuck del Peru, S.A.	C-27-1	Buildings and equipment and inventory.	Feb. 5, 1959							
Leche Gloria, S.A. (General Milk Co.).	C-27-2	Land, buildings, and equipment for production of evaporated milk.	do	4,130,000		4,130,000	Dec. 31, 1959			
Malteria Lima, S.A. jointly and severally).	C-27-3	Buildings and equipment for construction of malting plant.	Apr. 30, 1959	15,650,000				15,650,000	15,650,000	
Fabrica Nacional de Calzado "El Triunfo," S.A. (General Shoe Corp.).	C-27-4	Buildings and equipment for expansion of facilities for manufacture and distribu- tion of foot- wear.	do	2,200,000				2,200,000	2,200,000	
Alcalis Peruanos, S.A. (Sociedad Agricola Para- monga).	C-27-5	Construction of electrolytic caustic soda- chlorine plant.	June 4, 1959	12,000,000		12,000,000	Dec. 31, 1960			
Total, Peruvian soles.				40,980,000		16,130,000		24,850,000	24,850,000	



The CHAIRMAN. You do have applications now pending which you have not been able to approve because of the shortage of funds?

Mr. BLOWERS. Yes, sir.

The CHAIRMAN. When the funds are available then you will be in a position to make the loans if approved?

Mr. BLOWERS. Yes, sir. This is particularly so in the case of the Western Hemisphere. Here we have more applications than we have funds.

It is, also, true in France and Italy. And is it true in Israel?

Mr. OAKES. Yes.

Mr. BLOWERS. And in Israel.

Mr. STAMBAUGH. Would you like a table of those places in the record?

The CHAIRMAN. I think that it would be well to have it included in the record.

Mr. BLOWERS. We will give you a table.

Mr. STAMBAUGH. We will make one up on that.

The CHAIRMAN. Make one for us and place it in the record.

Mr. STAMBAUGH. Yes.

(The information follows:)

*Countries in which eligible applications for sec. 104(e) loan funds have exceeded maximum funds expected, July 17, 1959*

[Millions of U.S. dollars]

Country	Maximum funds expected	Credits authorized and proposed	Balance	Active applications and applications refused for lack of funds
Argentina.....	\$8.3	(1)	\$8.3	\$30.0
Colombia.....	3.4	\$3.2	.2	6.3
France.....	13.9	<sup>2</sup> 6.8	7.1	20.6
Israel.....	19.8	10.6	9.2	17.1
Italy.....	6.3	3.0	3.3	6.8
Mexico.....	7.1	7.0	.1	11.5
Peru.....	2.0	1.7	.3	7.6
Philippines.....	1.0	.2	.8	3.8
Uruguay.....	3.1	(1)	3.1	4.0
Total.....	64.9	32.5	32.4	107.7

<sup>1</sup> Funds not yet available.

<sup>2</sup> \$5.8 million at the current exchange rate.

The CHAIRMAN. That will show that the need exists where you do not have funds available?

Mr. STAMBAUGH. That is right

The CHAIRMAN. Are there any questions?

Mr. HOEVEN. The Bank is required to clear all of these credits with the National Advisory Council?

Mr. STAMBAUGH. Yes. We are required to clear all of our operations with the National Advisory Council.

Mr. HOEVEN. So far as getting the advice and the consent of the Department of Agriculture and the Department of Commerce are concerned, that is not mandatory, is it?

Mr. STAMBAUGH. I do not believe so. It is advisory, you might say, yes, but we would hesitate, because of the provisions of the statute with regard to competition with the sales of U.S. agricultural com-

modities, and the products of U.S. agricultural commodities—we would hesitate to do anything that the Department of Agriculture would not approve.

Mr. HOEVEN. This is perfectly proper. I simply wanted to know whether it was permissive or mandatory on your part.

Mr. STAMBAUGH. I think that the record establishes that the Department of Agriculture is recognized as having a veto on that type of thing.

Mr. HOEVEN. You do confer with both the Department of Agriculture and the Commerce Department?

Mr. STAMBAUGH. In every instance.

Mr. MCINTIRE. I certainly appreciate your very fine statement. I do not recall having noted this in your statement, so I would like to ask what are the provisions as to the term of years of repayment on these loans, generally. I presume that it varies.

Mr. STAMBAUGH. They run from 6 to 10 years. I think that that is in the statement.

Mr. BLOWERS. It is in the statement.

Mr. MCINTIRE. All right. If it runs for 10 years, what is the criteria by which this period of repayment is evaluated? I appreciate that it has to be by mutual agreement.

Mr. STAMBAUGH. May I refer that to Mr. Oakes?

Mr. MCINTIRE. Yes.

Mr. OAKES. Roughly speaking, we do the same thing as with the dollar loans. We look to the individual case. We try to find out how long they need the money in order to accomplish the purpose they say they want it for. And the type of the installation being financed will pretty largely determine the period, that is, the type of installation.

Mr. MCINTIRE. There is no limitation—it is just a matter of what seems like good business for all parties concerned?

Mr. STAMBAUGH. That is correct.

Mr. MCINTIRE. And your policy is that this period will be agreed upon, rather than arbitrarily determined at the time it is put into operation?

Mr. STAMBAUGH. That is correct.

Mr. MCINTIRE. This varies, I suppose, quite a lot with the character of the loan. I am thinking in terms of a unit like an aluminum mill or something like that. It is not based, necessarily, on the operating income, the amortization, and so forth?

Mr. STAMBAUGH. We follow the commercial practice in determining the term of the loan and the self-liquidating aspects of the project has a bearing on it.

Mr. MCINTIRE. There is then, as you interpret the language of the Cooley amendment authority, to have such terms as you desire?

Mr. STAMBAUGH. Yes.

Mr. MCINTIRE. Thank you very kindly.

Mr. BLOWERS. I would like to say just a word there. We in administering this amendment have had surprisingly little difficulty. We have considered it a well worded and very well drafted amendment. The administrative difficulties of working under it have been phenomenally small and few.

Mr. MCINTIRE. In establishing the interest rates, I know that the criteria has been the interest rates within the host country, while with



some of the other loans that we have heard about, in the course of these hearings, the loans are made on an interest rate which is equivalent to the Government cost of money in this country. These could, of course, be an interesting difference in rates which might occur within the same country, particularly as related to the host countries.

Are the interest rates as such a very substantial controlling factor as to whether loans are made or not in the host countries?

Mr. STAMBAUGH. In these instances that you refer to, these other agencies apply a maintenance of value clause.

Mr. McINTIRE. That is being waived now?

Mr. STAMBAUGH. It is being waived. I think that our process of reasoning in determining that we should adopt the domestic rate, rested upon two considerations: The first of which was, of course, that we would not get very far with the host country in getting approval of the loan if we were competing unfairly with the banks of the host country in making loans in their currency. And, also, that the host country would not approve very long our making loans to affiliates of an American concern at a rate that gave them a competitive advantage against their competitors locally, that is, the resident industries and the nationals of that country.

Mr. McINTIRE. It seems to me that your reasoning is very good. But I make the observation that there seem to be two different criteria.

Mr. STAMBAUGH. There is a difference in the purpose of the loans, probably.

Mr. McINTIRE. The character of the loans, probably, justify the difference.

Mr. STAMBAUGH. Yes. Mr. Blowers says that we have had no complaints in regard to our high interest rate that we charge these countries. We are charging the American concerns comparatively high interest rates, according to U.S. standards, you see, and they have not complained at all.

Mr. McINTIRE. Thank you.

Mr. HOEVEN. In which country or countries do they have maximum interest rates of 12 percent?

Mr. STAMBAUGH. Taiwan.

Mr. BLOWERS. In Taiwan. We made a loan the other day to a business there. A part of our loan enabled them to pay off a short-term loan that they had on which they were paying 22.6 percent, so that they were quite happy with the 12 percent.

Mr. HOEVEN. Would that also be the prevailing interest rate for private landing purposes?

Mr. STAMBAUGH. I think that needs a little explanation. Would you answer that?

Mr. OAKES. We do not try to take the commercial bank rate which is this 22.6 percent that you are talking about here in this case. We try and take the rate which an institution of the type of the Export-Import Bank would charge in that country on a loan to private enterprise in that country which means that we pick the development bank rate and not the commercial bank rate.

For instance, the first country that we made a loan in was Mexico. We picked the rate which the Nacional Financiera was using, which was 10 percent. At the same time we knew that other banks in the country were charging 20 percent. It is a development bank rate that we pick.

Mr. SHORT. I just want to take this opportunity to remind the committee that the distinguished gentleman testifying before you is a very distinguished citizen of our State of North Dakota.

The CHAIRMAN. We will not hold that against you. [Laughter.]

Mr. SHORT. That certainly should not be held against him, I agree.

The CHAIRMAN. We are very delighted to have these gentlemen with us.

Mr. SHORT. I have just one question that I wanted to ask while I have the floor. Has this whole program been used in some instances by American companies, in the light of the present disposition of American industry, to go to foreign countries, to set up a plant to build some item of manufacture that would be brought back to this country? I do not want to confuse the two different aspects of your loan program. But if I understood you rightly, there are very definite restrictions under this phase of your loan program as to what the loan funds can be used for.

Mr. JENNINGS. I was going to ask that same question, because in looking at the appendix that you furnished here, I see that you have made a loan to the International Harvester Co. of Mexico for the purpose of making farm machinery, and so forth.

I happened to read in a magazine the other day a story where we were importing some International Harvester tractors into the United States, a diesel-type tractor, on an experimental basis. And the same article stated that the same plant in Louisville was closing up.

Mr. STAMBAUGH. Under the law we are not permitted to finance with Cooley amendment funds the manufacture of products that are shipped to the United States in competition with American production.

Mr. JENNINGS. Who makes such determination, and how is it made, and how do you determine that the items are not in competition with U.S. products?

Mr. STAMBAUGH. We make it in consultation with the Department of Commerce.

Mr. JENNINGS. How is it determined that you could make a loan to the International Harvester Co. in Mexico for the purpose of the manufacture of farm implements and truck parts that would not be competitive to those made in the United States?

Mr. STAMBAUGH. On the basis of the facts that the market in Mexico far exceeds what this production would be, I imagine.

Mr. JENNINGS. You mean, that we could not supply them with our productive capacity in the United States?

Mr. OAKES. I think you have to take the question of the prohibition in the law first.

Mr. JENNINGS. Yes, you state that here.

Mr. OAKES. We try and make sure that this is true, that they are not going to export to the United States.

Mr. JENNINGS. It says here, I believe, on page 1 of your statement that this is for facilities which will improve the market for U.S. agricultural commodities.

Mr. OAKES. Yes.

Mr. JENNINGS. I am just using this as one example, because I do not know anything about any specifics, but how would the manufacture of International Harvester Co. equipment and trucks in Mexico improve our American markets for American agricultural products?



Mr. OAKES. There are two purposes for which we can lend. When the applicant is an American firm, or its affiliate, we can lend for business development and trade expansion in Mexico, period.

Mr. JENNINGS. You do not have to take into consideration the fact of comparing markets for U.S. agriculture?

Mr. OAKES. If you have this affiliation with an American firm you can determine your eligibility without reference to whether or not your operations will improve the market for American agricultural commodities, but if you come in as a Mexican firm with no U.S. affiliation, then you have to convince us that you are going to improve the market for agricultural commodities.

Mr. JENNINGS. In other words, if you have an American affiliate, you do not have to meet the test here that it will improve the product for American agricultural purposes?

Mr. OAKES. That is correct.

Mr. JENNINGS. We are working at cross purposes.

Mr. STAMBAUGH. I think that Congressman Short's question was, can we, under the law, finance the establishment of a plant in Mexico to manufacture tractors to be shipped into the United States to compete with U.S. manufacturers, was that not right?

Mr. SHORT. Yes.

Mr. JENNINGS. What is the answer to that question?

Mr. STAMBAUGH. The answer is that we are prohibited from doing that.

Mr. JENNINGS. How do you approve the manufacture of these tractors—either those tractors or other tractors that are imported into the United States?

Mr. STAMBAUGH. I do not quite get the question.

Mr. JENNINGS. I read in a magazine article the other day that down in the southwest part of Texas they were experimenting with International Harvester diesel tractors that were manufactured in Mexico and were being shipped to the United States. So, obviously—I am not saying that the article is correct—but if that is correct and they are shipping International Harvester tractors into the United States and we in turn are taking our money to develop the International Harvester plant in Mexico, that is in competition with our own interests.

Mr. OAKES. When International Harvester comes in as an applicant we ask them pointblank where they are going to sell their tractors. We cannot make the loan to them if the purpose of the loan is going to be to build tractors to be sent to the United States. This is prohibited by the law.

Mr. JENNINGS. In other words, if they say that they are not going to ship them in, you are permitted to make the loan, even though it might affect the export markets?

Mr. OAKES. This is another consideration. In the event there is a strong impact on an American producer, we ought to hear about it from the other agencies that are represented on the National Advisory Council.

Mr. JENNINGS. I do not know about hearing from them or not. Those of us who represent the workers and industry in America are, certainly, hearing about it.

Mr. OAKES. A good many of these foreign affiliates are there because of tariff protection, because of foreign exchange difficulties, because of all sorts of things.

Mr. JENNINGS. In other words, they are there because it is profitable to be there.

Mr. OAKES. From a business point of view; yes.

Mr. JENNINGS. From a business point of view; yes.

Mr. OAKES. Yes.

Mr. JENNINGS. And we are helping and stimulating that business point of view with some of the loans that we are making, apparently.

Mr. SMITH of Kansas. Will you yield?

Mr. JENNINGS. Yes.

Mr. SMITH of Kansas. You were at Bogotá, were you not?

Mr. BLOWERS. Yes.

Mr. SMITH of Kansas. You remember the big party we had out there. The man from International Harvester said, "You might just as well buy South American as American, because if you do not it is all coming in from Europe."

We have built the tractors over there and they are now selling them to us.

Mr. BLOWERS. Yes, small tractors, I believe.

Mr. SMITH of Kansas. How did they get that money? Have you any flour mills in Venezuela?

Mr. BLOWERS. Not in Venezuela. None.

Mr. SMITH of Kansas. In Colombia?

Mr. BLOWERS. No; not in Colombia.

Mr. JENNINGS. I see one here listed for Italy, a bakery.

Mr. OAKES. This is a bakery; yes. This is part of a retail merchandising venture.

Mr. BLOWERS. The only place that we had an application, I believe, for a flour-mill loan was from Korea in which place we refused it.

Mr. OAKES. Yes.

Mr. BLOWERS. So far it has been refused.

So far as I know, Mr. Smith, Korea is the only place that we have had an application for a flour mill.

Mr. SMITH of Kansas. Who built the ones they have? They wanted to build a flour mill down there instead of buying their flour from the United States. There have been two built down there in Venezuela.

Mr. BLOWERS. Not with our money, sir. Do you know of flour mills financed by the bank in Venezuela?

Mr. OAKES. No.

Mr. BLOWERS. I cannot answer that question, Mr. Smith. I do not know who built them.

Mr. SMITH of Kansas. They talked about the new flour mills in Venezuela, because they said, "We will not buy any more U.S. flour."

Mr. STAMBAUGH. You do not mean in Colombia? You spoke about Bogotá.

Mr. JENNINGS. If you will yield. I think that these are loans that you make?

Mr. BLOWERS. Not Export-Import Bank loans.

Mr. JENNINGS. Apparently, those have been built by direct gifts and with no loan involved, I take it.



Mr. BLOWERS. I might say that Venezuela has quite a bit of money of their own.

Mr. SMITH of Kansas. I know that. The fact remains, however, that new flour mills are being built down there. We have an agreement. They will not buy our flour.

I understand that General Mills was building a flour mill in Venezuela, I think.

Mr. STAMBAUGH. General Mills was doing that?

Mr. SMITH of Kansas. Yes.

Mr. STAMBAUGH. That would be with their own funds.

Mr. SMITH of Kansas. I just wanted to know if they were getting any of this money from any other source.

Mr. BLOWERS. The answer to that is that it is not from the Export-Import Bank.

Mr. SMITH of Kansas. You would not say that they were getting it from ICA?

Mr. JENNINGS. In your statement you say that credits have been made to Colombia to the Ralston-Purina Co. of St. Louis, Mo., and to a Mexican subsidiary, to finance feed mills using grains imported from the United States.

Mr. STAMBAUGH. That is correct.

Mr. JENNINGS. Apparently, they have built one in Colombia now.

Mr. BLOWERS. Not a flour mill.

Mr. JENNINGS. This is a feed mill.

Mr. BLOWERS. Yes, sir; rough grain for cattle feed.

Mr. JENNINGS. If they are going to use our agricultural products, that is all right, and they perhaps will, but they are going to use their own labor and facilities down there.

Mr. BLOWERS. That is correct.

Mr. SMITH of Kansas. What is there to keep them from sending it down to the border of Venezuela or Mexico or Peru—what is there to prevent them?

Mr. JENNINGS. May they, after they process our grains, export the grains to other countries, or do they have to use the grains right in the country in which the plant is located?

Mr. STAMBAUGH. That is something that we do not have any control over. If their production is sufficient so that they have something to export, they can export it.

Mr. JENNINGS. They can export it to Venezuela and take the markets that we have been exporting to. And if so, I do not see that we would be augmenting our agricultural sales.

Mr. OAKES. We go into this business of where they are going to sell the stuff very carefully. Take a feed-mixing mill of that sort. This is one of the sort of cases that we would be discussing thoroughly with the Department of Agriculture to see whether on balance the loan was favorable to American agricultural interests.

Mr. JENNINGS. Let me clarify myself a little here in some of the questions I have been asking, because I want to say that I think the Export-Import Bank is doing a good job, and I think that you have administered this program in a very fine manner. There are some areas here, that, perhaps, are not exactly clear to me.

Mr. STAMBAUGH. Thank you.

Mr. JENNINGS. I am still more in favor of making them in the form of loans, and having them repaid, than I am for direct, outright grants.

Perhaps I should not address this question to you gentlemen, but I should address it to someone else. I would like to have the information.

Just picking up one specific project, that is, the International Harvester Co. of Mexico, I would like to have some detailed information pertaining to their production facilities and usage, and so forth.

Mr. OAKES. It was for the expansion of an existing operation.

Mr. STAMBAUGH. I think that the Congressman is entitled to that information, and we will prepare a memorandum on that for you.

Mr. JENNINGS. Thank you.

(The information follows:)

SECTION 104 (e) LOAN TO INTERNATIONAL HARVESTER CO. OF MEXICO, S. A. DE C. V.

RE QUESTION OF EXPORTS TO THE UNITED STATES

To assist applicants in the preparation of applications for loans under section 104(e) of Public Law 480, Eximbank prepared a statement which outlined the type of information required of all applicants for such loans. This statement requests applicants to indicate the markets which they will supply.

In this regard International Harvester stated in its letter of application dated November 27, 1957, that the major portion of its products would be consumed in Mexico. However, some equipment would be exported to countries throughout the world, but principally to Latin American countries.

In a letter dated December 11, 1957, International Harvester Co. commented as follows with regard to competitive aspects of the application: "I would like to point out that the major portion of the components of the motor trucks assembled by the Mexican company are all purchased from U.S. suppliers and shipped to Mexico. All farm tractors and all construction equipment are also imported from the United States. The reason I believe this point may have been emphasized is that we wish to have the Export-Import Bank aware that the proceeds of the loan should permit a larger quantity of American goods to be imported into Mexico, thereby assisting rather than competing with American industry."

The Bank has developed procedures for forwarding summaries of all applications received for section 104(e) loans to the U.S. Embassy in the foreign countries concerned. The Embassies are requested to transmit an appraisal of the borrower and the proposed loan based on readily available information.

In this regard, the U.S. Embassy in Mexico advised the Bank that the proposed credit to International Harvester was not expected to result in the manufacture of any products to be exported to the United States in competition with products produced in the United States.

Accordingly, on the basis of the statements made by the applicant and the Embassy, the bank concluded that the proposed credit would not result in any significant competition, if any, in the United States with U.S. products so as to declare the application as ineligible under the terms of the law.

The Bank has not been aware of any exports by International Harvester to the United States nor did it think that any such exports were contemplated. However, in view of the report that International Harvester has been exporting to the United States from Mexico, the Bank has written International Harvester (see attachment) requesting information concerning any such exports. When received, a copy of International Harvester's reply will be furnished.

JULY 21, 1959.

Re credit No. C-23-4.

INTERNATIONAL HARVESTER CO. OF MEXICO, S. A. DE C. V.,

*Lopez No. 15, Mexico, D. F., Mexico*

(Attention: Mr. W. F. Schneider, Vice President).

GENTLEMEN: Reference is made to the credit in Mexican pesos established in your favor by this Bank under section 104(e) of Public Law 480.



A report has recently been brought to our attention which alleges that your firm is exporting to the United States. As you know, section 104(e) of Public Law 480 prohibits loans for the manufacture of products to be exported to the United States in competition with products produced in the United States.

You will recall that your letter of application dated November 25, 1957, stated that the major portion of your production would be sold locally and that exports would be to countries throughout the world but principally to Latin American countries. On the basis of this statement we concluded that there would be little or no exports by your firm to the United States and hence no significant competition with U.S. products.

In view of the foregoing report we would appreciate your advice as to whether your firm has been exporting to the United States and if such exports have taken place since the Bank's loan has been made. In order to assist us in determining whether such exports, if any, have resulted in significant competition with products produced in the United States, we would appreciate your informing us of the description, quantity, and value of any such exports. Any further information you can give us in connection with this matter would be greatly appreciated.

Thank you for your cooperation.

Very truly yours,

WALTER C. SAUER,  
*Executive Vice President.*

Mr. SHORT. Will you yield?

Mr. JENNINGS. Yes, but before yielding, may I ask this: Just what process did you go through? Maybe neither of you actually went through the mechanics of this particular loan. But just what process did you go through on this loan to determine that it was going to benefit American agriculture?

Mr. OAKES. We get the best information we can from the applicant as to what he is going to do with the money and what he is going to produce and where he is going to sell it.

Mr. JENNINGS. Do you, also, ask if that is going to replace any U.S. markets?

Mr. OAKES. Yes, we do, because we ask them whether or not the material that they are going to produce is being imported now. And we ask specifically of the Embassy whether or not the proposed project is going to require any additional tariff protection in order to make it go.

When we have a case of this sort that you are talking about, we analyze the case, summarize it, and send a more or less formal request to the Department of Agriculture for advice. And they go into it pretty thoroughly. We get back a letter from them indicating whether or not, in their opinion, this proposal is a good idea under the general terms of the law. We are largely guided by that, although we take responsibility for it.

Mr. JENNINGS. Thank you. If you will prepare some detailed information on this particular one I will appreciate it.

Mr. OAKES. On the International Harvester situation?

Mr. STAMBAUGH. We will do that.

Mr. SHORT. One further question on this matter of the specific authority you have for the making of the loans, that they shall not be used in such a fashion as to work and have an adverse effect on our agricultural economy in the United States, or even our industrial economy.

What restraining authority do you have, or does anyone have, after the loan is repaid—is there anything? Or would that prohibition have ended with the repayment of the loan, we will say, perhaps, at the end of the 6-year period?

Mr. STAMBAUGH. I think it is entirely our responsibility in consultation with the Department of Commerce and the Department of Agriculture to assure ourselves before we make the loan, it is not in contravention of the provisions of the statute. There is nothing that we can do after the loan is repaid. There is not anything we can do after we have disbursed our funds, that is, to police the operation.

Mr. SHORT. Thank you.

Mr. STAMBAUGH. We have that same problem with the dollar loans.

Mr. McINTIRE. There is no relationship to requirements under the Cooley amendment on any of the loans, where different purchases might be made in the United States—that requirement does not prevail in this?

Mr. STAMBAUGH. No; it is a completely different operation. As a matter of fact, there are some prohibitions in the Cooley amendment, or some provisions in the Cooley amendment, under which we can finance only machinery and equipment for expansion of an affiliate obtainable in the host country. It is quite a different operation.

Mr. McINTIRE. Thank you.

Mr. STAMBAUGH. Of course, you cannot buy equipment and machinery in the United States with pesetas and rials.

The CHAIRMAN. Mr. Heimburger has a question.

Mr. HEIMBURGER. Have you explored the possibility of converting some currency of a country which is available for these loans, which is not being utilized, for the currency of other countries where your loans are up to your maximum?

In other words, assume that our Treasury has balances of the currencies of both of the countries, for example, to exchange some Indian rupees which are in the Treasury for Mexican pesos, so that you can make more use of them?

Mr. STAMBAUGH. I get your point. I think, probably, that is something that would be completely in the control of the country whose currency we are talking about.

Mr. Blowers probably has more intimate knowledge of that.

Mr. BLOWERS. The first demand that these countries make upon us, even at the time the sales agreement is negotiated, is that we will not use these funds in any way which will add to the burden of their foreign exchange position.

So I do not know that we have actually explored this problem with any of them. We have loaned in only one country that has a convertible exchange and that is Mexico, and presumably there we could have taken our funds and have gone to the bank and bought some other currency with them, and moved them out.

But we would have heard from the Mexicans very quickly if we had tried that. They were most insistent that we should not do so, that the funds should not be used in Mexico in any way to increase their foreign exchange burden. They would not allow our funds to be used to buy imported goods that were already in Mexico and in the shops in Mexico. They insisted, and we had to watch that very carefully.

We limited our financing almost entirely to brick and mortar work in Mexico, to use local materials.



Mr. HEIMBURGER. On page 1 of your statement, the second line from the bottom, I notice that you cite two types of loans that you make and the second is to—

host countries having no U.S. affiliation for facilities which will improve the markets for U.S. agricultural commodities.

Is that an inadvertent reference, just to the host countries? Or have you adopted a policy of limiting loans for the development of agricultural markets to host country firms?

Mr. STAMBAUGH. That is correct. Of course, our loans to affiliates of American firms in a great many instances are of the type that will expand the market for U.S. agricultural products.

Mr. HEIMBURGER. But under the authority for agricultural marketing, you would not make a loan to a Peruvian firm which wanted to establish a supermarket using U.S. products in Argentina?

Mr. STAMBAUGH. I get your point. I did not get it at first. Did you get it? Can you give us an answer to that?

Mr. OAKES. We considered this at the beginning. We determined we would make loans to Peruvian firms operating in Peru and not Peruvian firms operating elsewhere.

Mr. HEIMBURGER. I just wanted to be sure that is what it was.

Mr. OAKES. It is.

Mr. HEIMBURGER. I remember discussing it with you. I was not quite sure what conclusion you came to on that.

I have just one more question. I notice the reference on page 6 to taxes being assessed against the Bank by some countries. Are these substantial taxes? Are they income taxes, or what?

Mr. STAMBAUGH. They are income taxes.

Mr. OAKES. It is difficult to state at this point. We are just starting with this problem. We really do not know what the total impact will be. We are, of course, trying to establish our tax-exemption status.

Mr. HEIMBURGER. Are there several of these countries?

Mr. OAKES. Yes.

Mr. HEIMBURGER. Would you want to name them, or would that be embarrassing to somebody?

Mr. STAMBAUGH. We will be very happy to give you a list of them.

Mr. HEIMBURGER. Mr. Chairman, I think it might be helpful to have that in the record.

Mr. STAMBAUGH. It is hard to name them off the cuff.

Mr. OAKES. I do not have the information here.

Mr. HEIMBURGER. I think that we should have a list of those who are charging taxes against the operation of our Export-Import Bank; that is, those countries that are doing that.

The CHAIRMAN. I think it would be well to have that information.

Mr. STAMBAUGH. Very well.

(The information referred to follows:)

COUNTRIES IMPOSING TAXES ON EXIMBANK OPERATIONS UNDER SECTION 104(e)  
OF PUBLIC LAW 480

Italy  
Pakistan  
Turkey

The CHAIRMAN. If you go into a country and finance some program, do you think that the host country should, by the taxing power, withhold taxes on those projects?

Mr. STAMBAUGH. We are contesting it on the ground that we are a U.S. Government agency and that we are making loans for the benefit of the economy of the country.

The CHAIRMAN. Now, I can see a difference, in the French housing loans, where we were going into France and utilizing \$50 million of surplus agricultural commodities for housing, and the builder under the French Government would not impose the sales tax on the building material, and the French Government did impose it. Now, that was a rather unusual program, because it was for the mutual defense of both countries.

Mr. STAMBAUGH. I think what we are talking about is an income tax on our interest collections. A sales tax, it would be a little bit paternalistic if we tried to establish an immunity from the sales tax.

The CHAIRMAN. I think France should not have imposed the tax on the building program, because it was a mutual undertaking, a project in which you have a community of interests, the defense of both countries, and housing for U.S. military personnel, to be amortized over a period of years, and to be paid for out of the rents or allowances to our military men. But your complaint is the fact that the country imposes an income tax?

Mr. STAMBAUGH. That is right; that is right.

Let's go back to our friend, the International Harvester Co. We don't consider that we are in a position to protest to the American Government that International Harvester Co. needs to pay a sales tax on the bricks and mortar that they buy to expand their plant.

The CHAIRMAN. Why shouldn't the International Harvester plant pay an income tax in Mexico just like any other citizen?

Mr. STAMBAUGH. We wouldn't consider ourselves qualified to protest against that. We are only talking about the income tax that would be imposed upon the interest paid to the Export-Import Bank on the loans made.

The CHAIRMAN. In other words, if you go in there to aid their economy, and furnish them money, then they impose the income tax on the interest? You could certainly take care of that in the initial contract, couldn't you? You could just say to the host country, "We will not grant this loan if you are going to impose a tax on your interest earnings."

Mr. STAMBAUGH. Yes, we could, and we probably wouldn't make the loan then.

The CHAIRMAN. What can we do?

Mr. STAMBAUGH. We are trying to establish our status in these countries as being immune from income taxes on the interest paid on our loans. And to what extent have we made any progress? We are just beginning on that.

Mr. BLOWERS. This has only recently come to our attention, Mr. Chairman. My guess is that it will be settled on the basis of reciprocity, where an agency in that government is immune from income tax on the same type of operation in this country we will be immune in that country.

The CHAIRMAN. Do you consider that the loan is made in those countries, or made here?

Mr. BLOWERS. It is made in the host country, yes.

The CHAIRMAN. Why does it have to be made—why couldn't you use the 25 percent of the local currency that is generated by these 4-year



transactions and make the loan to businessmen here in America in local currency to be paid back with interest here?

Mr. BLOWERS. Well, that is the way we make our dollar loans; we receive dollar notes payable in this country. But in making these loans, we have to accept local currency notes payable in the country in which the loan is used, and that makes it a loan subject to the laws of that country. I don't think there is any way that we could domesticate it; that is, make it a U.S. transaction.

The CHAIRMAN. Mr. McIntire?

Mr. McINTIRE. Is there or is there not any distinction drawn by the host country on this question of taxing your income as to whether these loans are made under the Cooley amendment, or any other operation of the Export-Import Bank?

Mr. STAMBAUGH. I think that the tax imposed is the normal tax imposed on loans made in their own country. There is nothing discriminatory.

Mr. McINTIRE. As between the other loans of the Export-Import Bank?

Mr. STAMBAUGH. No, they don't impose any tax on our dollar loans, on Export-Import Bank loans.

Mr. McINTIRE. But on these you are earning an interest income in that country; are you not?

Mr. STAMBAUGH. No, they are payable in the United States.

Mr. McINTIRE. Oh, there is a distinction as between the loans we are talking about here, which are made in another country's currency and technically made in that country, as compared with the regular Export-Import Bank operations of dollar loans which are available in the United States?

Mr. STAMBAUGH. Yes. On our regular loans we take negotiable instruments and obligations in dollars. They are all made in dollars and repayable in dollars, and they are payable at the Federal Reserve Bank of New York, or someplace like that—some bank in the United States.

The CHAIRMAN. Mr. Stambaugh, we thank you and your associates very much for appearing here. We are very glad to have the benefit of your information in the committee.

Mr. STUBBLEFIELD. May I ask one question?

The CHAIRMAN. Yes.

Mr. STUBBLEFIELD. Do you make any loans to mining interests in Mexico?

Mr. STAMBAUGH. To our sorrow, we made one.

Are you talking about Cooley loans?

Mr. STUBBLEFIELD. I am talking about any loans.

Mr. STAMBAUGH. Yes. The Export-Import Bank has made mining loans in Mexico. Some of them didn't turn out so well.

Mr. STUBBLEFIELD. Can you tell me whether any loans have been made to the fluorspar mining interests in Mexico?

Mr. BLOWERS. Is that the name of the company?

Mr. STUBBLEFIELD. Fluorspar; it is used in the manufacture of steel.

Mr. BLOWERS. Fluorspar is the ore. But what is it they reduce it to? Is it not used as a flux?

Mr. STUBBLEFIELD. You mean the chemical name of it?

Mr. STAMBAUGH. We haven't made any such loans.

Mr. STUBBLEFIELD. You wouldn't know if there have been any?

Mr. BLOWERS Fluorspar is an ore, but it seems to me it has a more common name.

Mr. STUBBLEFIELD. Well, there is an acid grade of the——

Mr. BLOWERS. So far as I know, Mr. Congressman, the only mining loans we have made to Mexico have been for sulfur and manganese.

Mr. STAMBAUGH. And iron ore.

The CHAIRMAN. Are there any other questions?

The committee will stand adjourned until 10 o'clock tomorrow morning.

(Whereupon, at 3:35 p.m., the committee recessed, to reconvene at 10 a.m., Friday, July 17, 1959.)





## EXTENSION OF PUBLIC LAW 480

FRIDAY, JULY 17, 1959

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, D.C.*

The committee met at 10 a.m. in room 1310, Hon. W. R. Poage presiding.

Mr. POAGE. The committee will please come to order.

The committee has met this morning to continue the consideration of extension of Public Law 480, and all of the ramifications connected with it. I believe this morning we have witnesses from the Defense Department with us.

Mr. Arrington, Chief of the Family Housing Division. Will you come up here, Mr. Arrington?

Do you have a statement?

Mr. ARRINGTON. Yes; I have a prepared statement, of which I believe the committee has copies.

Mr. POAGE. We will be very glad to hear you, sir.

Mr. ARRINGTON. Thank you.

**STATEMENT OF JOHN H. ARRINGTON, FAMILY HOUSING DIVISION, DEPARTMENT OF DEFENSE; ACCOMPANIED BY ANDREW C. MAYER, OFFICE OF THE COUNSEL; AND S. C. ALENIER, HOUSING DIVISION OF THE OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (P. & I.)**

Mr. ARRINGTON. I have with me this morning Mr. Mayer of our Office of Counsel and Mr. Alenier, of our Housing Division.

Mr. POAGE. We are glad to have you with us.

Mr. ARRINGTON. It is a pleasure to appear before you today, in order to give you a current report on the surplus commodity housing program of the Department of Defense.

This program was first authorized by section 407 of Public Law 765, 83d Congress, approved September 1, 1954. This authority, as subsequently amended, provides that military family housing may be constructed in foreign countries utilizing foreign currency balances created through the sale of surplus U.S. agricultural commodities under Public Law 480, 83d Congress, or through other transactions of the Commodity Credit Corporation.

Attached (table) is a chart showing the status of this program as of April 1, 1959. As you can see, a total of 4,368 units have been completed in the United Kingdom, Spain, and Japan, 4,446 units are under construction in those countries plus Italy, France, and Morocco, and 2,866 units are in the design or planning stages.



In addition to these units, the Department of Defense has requested approval in the fiscal year 1960 military construction authorization bill for execution of a program of 3,444 units at several locations: 700 in France (which will be reviewed in the light of the latest information in order to determine the need for these units), 1,404 in the United Kingdom, 140 in Spain, 600 in Turkey, 110 in Crete, 100 in Bermuda, and 390 at three classified locations. The total cost of these additional units is expected to be approximately \$61.7 million. This amount, added to the \$172 million either expended or planned for expenditure for the 11,680 units in the current program, will total \$233.7 million.

It must be recognized that the program is moving slowly, primarily as a result of a shortage of the required foreign currencies. The countries where we need military family housing are not the countries where there is the greatest demand for surplus American agricultural products. Only in Spain and Japan have currency availabilities kept pace with requirements. The British program, which was progressing well, may soon come to a halt because of a shortage of sterling. We understand that there is some possibility of further tobacco sales to Great Britain, but definite agreements, if they do materialize, are not expected for several months. It appears that progress of the pound toward free convertibility has greatly reduced British interest in Public Law 480 purchases.

In an effort to make the greatest use of the commodity program a number of actions have been taken. We requested and obtained (Public Law 968, 84th Cong.) authority to supplement foreign currencies with as much as 25 percent in appropriated dollars, in order to pay for such things as Government overhead costs and to procure equipment items not locally available in some countries. We have used Austrian schillings to buy Austrian prefabricated houses for erection in Morocco, Crete, and Turkey; and we proposed to use finn-marks to buy Finnish prefabs for Iceland. In France, since it was not possible to obtain a sufficient quantity of francs through direct sales under title I of Public Law 480, we developed a barter-type transaction, which is producing 2,403 housing units.

This transaction was discussed in great detail during my appearance before this committee last year. Briefly, we contracted with a team consisting of a French builder and an American commodity dealer. Pursuant to the basic contract, the builder obtained the land and built the housing, receiving from the military contracting officer as evidence of work performed construction progress certificates. Meanwhile, his associated commodity dealer, under a related commodity contract, took commodities from CCC and sold them to generate the necessary funds with which to pay the builder (principally French francs).

The builder has obtained his money by cashing his certificates with the dealer, who in turn delivers the certificates to CCC in payment for the commodities received. Upon completion of construction the builder will be paid in full and CCC will have the full amount of certificates as evidence of the indebtedness of the Department of Defense. This indebtedness will be repaid to CCC over a period of years from quarters allowances forfeited by occupants of the housing, after deductions for maintenance and operating charges. Since the United

States cannot normally hold title to real property in France and since the French Government did not desire to participate in the transaction, the United States is receiving in exchange for the commodities a 20-year prepaid lease with option for renewal at reasonable monthly rentals. The contract, or "lease agreement," stipulates that the United States shall not incur any liability for any currency payments, but is only responsible to make commodities available through CCC.

The construction is now virtually completed, with the last units scheduled to be finished this month. Originally it was expected that 2,700 units would be built within the \$50 million ceiling established for this program; however, revised military plans required the cancellation of 297 units at Chateauroux, reducing the total of 2,403 units. At the same time the builder developed financial difficulties and the U.S. Army Construction Agency in France found it necessary to negotiate a revised contract price. The revised costs are expected to amount to about \$20,003 per unit for the 2,403 units, together with termination costs of \$1.4 million for the canceled units at Chateauroux.

The \$20,003 per unit includes land, site improvements, structures, equipment, and U.S. Government overhead costs. The houses include two-, three-, and four-bedroom units, two-thirds of them single-family dwellings, the balance semidetached. Exterior walls are of concrete block, with the exterior finish of stucco and the interior finish wall-board. Interior partitions are frame and floors are generally concrete on grade. The tile roofs and exterior design are consistent with French architectural concepts, while the equipment and interior layouts conform to American standards. In general, the contract stipulates construction of high quality, with inside floor areas averaging 1,080 square feet per unit.

As previously stated, the Department of Defense is satisfied with the quality of the housing produced under the "barter" program in France, but at the same time we recognize that the construction is only one aspect of this extremely complex transaction. The Department of Agriculture has informed us that sales of cotton and wheat under the French program displaced normal dollar sales and that in the future any housing "barter" transactions must be limited to commodity sales which can be demonstrated to be additional to normal marketings. Under these circumstances we have no plans for further "barter" transactions either for military family housing or for military base construction in foreign countries since it does not appear that transactions of any magnitude could be conducted under the revised barter program rules.

In closing, I would like to mention that as of April 1, 1959, the equivalent of approximately \$171 million was available for construction of military family housing from Public Law 480 agreements and the French "barter" transaction. A breakdown of the amounts available by country and the amounts allocated to the Department of Defense by the Bureau of the Budget is attached (table).

I appreciate the opportunity to appear before you today, and shall be glad to answer any questions you may have on our commodity housing programs.



*Department of Defense surplus commodity housing program, cumulative report  
(as of Apr. 1, 1959)*

	Completed	Under contract <sup>1</sup>	In various stages of planning and design	Total
United Kingdom.....	1,509	822	854	3,185
Italy.....		493		493
Spain.....	<sup>2</sup> 1,582	552	747	2,881
France.....		2,403	450	2,803
Morocco.....		140		140
Bermuda.....			180	180
Portugal (Azores).....			135	135
Japan.....	1,277	36		1,313
Iceland.....			50	50
Philippines.....			500	500
Total units.....	4,368	4,446	2,866	11,680
Total cost <sup>3</sup> .....	\$37,000,000	\$82,000,000	\$53,500,000	<sup>4</sup> \$172,500,000

<sup>1</sup> Includes certain units which are part of a contract but which are completed.

<sup>2</sup> These are units leased for a period of 7 years.

<sup>3</sup> Includes as much as 25 percent appropriated funds in most projects, as authorized by Public Law 968, 84th Cong.

<sup>4</sup> Does not include costs of community facilities which total approximately \$3,900,000 in the United Kingdom and \$200,000 in Spain.

*Status of Public Law 480 funds available for military family housing  
(as of Apr. 1, 1959)*

Country	Available from agreements signed as of Apr. 1, 1959	Allocated by Bureau of Budget to DOD for housing
	<i>Million</i>	<i>Million</i>
Austria <sup>1</sup> .....	\$8.7	\$8.7
Finland <sup>1</sup> .....	2.0	1.4
France.....	12.0	
France (barter).....	50.0	50.0
Italy.....	9.4	7.9
Japan.....	17.5	17.0
Pakistan.....	3.1	
Portugal (Azores).....	1.5	1.5
Spain.....	26.7	26.7
Turkey.....	5.0	
United Kingdom.....	44.5	43.9
Total.....	171.4	159.1

<sup>1</sup> Purchase of prefabricated units for use in other countries.

Mr. POAGE. Thank you very much, Mr. Arrington.

I believe counsel has some questions.

Mr. HEIMBURGER. Mr. Arrington, I am committee counsel. I think we have discussed this matter before from time to time. You have been very helpful to the committee in presenting an understandable and concise description of the program.

I refer to your statement on page 4 regarding the decision of the Department of Agriculture that barter transactions, even for military housing or other purposes, would be considered in the future only where you could prove additionality, so called. You say under these circumstances—

we have no plans for further barter transactions, either for military housing or for military base construction.

Should we gather from that that were you able to make barter transactions freely that you would have further plans for deferring cost of some of these oversea construction projects with surplus commodities rather than dollars?

Mr. ARRINGTON. As you can see, we do have continuing requirements, and were it possible to devise a barter program which would be acceptable to Agriculture and at the same time workable, I am sure we would be prepared to use it.

Mr. HEIMBURGER. Thank you. I think that answers that question. I have a few more questions here that I wanted to ask you.

I might add that these are not originally my questions and I am not quite sure what this one means, but I assume you will understand.

How does the Pentagon choose between surplus commodity family housing and other types of family housing construction?

Mr. ARRINGTON. I can gather that that question relates to the means of financing. The houses would be roughly comparable under any circumstances from a physical standpoint. We have three principal vehicles for providing family housing in foreign countries and we always give first priority to the use of foreign currencies generated by surplus agricultural commodity sales.

In the event that it is not feasible in a particular country to build housing under the commodity program, we then consider use of our second alternative—which is a rental guarantee program.

That does not involve expenditure of appropriated funds for construction, but involves our giving a guarantee of a stipulated level of rental income to selected builders for a period of years in order to induce them to build houses where we need them. The rental guarantee program is particularly feasible in countries where there is a highly developed local economy.

Consequently, with a high residual value for the units on the local economy, we only have to give a commitment which underwrites a portion of the cost of the housing—say, 40, 50, or 60 percent, and not the total cost of the housing. We like the rental guarantee program because it enables us to minimize our commitments.

We have hopes of developing, for example, additional rental guarantee housing in Germany where all these conditions are met.

It is essentially a short-term proposition, and we would not, for example, use rental guarantee in places like Newfoundland where there is not a highly developed local economy and consequent residual value and also where the permanence of our stay is likely to be more assured for a substantial period of time. Our third resort, if neither the surplus commodity program nor the rental guarantee program is feasible, is to build the housing with appropriated funds, just like any other military construction.

Mr. HEIMBURGER. In your statement, you mentioned the transaction where you had used Austrian shillings to buy housing for Morocco, I believe it was—or Crete?

Mr. ARRINGTON. Yes, sir.

Mr. HEIMBURGER. Have you explored the possibility of more transactions of this type or are you actively exploring this?

Mr. ARRINGTON. We are continually studying this problem. One unfortunate thing about transactions of such complexity is that they take a great deal of time to develop. I am speaking of a period of years.



When we finally did bring the Moroccan contract to a conclusion, using Austrian prefabs, and 75 percent financed with Austrian shillings—unfortunately, after it started, the political situation in Morocco became quite uncertain and therefore it was decided to terminate some 360 out of 500 units in the contract. So, we are actually proceeding at this time with 140 units in Morocco which we are going to complete.

The additional Austrian prefabs are being stored at Trieste and we hope to use them in areas such as Crete and Turkey.

If we had additional Austrian credits, we believe that we could find a use for additional Austrian prefabs beyond that. Similarly, in Finland, where we do have a small amount of currency available to us, we plan to buy—I believe it is 50 prefabricated houses for erection in Iceland, if we can keep the costs within reasonable limitations.

Mr. POAGE. May I ask there—and I do not think it is out of order to ask it—you discontinued building houses in Morocco. Is that due to the fact that there no longer is a need for housing in Morocco?

Mr. ARRINGTON. We do at the present time have a sizable continuing need in Morocco but the duration of our continued stay in Morocco is open to serious question and therefore we do not feel we would be justified in building any substantial amount of housing there.

We had another project planned by the Navy Department for, I believe, 330 units at Port Lyautey in Morocco, which was also canceled.

Mr. HEIMBURGER. What is the status of currencies repaid to the United States under section 104(g) of Public Law 480; and have you explored the possibility of using these currencies for military construction?

Mr. ARRINGTON. That refers to the economic loan program and our counsel, Mr. Mayer, has been making quite a study of that.

I would like to suggest that he answer.

Mr. MAYER. As you know, section 104(g) of Public Law 480 provides for loans to promote multilateral trade and economic development in foreign countries.

When these loans are repaid, there is some question as to what can be done with the currencies that are thereby made available to the United States.

I understand that a joint committee of all of the executive departments interested in the use of these currencies has been looking into it, and so far I understand that there is no administration position as to whether these currencies may be reused. If they could be reused for the various purposes for which other foreign currencies are now available, then presumably we could use them for family housing, but I understand that the various departments have not yet reached a coordinated position on this question.

Mr. HEIMBURGER. That leads me to another question.

Yesterday we had the representatives of the Export-Import Bank before the committee explaining their administration of the funds available under the so-called Cooley amendment, with which I have no doubt you are familiar.

They mentioned yesterday that at least one loan has been made to an American business firm for the purpose of constructing some prefab housing in a foreign country. Have you, sir, explored with

the Export-Import Bank people the possibility of that sort of maneuver in connection with your military housing?

Mr. MAYER. No, sir, we have not. I am not quite clear as to whether we could use that vehicle.

Mr. HEIMBURGER. I do not think you could use it as a Government agency, but I think that a private American firm wanting to construct some housing in X country, to lease to the military, could use it.

I just suggest that as an avenue of exploration if you haven't gone into it.

Mr. ARRINGTON. We have had some discussions with an organization that has been interested in building houses for us in the Philippines and I believe they did mention there would be a possibility, in the event they were the successful builder, of their using such funds.

Mr. HEIMBURGER. I do not remember where the Export-Import Bank said this housing was to be built. But they have established the principle that these funds could be used for loans to American firms to construct housing in a foreign country.

Just one more question: In your opinion would any additional legislation be necessary or desirable?

Mr. MAYER. In my own opinion, speaking as a lawyer for the Department of Defense, I believe that the present legislation is adequate to authorize the use of these repayment currencies for family housing and the other purposes set forth in Public Law 480. However, as I have stated, the administration, and the various executive departments interested in this problem, have not reached a coordinated position and therefore I am constrained to say that certainly additional clarification would be highly desirable on this point.

Mr. HEIMBURGER. Obviously, something is necessary before you can use the barter program again to any extent for your housing.

Mr. ARRINGTON. Yes, sir.

So far as the status of funds under section 104(g) I believe Mr. Alenier has obtained some recent information on that.

Mr. ALENIER. The Treasury Department has advised us that of \$670 million disbursed by BOB, only \$1 million has been repaid to date.

Mr. HEIMBURGER. So there isn't too much fund in the pot to worry about at the present moment.

Mr. ALENIER. That is correct.

Mr. HEIMBURGER. I have no further questions.

Mr. GATHINGS (presiding). With respect to the need for additional legislation, I wonder if you could suggest some language to our counsel, Mr. Mayer?

Mr. MAYER. I am not authorized to propose any legislation on this point since the administration's position has not yet been established. However, I could work with the committee counsel.

Mr. HEIMBURGER. Couldn't you just work with the committee staff?

Mr. GATHINGS. Informally.

Mr. HEIMBURGER. As a drafting service and assist us in drafting some legislation?

Mr. MAYER. I would be happy to.

Mr. GATHINGS. Along that line, with respect to Public Law 480, I believe Mr. Arrington's statement said there was some authority in the



original act that was passed in 1954. Do you take it that that authority existed in 104(g) to provide this necessary housing, and then subsequently the Congress passed 104(1), which was passed recently.

Mr. ARRINGTON. If you are referring to 104(1) of Public Law 480, I am not familiar with that, sir.

Mr. GATHINGS. That is the authority that was recently enacted. Let me ask you a little more about this.

On page 2 of your statement you state that :

We requested and obtained Public Law 968 of the 84th Congress authority to supplement the foreign currencies with as much as 25 percent in appropriated dollars.

I wonder if you would give us a breakdown and tell us, Mr. Arrington, just where that 25 percent authority in that 84th Congress act went, and to what countries?

Mr. ARRINGTON. I know the Air Force has used it in Spain.

Mr. ALENIER. The Air Force also used it in Morocco for site development costs.

Mr. GATHINGS. There was a net for that provision requiring 25 percent in dollars be made available to you to purchase certain supplies and equipment that would not be available in the country?

Mr. ARRINGTON. That is correct.

Mr. GATHINGS. Was there any other country besides Morocco?

Mr. ARRINGTON. Other than Morocco and Spain, I do not believe we have it in Great Britain nor Japan. I am not certain about Italy. I do not believe we have used appropriated dollars in Italy and that about covers the countries where we have projects either completed or under contract.

Mr. GATHINGS. This program is quite a saving to the taxpaying citizen of America, is it not, in that under this procedure just very few appropriated dollars are used?

Mr. ARRINGTON. Yes, sir; it does reduce the current outlay of appropriated dollars and provides a use for these situations generated by the commodity sales.

Mr. GATHINGS. How are these countries accepting that program?

Mr. ARRINGTON. I would say in the areas where we have contracts to date they are accepting it very well.

Of course, a lot of considerations go into a decision by a particular country as to whether it will take additional commodities.

For example, according to my recollection of the history of the transactions in Great Britain, there was a sizable program negotiated back, I believe, about 1955, which was dropped because of the Battle Act provision to which the British objected about shipping 50 percent on American bottoms. Some months later a smaller program was proposed to the British Government. The British Government was very concerned about the need of our Air Force personnel for housing and went along with this smaller initial program, and I believe the first increment was something like \$15 million worth of tobacco.

The British accepted this proposal, not only because they had a use for the tobacco, but because they wanted to assist us in our housing operation.

In later programs I believe they have bought more tobacco and they have bought dried fruit, but recent conversations with the Department of Agriculture indicate that further sales to Great Britain are extremely doubtful.

Mr. GATHINGS. Are you running into any more trouble with countries other than Britain with respect to this 50 percent of the shipments going in American bottoms?

Mr. ARRINGTON. I have not been following that too closely in the last several years. I understand Denmark dropped a program at one point on that score and I imagine any nation with large maritime interests would find objections in that provision.

Mr. GATHINGS. That might include Norway.

Are there any questions?

Mr. Smith?

Mr. SMITH. Did I understand you correctly to say that there have been \$600 million worth of these loans that have been made under these provisions and that only \$1 million has been repaid?

Mr. ALENIER. That is right, sir.

Mr. MAYER. Under the loan program as it was originally set up, there was a 3-year period of grace in which no payments of principal were made to the United States, and that is why the repayments are a little slow in coming in.

Mr. SMITH. Do you have any knowledge of any housing in Peru with these sort of funds?

Mr. ARRINGTON. No, sir.

Mr. SMITH. Do you know of any that is being generated under Public Law 480?

Mr. ARRINGTON. No, sir; we have no knowledge of Peru.

Mr. GATHINGS. I notice from your statement you try to design these houses in keeping with the particular country design. You refer to the red tile roofs.

Mr. ARRINGTON. Yes, sir.

Mr. GATHINGS. I know in general those red tile roofs are used considerably and they are very beautiful.

These houses are of fairly permanent construction, are they not?

Mr. ARRINGTON. Yes, sir.

Mr. GATHINGS. They have up to four bedrooms?

I notice the average size of these houses is a little more than a thousand square feet.

Mr. ARRINGTON. That is correct.

Mr. GATHINGS. The rooms must be pretty small. The biggest part of them might be two bedrooms.

Mr. ARRINGTON. Some houses are larger than that and some are smaller. It is a rather modest space allocation. On the other hand, it is substantially larger in size than the housing that we had previously been getting in France under the rental guarantee program and considerably larger than is obtainable on the private French economy.

Mr. GATHINGS. How many are detached?

Mr. ARRINGTON. As I recall about two-thirds of the French.

Mr. GATHINGS. What is the size of the lot ordinarily, in depth and frontage?

Mr. ARRINGTON. That I could not tell you.

Mr. GATHINGS. It varies, I imagine.

Mr. ARRINGTON. Yes.

Mr. QUIE. Will the gentleman yield?

Mr. GATHINGS. Yes, Mr. Quie.



Mr. QUIE. This appears to be about \$20 a square foot. How does this compare with the cost of French construction of a similar building?

Mr. ARRINGTON. It is very difficult to discuss French construction of similar buildings because I would say that the standards here are somewhat higher than are normally employed in the French economy. Perhaps Colonel Wilhoyt might have some comment on that.

Colonel WILHOYT. I can only offer that costs are generally higher than we find elsewhere in many places throughout the world in our construction. We could research that and provide it for the record.

Mr. QUIE. How would that compare with similar construction in this country?

Colonel WILHOYT. Construction costs would be higher but just in what proportion, I am not prepared to say at this point.

Mr. ARRINGTON. One reason the French costs ran as high as they did is because there has been very substantial inflation each year in France.

Mr. QUIE. Mr. Chairman, may I ask one other question?

Mr. GATHINGS. Surely.

Mr. QUIE. This goes back to one comment that you made, too, Mr. Chairman, on the savings to U.S. taxpayers. Do you mean that this is a savings to the U.S. taxpayer because we do not have to put any more dollars in, but if you follow these transactions back to their beginning we put the dollars in when we purchase the surplus foods, so actually, is this costing less money by doing it this way than if we made a direct appropriation? I am taking into consideration we have the surplus and have to use it somewhere else.

Mr. ARRINGTON. I would say no.

Mr. QUIE. It is more expensive this way, then.

Mr. ARRINGTON. Yes.

Mr. GATHINGS. Fifty percent of these Public Law 480 funds are used for economic development in these various countries and this particular part of the program really helps the American taxpayer in that he would have to pay rent on houses. They would have to pay for their housing anyway with American dollars. If the housing is made available, in this way it would be beneficial.

Mr. QUIE. It is beneficial in that this is a use we have of the surplus commodities?

Mr. GATHINGS. Yes; there are about 10 uses. This is the best use of all as far as the American taxpayer is concerned because 50 percent of that money goes into economic development of the specific country.

Mr. QUIE. In other words, we get some value, where we would otherwise give it away.

Mr. GATHINGS. Yes.

Mr. SMITH. Mr. Chairman, I would like to have Colonel Wilhoyt explain this cost. You said that the cost in France was higher than in America. I understood that the labor rates in the United States were about twice what they are in France. Tell us about this. Where does the extra cost come in?

Mr. ARRINGTON. May I comment on that, sir?

Mr. SMITH. Yes.

Mr. ARRINGTON. Labor rates, as I understand it, in France, are ostensibly cheaper, but there are other additional charges for retirement and all sort of workers' benefits which increase the hourly rate.

In addition to that the labor is not as efficient as in the United States. You cannot alone look at the hourly wage in order to get a gage of what your labor cost will be.

Mr. SMITH. In other words, the fringe benefits now exceed the actual cost?

Mr. ARRINGTON. I understand that is quite a problem in France.

Mr. SMITH. Also we have to pay a sales tax on it, do we not; do we not have to pay that on the material?

Mr. ARRINGTON. We have to pay a tax on the construction materials.

Mr. GATHINGS. If there are no further questions, we thank you, gentlemen, very much, for your appearance.

The next witness is Mr. Louis H. Bean, economist.

Mr. GATHINGS. Do you have a prepared statement?

Mr. BEAN. I do.

Mr. GATHINGS. We will be glad to hear you at this time, Mr. Bean.

### STATEMENT OF LOUIS H. BEAN, ECONOMIC CONSULTANT

Mr. BEAN. The statement that I would like to present to you grows out of my interest in following recent agricultural legislation, and I felt so strongly after reading the current report that certain aspects of the farm program had not been dealt with and I felt that I should ask permission to appear before you for a few minutes this morning.

Coming in the face of huge and costly Government holdings of feed grain, the 11-million-acre increase in corn acreage to be harvested this fall is startling, to say the least. It practically assumes a further increase in Government holdings of corn this fall, and a further increase (when 1959-crop corn loans mature next year) to the enormous total of 1.5 to 1.7 billion bushels. The mistaken policies of the present administration that have produced this nightmarish result, have saddled the taxpayers with hundreds of millions of dollars of unnecessary costs for years to come. If farmers are encouraged to exercise their new-found corn planting freedom, to grow more corn, the eventual inventory losses will be staggering.

This increase in corn acreage at a time when a substantial reduction was so clearly called for adds about 500 million bushels of feed to the farm adjustment problem. Since most of this increase is bound to be turned over to the CCC, the taxpayers will be saddled with additional storage and other costs of over \$100 million per year for several years. Even if the consumption of feed can be maintained at a normally increasing volume and total feed production were to be frozen at the 1959 volume, it will be at least 6 years before the present oversupply is cut back to normal.

It is my impression that the present administrators of farm policy are not giving adequate attention to a particular proposal for cutting down the feed surplus that appears to me to have a great deal of merit. It is the proposal that the necessary reduction in the corn supply be hastened by diverting corn acreage to soybeans. During the past few days, I have reexamined this proposal and want to present some of the basic facts and my interpretation of them to you.

The postwar trend in the combined acreage of the three feed crops—oats, barley, and sorghum—has trended downward from 1945 to 1953. This downward trend was sharply reversed in 1954. Much of the



subsequent feed grain troubles stem from the fact that after oats, barley, and sorghum acreage had been reduced from 67 million in 1945 to 58 million in 1953, an abrupt expansion took place in 1954 to an alltime high of 72 million acres in 1954, 77 million acres in 1955, 75 million acres in 1957. Even though the total acreage on these three feed crops was reduced both in 1958 and 1959, it is still 4 million acres above the 5 million of 1954.

This record is illustrated in the last chart. If you will turn to it for a moment, the figures that I cited will be more clear to you. To me it is rather striking that the postwar adjustment in these acreages was downward up to the 1953 crops and since then they have been above the downward trend. It seems to me that is part of the basic difficulty with our surplus feed at the moment.

I would like to show you next what has been happening to the trends in the acreage of corn and soybeans. Since the war-stimulated acres of 1943 and 1944, there has been a downward trend in corn acreage amounting to a drop from 87 million in 1943 to 73 million in 1958—a net reduction of 14 million acres. Whoever is responsible for designing and engineering the price acreage programs for 1959 is responsible for abruptly reversing this trend—a trend which had been going in the right direction, especially during a period of rising yields per acre. Taxpayers are now faced with having to pay for many years to come for this great incomprehensible error.

If you will look at the first of the assembled charts you will see what this paragraph refers to. In this chart labeled "II" and entitled "Trend in Corn and Soybean Acreage," you will see the downward trend in corn acreage from 1941 through 1958, and then the abrupt reversal of that trend with the stepping up of acreages in 1959. Similarly, you see a rising trend in soybean acreage which practically matches the downward trend in corn. With the exception of 1955 you have an inverse movement here, corn going down and soybeans going up, and a more startling inverse relationship in 1959 when corn was going abruptly up and soybeans held back by 3 million or 4 million acres.

Now let me turn to the significance of the postwar downward trend in corn acreage in relation to soybeans. The 14 million acre decline in corn between 1945 and 1958, was matched by a 13 million acre expansion in soybeans. While some of this soybean expansion may have been at the expense of other crops such as oats, by and large, we have here clear evidence that one of the basic corn adjustments since the war, and during the prewar years, was a substantial substitution of soybean acreage for corn acreage, with the result that the total acreage in these two crops, for the entire period from 1945 to 1958, remained fairly stable between 94 and 98 million and averaging about 96 million.

This is illustrated in the second of the charts entitled "Corn and Soybean Acreage," and you will observe, with the exception of the 2 war years, 1943 and 1944, the combination of these two acreages gave us a total of somewhere between 94 million and 98 million, and now a second exception shows up in 1959.

The 1959 contrary-to-trend expansion in corn, of about 11 million acres produced a contrary-to-trend decline in soybean acreage of 3 to 4 million acres. Instead of a combined acreage of 96 million in two

crops, we now have 106–110 million corn acres too many for 1959 and about 12–15 million too many in terms of the normal trend in corn acreage projected 3 years hence.

The long-time program of Corn Belt acreage adjustment from here on must aim at less corn and more soybeans, not merely to correct the distortion created by the 1959 corn production, but also to restore a more nearly normal relation of feed stocks to demand.

It is not generally recognized that the mere diversion of a million acres of corn to soybeans without adding any land, automatically cuts down the surplus of feed in our national feed balance by a million tons. This comes from the fact that an acre of corn produces, say 55 bushels of 56 pounds each, or a total of 3,080 pounds of carbohydrate feed, whereas an acre of soybean products, say 23 bushels of 47 pounds of needed protein feed each (exclusive of 10–11 pounds of oil) or a total of 1,080 pounds, a difference of 2,000 pounds, or 1 ton less feed than produced by an acre of corn.

Let us assume that in order to capitalize on this difference in per acre feed production, you divert 5 million corn acres to soybeans for each of the next 3 years. What would happen to the present enormous feed stocks? In order to see the meaning of this figure, we need to further assume that the total production of the other feed grains remains at about their 1959 volume and that animal units to be fed and the amount fed per animal unit continue their normal upward course. Without going into details of total feed use and total supply, the following feed balance would result from holding other feed production at the 1959 volume and from diverting 5 million acres of corn to soybeans, or a reduction of 5 million tons per year in feed grain production in each of the 3 years 1960–1962.

What you see in the next table is the total stocks of feed which now are estimated to be about 71 million tons by the end of this crop year and which will reach 76 million tons by the beginning of the 1960 crop, and if one could visualize a reduction in corn production converted into soybeans, you would have a reduction in this supply of feed from 76 million tons down to under 30 million tons, which would be approximately a normal volume.

Mr. JOHNSON. I do not want to argue your point, but when you compare soybeans and corn, are you considering that one is a protein feed and one is a carbohydrate feed? Soybeans run 40 percent and corn 10 percent. When soybeans are fed right with corn to hogs you probably produce a lot more pork than you will by just feeding corn alone. I think that your comparison of the feed value of a pound of soybeans compared to a pound of corn is way off. Are you taking into account the necessity of proteins as well as carbohydrates in feeding animals?

Mr. BEAN. I realize that. Statistically I run into this problem—that the official records on the feed balance do not take that into account. They treat a ton of soybean meal exactly the same as a ton of other feeds, and I grant you soybeans have a greater feeding efficiency, but even recognizing that fact there is still a difference in the total feed output in an acre of corn and an acre of soybeans. There may not be exactly a 1-ton difference, but it would be at least two-thirds of a ton, if not more. I accept the qualification, but cannot set aside the difference as insignificant. I think it is very substantial.



*Feed balance*

[In million tons]

Year	Total supply	Total use	Year-end stocks
1958.....	240	175	71
1959.....	254	178	76
1960.....	256	185	71
1961.....	247	195	52
1962.....	224	197	27

In other words, the assumed increase in consumption and the reduction in feed crops by the corn to soybean diversion would, in the course of three seasons, cut the current feed stocks of 70 million tons down to under 30 million tons which would be about a normal carry-over.

The savings to the taxpayers that might accrue from this type of program would be sufficiently great to warrant consideration by those interested in both taxpayers and farmers. The savings would accrue from the disposal of 750 million bushels of corn from Government stocks in a 3-year period as corn production is cut back. As against carrying this amount for a number of years, say 6, which at the rate of 20 cents per bushel storage and interest, would cost taxpayers about \$900 million. This proposal would dispose of 750 million bushels over a 3-year period and thus cut storage costs down from \$900 million to only \$300 million.

What would it cost to save taxpayers this \$600 million? It should not actually cost them anything: The suggested acreage shift can be attained by correcting the soybean-corn price support relationship in line with the farmers' practical sense of what needs to be done.

Stepping up soybean production would increase the supply of soybean meal for which we have an unfilled and expanding market. There is an expanding market for soybeans which is reaching record levels this season.

For the increased supply of soybean oil, there is a vast unfilled need abroad. This trend can be extended well into the future. Hundreds of millions of people outside the United States, particularly in Asia, the Middle East, and Latin America, live on a substandard ration of fats and oils. Public Law 480 has demonstrated that our surplus farm production, especially oil, can be moved into consumption into friendly countries where a need exists as it clearly does for vegetable oils. And this would not involve us in any arguments with competing exporting countries as in the case of grains.

If, by chance it should be necessary to store surplus oil, temporarily, this would not be a hardship on taxpayers. In fact, it would be a real saving, for, on a per acre basis, the cost of storing the soybean oil is only a tenth of the cost of storing corn.

I might add parenthetically that, without detailed study, it seems apparent the same potential exists for diverting corn acres to flaxseed in a limited area as well as diverting other grain acreage to flaxseed generally in the flaxseed producing area.

In sum, we are faced with the necessity of carrying surplus corn for many years to come. The storage interest and other costs are

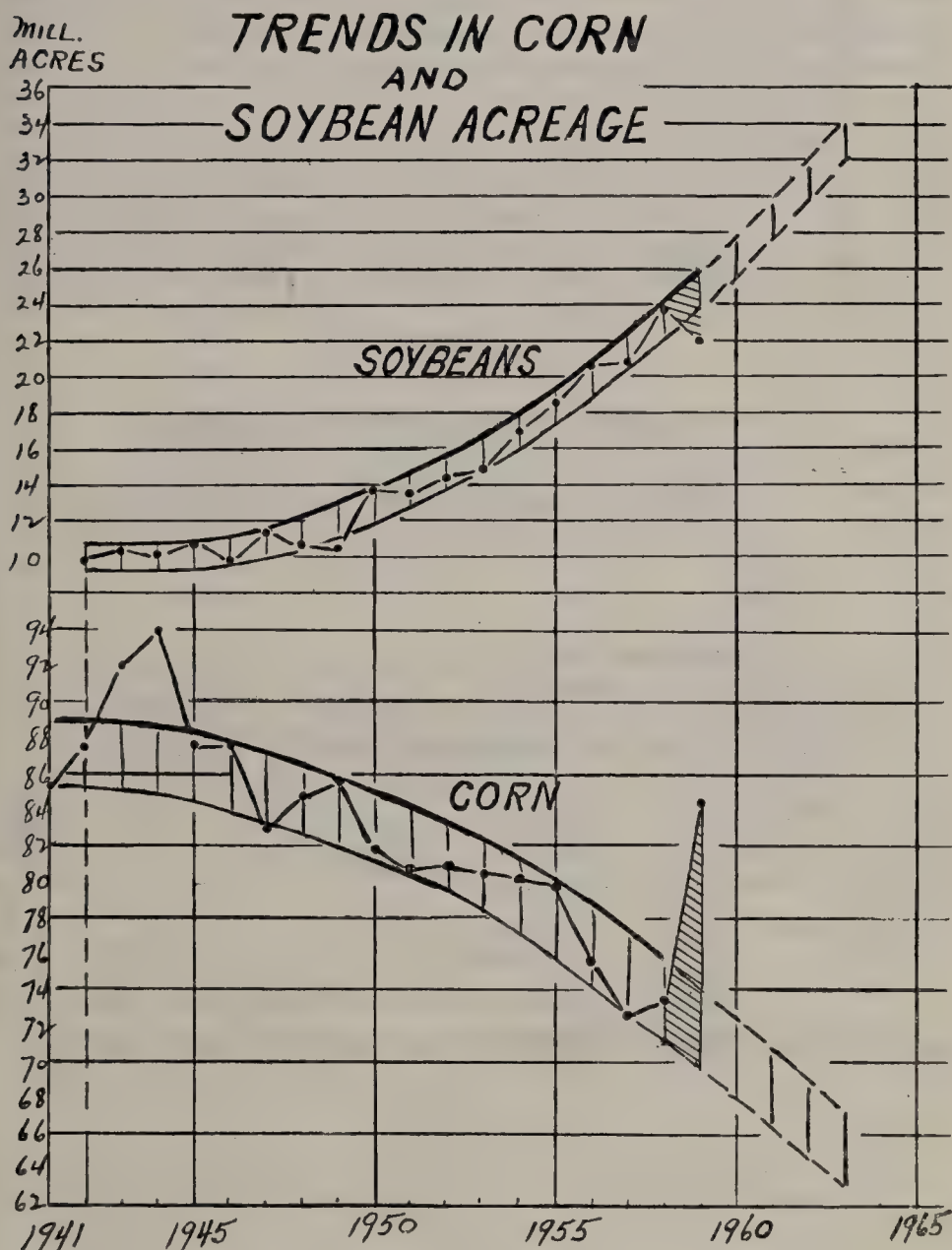
going to be very large. Diverting corn areas and other feed stocks to normal and thus saving hundreds of millions of dollars. In fact, the savings should be so great that even this administration could decide to donate surplus vegetable oil for charitable relief feeding abroad, as wisely authorized by the Congress.

Mr. POAGE. Thank you very much for that statement and the attached charts. If there are no questions, we are very much obliged to you, sir.

I believe that Mr. Naughton is going to appear in behalf of Congressman Fountain, who has been called to North Carolina today.

Mr. Naughton, I believe that you are going to read a statement for Mr. Fountain.

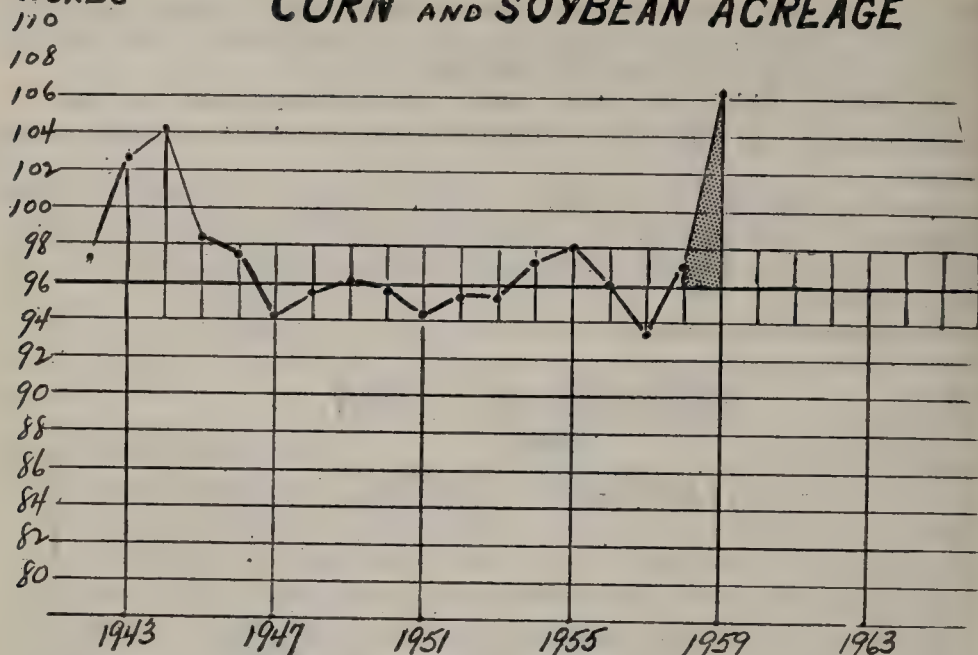
Mr. NAUGHTON. Yes.



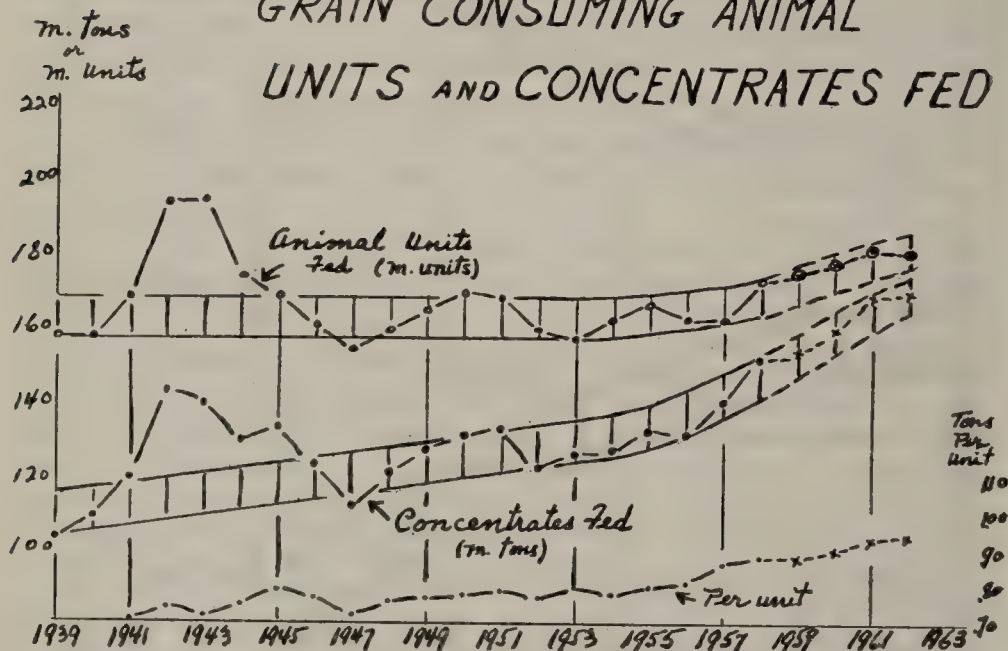


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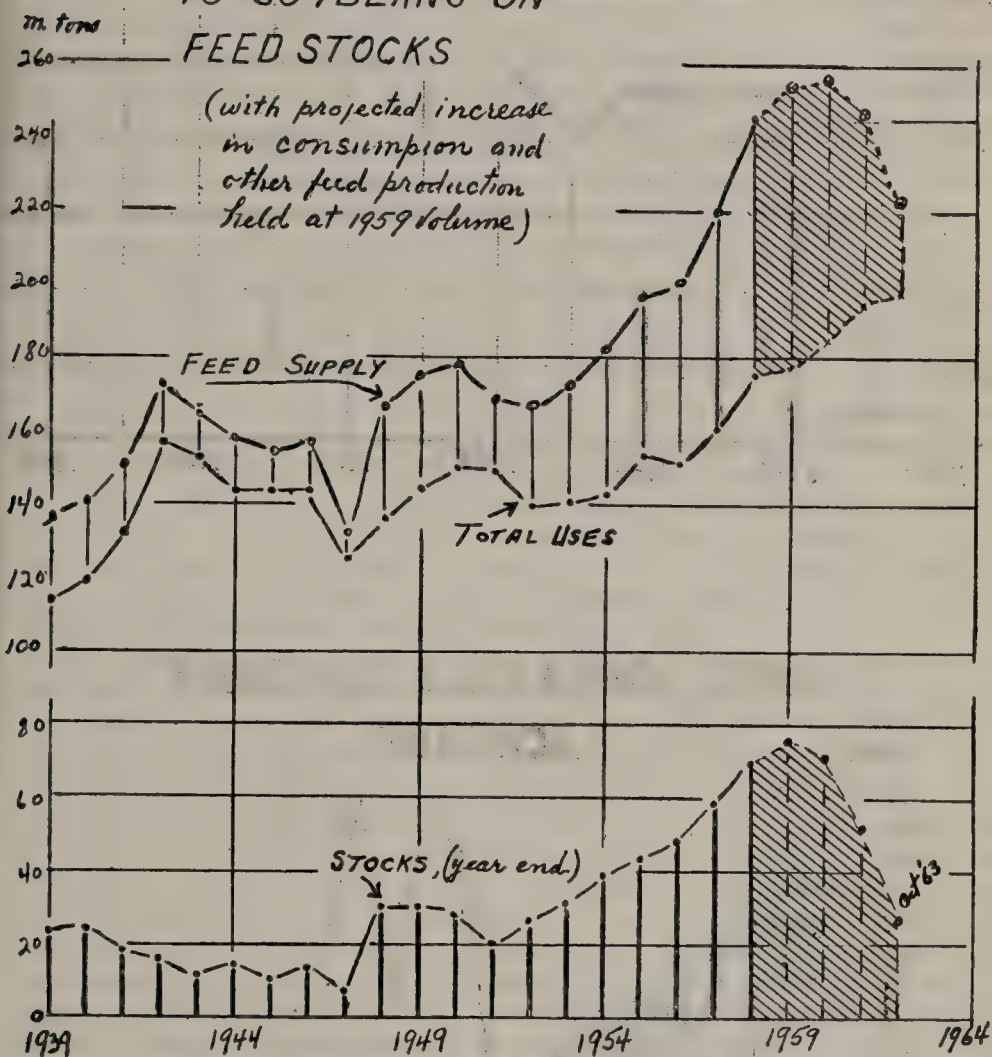
# CORN AND SOYBEAN ACREAGE



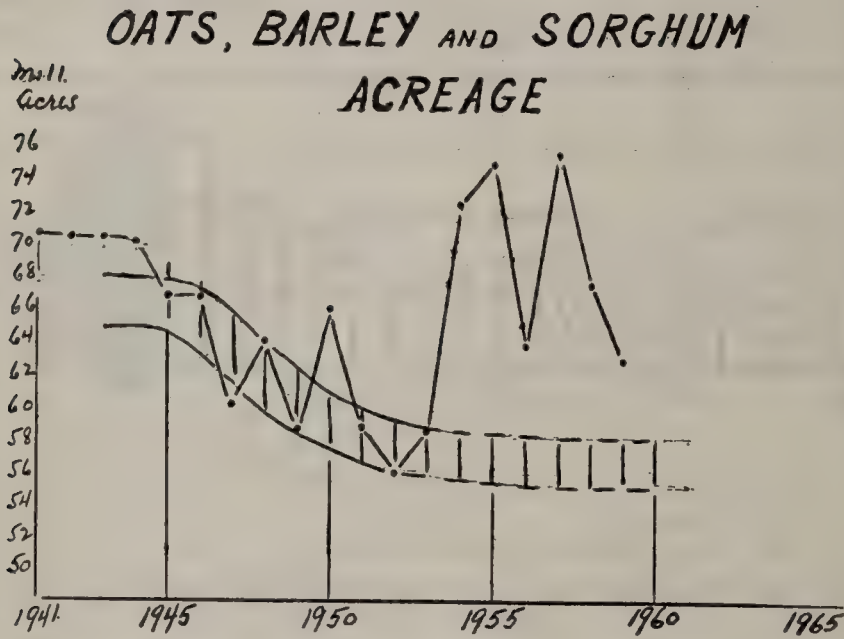
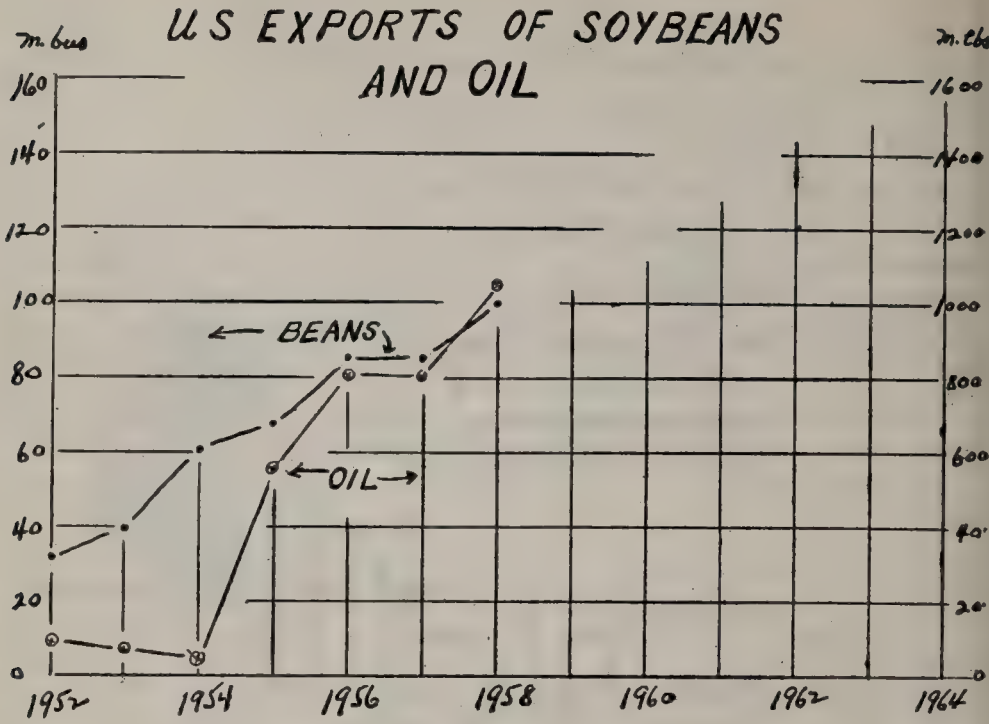
## GRAIN CONSUMING ANIMAL UNITS AND CONCENTRATES FED



EFFECT OF A 3-YEAR SHIFT  
OF 5 m. CORN ACRES  
TO SOYBEANS ON  
FEED STOCKS







**STATEMENT OF HON. L. H. FOUNTAIN, A REPRESENTATIVE IN CONGRESS FROM THE SECOND DISTRICT OF NORTH CAROLINA; READ BY JAMES NAUGHTON, COUNSEL, INTERGOVERNMENTAL RELATIONS, SUBCOMMITTEE OF THE COMMITTEE ON GOVERNMENT OPERATIONS**

Mr. POAGE. We are delighted to have you. You may proceed.

Mr. NAUGHTON. Thank you, sir. I might say that Congressman Fountain had discussed his statement thoroughly with me and I am familiar with the material in it. I think I can probably answer any questions you may have concerning it, and anything that I am not able to provide, Mr. Fountain will be glad to furnish the committee on his return to Washington. Mr. Fountain's statement is as follows:

Mr. Chairman and members of the committee, I appreciate the invitation extended by the chairman to present this statement.

I strongly endorse the extension of Public Law 480. This legislation has been of great value in providing needed food and fiber to friendly nations of the world and at the same time helping to dispose of surplus agricultural commodities by increasing exports. In view of the prospect of continued agricultural surpluses in the future and a continued need for these commodities by countries which are not in a position to pay for them in dollars, I believe it essential that the programs authorized under Public Law 480 be continued.

On the whole, I think that Public Law 480 provides appropriate authority for carrying out its stated purposes. I hope and trust, however, that the Agriculture Committee will give careful attention to the provisions of this complex legislation in order to ascertain whether improvements can and should be made.

As you may know, I am chairman of the Government Operations Subcommittee which has responsibility for inquiring into the activities of the Department of Agriculture with respect to economy and efficiency. This subcommittee is conducting a comprehensive investigation of the operations of the Commodity Credit Corporation. As a part of this investigation, we are presently giving particular attention to Government financing of surplus agricultural commodity exports under title I of Public Law 480. Because of the complicated nature and tremendous size of this program, the subcommittee's investigation will not be completed for some time. In view of your present consideration of the program, however, I think it is advisable to call your attention to some of the information developed in our investigation. Since the subcommittee's investigation has not been concluded, I want to stress that my comments at this time represent my personal views as a Member of Congress and are not intended to express the official position of the subcommittee.

Title I agreements under Public Law 480, as you know, are negotiated through diplomatic channels between the U.S. Government and foreign nations. Under the agreements, the Department of Agriculture makes available a specified dollar credit for financing of exports of designated surplus agricultural commodities. The foreign government itself either uses the dollars to finance imports, or authorizes private importers to make use of the dollars for this purpose. Importing countries or firms make their own arrangements with exporting firms in the United States for purchase of the designated com-



modity. As soon as the exporter loads the commodity on board ship he submits a copy of his sales invoice, along with copies of the bill of lading, to a designated bank (usually in New York) and is immediately paid the face amount of the invoice by the bank. The bank, in turn, is immediately reimbursed for this payment by the Department of Agriculture. The importing country or firm pays the agreed price in local currency to a designated bank in the importing country, where it becomes available for use by the U.S. Government. A large proportion of the funds developed through title I transactions has been loaned back to the importing country.

In title I transactions, CCC pays out dollars for foreign currency at an agreed exchange rate. In some cases the agreed exchange rate has been more favorable than the free market rate. In order to prevent title I transactions from being used to convert foreign currency into dollars at a profit, Department of Agriculture regulations specify that the exporter's sale price must not exceed the prevailing range of export market prices. Each transaction is reviewed by the Department to ascertain whether it is in compliance with the price regulation and a claim is supposed to be made against the exporter if the price is excessive. The ICA also conducts price review on section 402 transactions.

From the beginning of the title I program in 1954 until June 30, 1959, title I agreements were negotiated covering commodities with an export market value of more than \$3.3 billion. Actual shipments during the same period amount to nearly \$3 billion. About \$2 billion more has been expended to finance exportation of surplus commodities for foreign currencies under programs authorized by sections 550 and 402 of the Mutual Security Act and administered by the International Cooperation Administration and its predecessor agencies. Procedures used under these programs are similar in most respects to those used under title I.

Transactions under title I have been handled, almost without exception, through private exporting firms. However, the commodities shipped usually either come from stocks of the Commodity Credit Corporation or are subsidized for export by that agency. In some instances, commodities which are neither held in inventory nor supported by CCC—such as evaporate milk and poultry—have been authorized for export under title I upon a finding by the Secretary of Agriculture that they were in surplus.

Although exact figures are not available, our investigation indicates that a comparatively small number of firms have received the bulk of Government funds expended to finance exports under title I. I would estimate, on the basis of preliminary information, that less than 10 firms have probably received at least half of the billions of dollars expended by CCC and ICA to finance commodity exports in the last 5 years. If grain shipments only are considered, I would judge that five large firms probably handled more than half of the Government-financed shipments. A number of the largest firms, incidentally, although incorporated in this country, are essentially worldwide commodity traders owned or controlled by foreign interests.

I should like to call the attention of the Agriculture Committee to certain areas of weakness or possible weakness in the manner in which the Department of Agriculture in administering the title I

program. Ordinarily, I would prefer to wait until our investigation was completed before making any comments, but at your chairman's request, I am calling these matters to your attention at this time in view of your current study of the title I program. I want to stress that any critical comments I might make concerning the manner in which the program is being administered should not be interpreted as opposition to the program itself, since I strongly support its continuation.

Congress has a difficult task in trying to ascertain whether the title I program is being administered effectively and economically and whether changes should be made. This job is made even more difficult, in my opinion, by the failure of the Department of Agriculture to provide Congress with complete and unslanted information concerning the manner in which the program is working. This situation is certainly not limited to the title I program and—human nature being what it is—perhaps it is too much to expect the Department to voluntarily disclose program weaknesses while it is claiming accomplishments. I have noticed, however—as I am sure you have—that the Department is plentifully supplied with favorable information which it disseminates widely.

On the other hand, even though the Department may be aware of things that are wrong with a program, a congressional committee will seldom receive this information unless it really digs for it. And when we do request information which might disclose waste or poor administration, the Department sometimes either takes an unreasonably long time to release it or even tries to refuse it altogether.

I have learned through experience, also, that reports which are furnished by the Department do not always give a complete and fully informative picture. For example, our subcommittee has been receiving for some time what we presumed were copies of all agreements signed under title I. During the course of our current investigation, however, we learned that the published agreements furnished to congressional committees are not always complete. According to the testimony of Agriculture Department witnesses, important parts of agreements are sometimes contained in separate documents which are kept secret. No notice is given in the published agreements that they are not complete.

The basic weakness in the administration of the title I program, I believe, is the apparent failure of responsible officials of the Department of Agriculture to appreciate the value of a dollar and to take ordinary commonsense precautions in spending the taxpayers' money.

The Commodity Credit Corporation buys and sells billions of dollars worth of commodities every year. Its inventory is larger than the combined total inventories of the five largest U.S. industrial corporations. An increase or decrease of a fraction of a percent in operating costs means literally millions of dollars to the taxpayers.

Officials of private corporations many times smaller than the CCC are, I am sure, constantly on the alert to make savings or additional profits for their stockholders. They keep closely informed about their operations in order to insure that there are no unnecessary or wasteful expenditures and that sales are not made below the market price. No one expects a Government agency to be run as a profit-making organization or exactly like a private business, but the Gov-



ernment's business should be conducted as carefully as a prudent private businessman would conduct his own operations.

Unfortunately, this is not always true of the Commodity Credit Corporation. Too often congressional investigations have shown instances of waste and carelessness in the operation of the CCC. Moreover, in most of these cases, those in charge of the CCC apparently either did not know or did not care what was going on, because it was obvious that Government money was being wasted. As an example, our investigation of CCC activities revealed that dry milk sold by CCC for less than 10 cents per pound had been resold to the Army for 34 cents per pound. The documents provided to CCC as proof of export showed clearly that the milk was being resold to another Government agency at more than triple the CCC sale price. Yet, so far as I know, no CCC official ever questioned these transactions until after the subcommittee investigation.

Since 1954, the International Cooperation Administration and its predecessors have spent about \$2 billion to finance exportations by private firms of surplus agricultural commodities for foreign currency. A very substantial portion of these commodities came from CCC stocks and much of the remainder was subsidized for export by CCC. The subcommittee's investigation has developed evidence of extremely large margins, in some cases, between the price at which CCC sold commodities and the price at which ICA financed the identical commodities for export. For example, CCC sold 7,000 tons of broken rice at an average price of about \$38 per ton; ICA paid \$58 per ton to have the same rice shipped overseas, a difference of more than \$100,000 on just one transaction. Yet the head of the Commodity Credit Corporation, when asked whether there was coordination between CCC and ICA with respect to prices, testified: "I don't know why there should be \* \* \*" and went on to say that as long as an exporter got the commodity purchased from CCC out of the country within the specified time "\* \* \* that is all we are interested in."

It is bad enough that CCC officials have never been interested in comparing their sales prices with the prices at which ICA was financing export of the same commodities. What is even worse is that CCC officials have seldom even compared their sales prices with the prices at which their own agency was financing the identical commodities for export.

The Department of Agriculture does conduct a price review on transactions it finances, and that portion of the price which exceeds "the prevailing range of export market prices" is ineligible for financing. However, price review procedures leave much to be desired. The subcommittee's investigation disclosed that the Department of Agriculture relies primarily upon competition to keep prices at reasonable levels. However, selection of importers is left entirely to the discretion of the foreign government concerned; the Department has no procedures designed to insure that exporters are selected on a fair and competitive basis. Furthermore, many so-called sales are between two branches of the same worldwide firm, a situation in which competition obviously is not a factor. Affiliated firms, in fact, might often be tempted to increase prices, rather than decrease them, in order to exchange foreign currency into dollars at a favorable rate.

Even if competition did give reasonable assurance that prices were not excessive—and I do not think it does—the Department of Agriculture's dependence on it would still be an abdication of the Department's own responsibility for assuring wise and careful expenditures of public funds.

The Department of Agriculture bases its price review on a comparison of the price charged by the exporter with the "prevailing range of market prices" on the date of the sale. However, with the exception of cotton, the Department has no knowledge of a sale until weeks or months later when banks which have made payment to exporters apply to CCC for reimbursement. At that time a statement by the exporter as to the date the sale was made is submitted. Since the price of the commodity concerned may vary considerably between the alleged contract date and the date CCC receives notice of the transaction, there is an obvious opportunity for submission of false contract dates in order to justify otherwise excessive prices. Furthermore, under this system, a firm could make a contract with a subsidiary to be financed by CCC and then back out without penalty in the event an increase in the price of the commodity made it more profitable to sell elsewhere.

At the time the price review is made, CCC funds have already been paid out to banks which in turn have paid the exporters. Thus, if excessive prices are discovered, it is necessary to attempt to collect claims rather than simply withholding payments. Although CCC has authorized banks to pay out several billion dollars on its behalf, it has specifically released banks from liability in the event they make payments to companies furnishing price review documents which are incomplete or obviously irregular.

The Department of Agriculture does not have—or at least did not have when our investigation began—uniform price review procedures. Instead these procedures vary from commodity to commodity. They are set forth in letters and telegrams issued by different commodity divisions, and are not available in compiled form. There is little, if any, centralized control over the price review procedures—in fact, the subcommittee made a diligent inquiry concerning cotton price review and was unable to find any official in Washington who would admit to knowing what those procedures were, let alone how they were working.

Even though CCC and ICA were both conducting price reviews on the same kind of transactions involving the same firms and the same commodities, their procedures varied widely and we found no evidence that either agency had ever made any attempt to coordinate such procedures.

The subcommittee found that personnel making grain price reviews had instructions not to file claims even where they determined that prices were excessive, unless the price exceeded the average market price by a specified tolerance of as much as 4 cents per bushel. This tolerance was made known to the grain trade, and the subcommittee has evidence that the trade took advantage of this knowledge.

Cotton price review, until after the subcommittee's investigation, was apparently based on the domestic price of cotton, even though CCC was selling cotton for export at prices at least \$30 per bale lower. The head of the New Orleans commodity office, which handles cotton



price review operations, admitted that their procedures were "pretty sorry."

The Department of Agriculture has little real assurance, particularly with respect to cotton, that the quality and quantity of a commodity financed is actually delivered to the importer. The Department has financed exportation of more than 3 million bales of cotton at a cost of over \$500 million. However, unless it was specifically requested by the importer, to the best of our knowledge none of this cotton was inspected by the Department to make sure it was the quality it was represented to be. The subcommittee has found a number of instances where cotton purchased from the CCC was resold under Public Law 480 as a much higher quality. In one case, for example, the General Accounting Office traced 206 bales of cotton sold to an exporter for about \$95 a bale. The exporter claimed that the cotton was a lower grade than represented in the CCC catalog and received an average refund of about \$20 per bale, making the cost per bale to the exporter approximately \$75. The same cotton was then sold under Public Law 480 as a much higher grade, and CCC financed this transaction at a price of \$124 per bale, a gross margin of \$49 per bale. The head of the New Orleans commodity office told the subcommittee that he had recommended that CCC inspect all cotton being financed under Public Law 480 but that the cotton trade opposed this and his recommendation was not adopted.

At the request of the "trade," Department of Agriculture regulations provide that claims for excessive pricing on title I transactions will be made within 90 days or not at all. This, in effect, means that the Department has adopted an administrative statute of limitations of only 3 months—many times shorter than the legal limitations provided for Government claims. The advantages to the trade are obvious, but it is difficult to see any benefit to the taxpayers. Agriculture Department witnesses claimed the provision was necessary to relieve the companies of burdensome preservation of records. However, it is interesting to note that the International Cooperation Administration, which deals with the same firms on the same type of transactions under section 402, has no such arbitrary limitation on claims. Most of its claims, in fact, are made after the 90-day period has passed.

It is interesting, also, to compare the record of the Department of Agriculture and the ICA with respect to claims collected. Even though ICA procedures were far from adequate, that agency collected \$1.6 million in claims on some \$383 million in transactions examined. Nearly 80 percent, by value, of the claims filed were collected, and only about 20 percent were withdrawn or still pending. CCC, on the other hand, examined transactions totaling well over \$1 billion and filed 155 claims amounting to \$1,207,000. Only 12 claims, totaling \$24,000, or 2 percent, were collected; 66 claims, amounting to \$202,000, or 23 percent, were still pending; and 77 claims, totaling \$901,000, or 74 percent, were withdrawn. CCC officials had no comment to make concerning this comparison.

Although some refunds have been made as a result of complaints by importers, to the best of our knowledge CCC has never made a single claim on the more than \$500 million in cotton transactions it has financed.

I am sure you have noticed, as I have, an apparent tendency on the part of the Department of Agriculture to try to excuse transactions with private firms which result in waste of the taxpayers' money on the grounds that Congress directed the Department to utilize private channels of trade and therefore it had no alternative.

I think this kind of excuse is completely invalid.

It is quite true that Congress has stated, on numerous occasions, that private channels of trade should be utilized "to the maximum extent practicable." This is not, however, a mandatory directive to use private firms under any and all circumstances. It simply expresses, in my opinion, the intention of Congress that private firms should be utilized whenever such firms are in a position to provide necessary services at a reasonable cost. On the other hand, the interpretation which the Department appears at times to be suggesting, would mean that Congress intended to require the use of private firms to provide unnecessary services at excessive costs. I doubt that you will find many Members of Congress who would take that position, particularly when some of the major beneficiaries of such a policy would not even be U.S.-owned firms.

I think the intention of Congress is well expressed in the following language adopted by the Foreign Affairs Committee without dissent in its report on the Mutual Security Act a few weeks ago:

The committee desires to emphasize that language in the act with respect to use of private channels of trade "to the maximum extent practicable" should not be construed as a mandate that private trade channels be used under any and all circumstances without consideration of the cost to the American taxpayer. It should be clear, under any reasonable interpretation of the law, that ICA is not required to finance exportation and sale for foreign currencies of surplus agricultural commodities in a manner which results in excessive costs to the taxpayers. Questions of efficiency and economy should be carefully considered in determining whether and how it is "practicable" to use private channels of trade in particular transactions.

I could place more credence in the Department's apparent contention that it has been forced to waste money because it was obliged to follow the policy of Congress if it had not been for some past experience with the Department on this very point. You may recall the "cheese" cases which our subcommittee investigated some time ago. In them, the Department "bought" cheese and butter and immediately resold it to the same companies at a lower price without ever moving it, sending the companies involved checks for the difference in prices totaling more than \$2 million. Our subcommittee concluded that these weird transactions were not in accordance with the law. Our conclusion was supported by the Comptroller General, the Attorney General, and the decisions of every Federal judge who ruled on the resulting court cases. To the best of my knowledge, however, the Department of Agriculture still maintains that it had a perfect right to do what it did.

Mr. POAGE. Would you mind an interruption right there?

We have before this committee today a bill to authorize the Department of Agriculture to sell commodities that are presently held in the private storage houses of private concerns back to the same concerns from whom they were bought at considerably less than the prices at which they were bought.



That is primarily intended to take care of powdered milk. As you know, the price on milk is supported by the Government buying powdered milk at substantially more than the world price. But with the milk still in the vaults of the processors the Government is expected to sell it back to the processors at considerably less than the Government paid for the milk.

Now the processors sell it on the world market for whatever they can get for it, presumably at more than the price at which the Government sold it back to them. Is not that simply authorizing the same thing that the cheese causes prohibited?

Mr. NAUGHTON. There would be one difference in that the commodities would be exported.

Mr. POAGE. That is right.

Mr. NAUGHTON. In the cheese cases, both the purchase and resale were made simultaneously on the domestic market. What in fact happened under the Department regulation—and it was easily permitted by the manner in which they carried out the cheese transactions—was that companies, including such firms as the Giant Food Stores here in Washington, simply declaring their cheese inventories and received a Government payment on them. In the situation you described there would be a difference in that the commodity actually would be exported and taken off the domestic market.

I might comment that apparently the Department is now seeking to clarify doubt as to the legality of this type of transaction because they have been doing exactly this for the past 2 or 3 years.

Mr. POAGE. They are still doing it.

Mr. McINTIRE. What recommendation would you make in relation to this character of transaction? Is it your thought that there should be physical movement of the commodity as it transfers into Government title?

Mr. NAUGHTON. My personal opinion on this kind of transaction is that the physical movement probably would be an unnecessary expense where the commodity is going to be exported. Actually a resale at a lower price of the same commodity to the firm from which it was purchased is simply a device for paying an export subsidy on the product, and if you are going to pay an export subsidy it seems to me the simplest method would be to pay the export subsidy directly and not fool around with a purchase and resale transaction. The Department, I think, has ample authority to pay export subsidies under present legislation. However, it has chosen—for what reason I am not certain—to carry out a rather questionable purchase and sales transaction instead of utilizing the authority it has to make direct export subsidy payments.

Mr. JOHNSON. This cheese matter came about when parity was lowered from 90 to 75; is that not correct?

Mr. NAUGHTON. Yes.

Mr. JOHNSON. I think the history of that shows that most of the milk processors started paying less for the milk after March 1. The cheese that they had in stock was not from milk for which they paid 90 percent of parity. The theory of the Government was that this money should be channeled back to the farmer, but it never got back to the farmer.

Mr. NAUGHTON. The legal cases were based simply on the proposition that the Department of Agriculture had legal authority to purchase commodities and to make sales of commodities, but it had no legal authority to engage in a transaction for making a direct payment to firms on their inventories under the guise of a purchase and resale.

Mr. JOHNSON. Most of these companies knew, or did know when they sold it, that they were going to get a refund on it.

Mr. NAUGHTON. The cheese never moved, and the Government simply sent them a check calculated on the amount of cheese declared in the transaction.

With respect to your question about the price of manufactured milk being lowered to the farmers, the evidence brought out at our hearings indicated that although the support price did not go down until April 1, the price being paid to the farmer started going down around March 1.

Mr. POAGE. You may proceed.

Mr. NAUGHTON (continuing reading Mr. Fountain's statement). In the present situation, I might note that Agriculture Department officials testified that they felt that Congress intended any benefits resulting from use of private trade channels should accrue to U.S. firms. Yet the Department's regulations are so loose that these officials had to admit that if Amtorg, the Russian state trading agency, were incorporated in New York it would qualify as a "U.S. firm."

It would hardly seem appropriate, moreover, for the Department to contend that there is a mandatory directive to use private trade channels in all cases since the Department has made direct government-to-government sales on at least a few occasions.

I should like to emphasize that I would personally like to see commercial exports expanded and the role of Government reduced, wherever this is possible on a sound basis. One of the most important purposes of Public Law 480 is to stimulate and facilitate the expansion of foreign trade in agricultural commodities. Although many studies have been made, if the Department has conducted a really objective and critical analysis of the foreign trade situation with a view to permanent expansion of commercial agricultural exports, it has not come to my attention. I am sorry this has not been done, because we need to be accurately informed about our export situation. We need to know whether our activities have really expanded exports with some hope of continuation or whether what we think are markets will disappear the moment we stop financing shipments.

We need to distinguish, in my opinion, between exports that are essentially Government-aided commercial shipments and exports which are essentially gifts to foreign countries without real prospect of developing markets. It is easy to see the benefit to the national economy which can result from Government assistance in developing commercial markets. Most of us would agree, also, that gifts of surplus commodities to less fortunate nations generally have been and are desirable. However, it would be difficult to justify unnecessary dollar expenditures to channel what are essentially gifts through private firms.



I have been able to cover only a very small part of the information developed in our investigation. I am sure no one needs to remind you of the complicated nature and vast extent of the title I program. Our subcommittee will do its best to prepare a comprehensive and objective report on this subject, but it will be many months before we can complete our investigation.

In order to be as helpful as possible at this time, I should like to make the following recommendations representing, of course, my personal opinions rather than the official position of the subcommittee. They are necessarily based on preliminary and sometimes incomplete information. In some cases, also, the Department may already have begun corrective action as a result of our investigation. As you will note, all of these recommendations could be carried out by the Department of Agriculture and other agencies concerned without additional legislation. I want to make it clear that the matters I have criticized are not due, so far as I have observed, to Public Law 480 itself but to the regulations adopted by the Department and the manner in which the program has been operated under those regulations.

In my opinion, the most important single step that can be taken to insure greater economy and efficiency in the operation of the title I program is for Department of Agriculture officials to inform themselves completely about their operations and to take commonsense precautions to see that they are getting a dollar's worth of value for every dollar they spend. I would specifically recommend that the Department of Agriculture:

I. Take immediate action to improve coordination between the various Federal agencies having responsibilities with respect to exportation of agricultural commodities.

II. Make a thorough study of present methods of administering programs for Government-financed exports of surplus agricultural commodities, with the view of obtaining greater economy and efficiency in such programs. Such a study should include consideration of—

(a) What services are performed by companies participating in title I transactions where the commodities involved come from CCC stocks or are subsidized by CCC. The study should ascertain whether the services performed are necessary, whether the cost to the taxpayers is reasonable, and whether it would be more desirable to compensate firms performing necessary services as brokers or agents rather than as entrepreneurs;

(b) Whether the present method of allowing banks to make payments on behalf of CCC without opportunity for prior audit properly protects the public interest.

III. Strengthen CCC price review and claims regulations and procedures, including:

(a) Requiring exporters to furnish contract information (such as quality, terms of payment, delivery terms, and any other data which might affect the price) on the date the contract is made in the case of all large transactions;

(b) Taking adequate steps to insure that the quality and quantity of commodities delivered in title I transactions are in accordance with the quality and quantity financed;

(c) Comparing prices at which CCC sells commodities with the prices at which it finances commodities to insure that margins are reasonable;

(d) Eliminating the arbitrary tolerance now being allowed before making claims on grain transactions;

(e) Eliminating the arbitrary 90-day limitation on claims.

The above suggestions are, of course, not intended to cover all aspects of CCC financing of commodity exports, but simply to bring some of the more important points to the attention of the Agriculture Committee. I will be glad to provide any further information I have that may be helpful to the committee.

Mr. Chairman, I am prepared to answer any questions that the members may have on Congressman Fountain's statement.

Mr. POAGE. We appreciate your statement.

Are there any questions?

Mr. HOEVEN. Mr. Naughton, you pointed out in your statement that Mr. Fountain is chairman of the Government Operations Subcommittee which has the responsibility for inquiring into the activities of the Department of Agriculture with respect to economy and efficiency, and that the subcommittee is presently conducting a comprehensive investigation of the operations of the Commodity Credit Corporation.

Mr. NAUGHTON. Yes, sir.

Mr. HOEVEN. And that the investigation will not be concluded for some little time?

Mr. NAUGHTON. I would guess, sir, it would probably take at least a year to complete it. It has been going on over a year already.

Mr. HOEVEN. I believe you are the chief counsel for the subcommittee?

Mr. NAUGHTON. I am the only one, sir.

Mr. HOEVEN. Your statement discloses that some of the charges may be a bit premature in that the Department has changed or is in the process of changing some of its regulations in order to correct some of the matters you have found objectionable.

Mr. NAUGHTON. There may be some improvements being made, sir.

As to the criticisms that are being made, I think that as of the last time we had accurate information they do represent the chairman's view. He did want to point out that the investigation is still continuing.

Mr. HOEVEN. You make specific recommendations. Have those recommendations been called to the attention of the Commodity Credit Corporation?

Mr. NAUGHTON. They have been sent to the Secretary of Agriculture; yes, sir.

Mr. HOEVEN. So he has the benefit of the same information we are receiving here?

Mr. NAUGHTON. Yes, sir.

I might say although the chairman's recommendations were only sent down yesterday, I think most of the recommendations are obvious when you are familiar with the facts involved.

Mr. HOEVEN. I wanted to clarify the situation so that our committee would not be expected to submit the recommendations to the Department, if they already have them.



Mr. NAUGHTON. They already have them.

Mr. POAGE. Mr. Gathings.

Mr. GATHINGS. Has your subcommittee been working on the barter program to any extent?

Mr. NAUGHTON. No, sir; we have not studied the barter program to any extent.

Mr. GATHINGS. Under the barter program I do not think it would be possible for any of these shenanigans to go on.

Mr. NAUGHTON. I could not comment on that. I have not studied it.

Mr. GATHINGS. Under the barter program the Government is paid in strategic materials and in that way the Government gets value received. Do you anticipate delving into the barter program to any extent?

Mr. NAUGHTON. We are interested and we may go into it but we have gone further into the title I program and the straight dollar sales.

Mr. GATHINGS. You have given us some very valuable information.

Mr. JENNINGS. If the gentleman will yield, I think there might be some manipulation in the barter program as well as in this.

Mr. GATHINGS. No, the value is there.

Mr. JENNINGS. The value is here in these commodities, but if you can manipulate the values here you can manipulate the values of strategic materials.

Mr. GATHINGS. The price is fixed by the Government of the United States and you use that figure.

Mr. JENNINGS. Not necessarily.

Mr. GATHINGS. I think there may be instances where that figure may not have been used. I am asking the witness whether or not they have gone into this.

Mr. JENNINGS. I think it is something we should know, but I think there is also a question that there might be some manipulation in the barter program as well as in this.

Mr. GATHINGS. There may be.

Mr. MATTHEWS. Mr. Chairman.

Mr. POAGE. Mr. Matthews.

Mr. MATTHEWS. I should like to make an observation. I appreciate very much this splendid report as read by Mr. Naughton. I think his great committee is doing a fine job.

I do not want to be unduly critical of anyone, but the other day I commented that the men who store the agricultural commodities are getting about \$1 billion for storage and they are the fat cats, in a sense. It seems to me under Public Law 480—and I do not mean to be too critical—but it looks to me like we have more fat cats among the importers and exporters than among the farmers who produce these commodities. Out of the hearings we have had under Public Law 480 the thought comes to me that I hope we do not lose sight of the man who produces these commodities. I know this committee will not.

Mr. NAUGHTON. Congressman Fountain has been very much concerned because many of the costs of the Department of Agriculture's programs are being charged to the farmers in public statements when actually the benefits of these costs are going to warehousemen, exporters, and others who have no connection with the farmers.

Mr. MATTHEWS. That is a wonderful statement and pinpoints the point we on this committee try to get across. We have wonderful reporters here and I know they are doing their job the best they can, but somehow we never get that point across to the public: That many of the published costs of these programs should not be charged to the farmers but to other segments of our economy.

Would you have any idea as to what percentage of the cost of Public Law 480 might be properly charged to business, to exporters and to importers, rather than to the farmer who produces the agricultural commodities?

Mr. NAUGHTON. No, sir; I could not really make an intelligent observation on that at this stage of our own investigation. There are a very few extremely large firms that have done most of the business and received most of the funds paid out under title I. This, of course, represents the gross price and you would have to subtract from that the cost of the commodity that they are shipping and whatever other expenses they might have had. I would judge that one or two firms have received over half a billion dollars apiece in government funds. From that amount you would have to subtract the cost they had in acquiring the commodities and any other costs they may have had.

On some individual transactions we have been able to trace, for instance rice, the margin between the price at which CCC sold a commodity and the price at which it was financed for export has been extremely large. That situation is showing up in some cotton transactions also.

As Congressman Fountain mentioned in his statement, one transaction traced by the General Accounting Office showed a gross margin of \$49 a bale. From that would have to be subtracted the handling costs, freight, and overhead. In other transactions the range is as high as \$60 a bale on identical bales acquired from CCC and others.

Mr. MATTHEWS. When the stock of CCC is restored, in the minds of the American public all of that cost is attributed to the American farmer?

Mr. NAUGHTON. All the profits made by firms on these transactions are charged up to the agricultural appropriations. The farmers, of course, get no benefit from these expenditures unless they happen to have an interest in those firms.

Mr. COAD. Mr. Chairman.

Mr. POAGE. Mr. Coad.

Mr. COAD. Mr. Naughton, I appreciate very much your appearing before this committee and presenting this statement on behalf of your chairman, Mr. Fountain. I daresay that what you have presented here, though it is preliminary, still indicates a domestic scandal. I would like to ascertain whether or not in your opinion, as things have developed in your committee up to the present time, there had been any kind of information circulating among the various divisions of the Department of Agriculture, prior to your investigation of this affair, that something needed to be done here to hold down these costs in the manner that these exporters were getting away with taxpayers' money?

Mr. NAUGHTON. No, sir; we found very little evidence of that. I cannot recall any instance of it offhand.

One of the significant things we have noted in our investigation is that the Department makes extensive use of advisory committees



which are made up of members of the trade buying from the Department. Congressman Fountain, as long as 2 or 3 years ago, commented on this situation and as I recall he suggested that by having the same firms which are dealing with CCC advising CCC as to its policies, the Department of Agriculture had a situation where there was a built-in conflict of interest. That is one of the factors we have noted, and, as the chairman mentioned in his statement, the head of the New Orleans CCC office recommended that CCC inspect every bale of cotton being shipped under title I to make sure it was the quality it was represented to be, but this recommendation was objected to by the trade and it was not adopted.

Mr. COAD. In other words, there were instances where the Department of Agriculture had knowledge, at least to some extent, of what was going on?

Mr. NAUGHTON. Practically all the facts contained in the chairman's statement consist of information that we have obtained with the help of the General Accounting Office and by inquiring of Department of Agriculture officials. It certainly would have been much easier for the Department to obtain this information on its own than for our subcommittee to find it with a total staff of two or three people.

Mr. COAD. From your investigation would you say there were specific individuals who had specific information, at least in part, in the Department of Agriculture, of the nature you have presented so that they knew there was finagling going on?

Mr. NAUGHTON. I am sure that people in the Department had to know about the various matters mentioned here. Whether they put two and two together to make four, I am not certain.

Mr. COAD. And this has been an expense to the taxpayers?

Mr. NAUGHTON. I would hesitate to comment in advance of the committee's report, but certainly there are numerous instances where there has been what appears to be waste of taxpayers' money.

Mr. COAD. In the recent economic report of the President he said that certain programs of the Department of Agriculture added to inflation, and here are items that are costing the taxpayers unnecessarily and adding to inflation, and nothing was done about it in a branch of the executive department that is so highly critical of inflation.

Do you have any instances wherein there happened to be a private grain handler who profited from a gift of grain on the part of this country to any other nation?

Mr. NAUGHTON. I think you may be referring to the Congressman's comment about distinguishing between gifts and sales?

Mr. COAD. That is right.

Mr. NAUGHTON. I think he meant to suggest at that point that we presently make gifts to foreign nations under title II and these are handled as direct government-to-government shipments. I think what he meant to emphasize was that we should not finance under title I transactions which are essentially gifts, in other words, where we have no hope of being repaid, and the transaction is a gift rather than a sale. I think it was his idea that you should examine these transactions to make sure you do not incur additional costs by handling what is essentially a gift as a sale.

Mr. COAD. He was not referring to the fact title passed from this Government to a private grain firm and then reverted to this foreign country?

Mr. NAUGHTON. No; he was not thinking of any specific instance. He was pointing out something to be cautious of.

Mr. STUBBLEFIELD. Mr. Chairman.

Mr. POAGE. Mr. Stubblefield.

Mr. STUBBLEFIELD. In other words, we ought to preclude a private dealer from making a profit out of a gift.

Mr. POAGE. Mr. Breeding.

Mr. BREEDING. I appreciate your remarks and I certainly think you contributed a great deal to this committee.

I should like to ask you one question. On the last page of your statement near the bottom of the page, subparagraph (d), you say, "eliminating the arbitrary tolerance now being allowed before making claims on grain transactions."

Does that have to do with the inspection of grain?

Mr. NAUGHTON. No; it has to do with the price review being made by the Agriculture Department under Public Law 480. The Department regulations provide that it will not finance that portion of an exporter's price which is above the prevailing range of export prices. So the Department makes a price review and if it determines a price which it has financed is excessive, it is supposed to make a claim for the excess. However, the Department has given instructions to the people making the grain price review that they are to add to the average export market price an arbitrary tolerance which is as high as 4 cents per bushel on some commodities. If the price does not exceed the average price plus the 4-cent tolerance, the Department will not make a claim even if the price is found to be excessive.

This knowledge was given to the trade and we have information they have taken advantage of it.

Mr. BREEDING. Do you have any information as to the quality exporters are sending overseas?

Mr. NAUGHTON. Primarily as to cotton.

Mr. BREEDING. Have you made any investigation as to the kind of wheat that gets overseas?

Mr. NAUGHTON. We did have a rather interesting investigation about 2 years ago, which we have not concluded but have not been able to pursue actively recently, with respect to wheat that had been stored in tents and had very seriously deteriorated.

Mr. BREEDING. The reason I bring this up, I know of shipments where wheat has been mixed up with other grains and a certain percentage of sand and dirt which may be unfit for consumption.

Mr. NAUGHTON. We know of some wheat that was sold for export which was not fit for human consumption. That was wheat stored in tents, some at St. Joseph, Mo., and some at Fort Worth, Tex.

Mr. BREEDING. Does the Government have control over those shipments?

Mr. NAUGHTON. We are trying to find out if any of this unfit wheat was financed by the Government. We have found at least two shipments of unfit wheat that apparently were shipped under Government financing.



Mr. BREEDING. It seems to me that has a lot to do with our losing our world market.

Mr. NAUGHTON. We have seen a good deal of evidence of complaints by foreign importers about the quality of wheat received and that has caused a reluctance on their part to take U.S. wheat in preference to Canadian wheat or wheat from other countries.

You may recall that the Bunge Corp. and other corporations imported unfit wheat from Canada, then exported it as U.S. wheat and illegally claimed a subsidy on it. The Senate Agriculture Committee looked into that in 1952 or 1953. The Government has recovered claims of around \$2 million, I think, against Bunge and others.

Incidentally, the same firms which were involved in fraudulent claims for subsidies on unfit wheat are the very firms, most of them, which are the largest dealers in the CCC grain under title I.

Mr. POAGE. Mr. McIntire.

Mr. MCINTIRE. I appreciate the statement of Mr. Naughton. I am sure that Congressman Fountain's examination into these transactions is entirely appropriate. I am confident that the inquiry will be made in a constructive climate. It is understandable, however, it is much easier to criticize people afterward than it is to administer some of these programs because, by virtue of the magnitude of the supplies available and the pressure of interest, I would say, on the part of all parties that these commodities be moved, there is opportunity of human error involved in some particular transaction.

So I express the confidence that your committee will recognize these very heavy problems under which the Department has the final responsibility. I find in myself it is often easy to go in afterwards and say, "You ought to have known better" when you do not have the responsibility of decision yourself. So I sincerely hope and express the confidence that your committee's work will be entirely in the framework of improving these transactions, recognizing the overriding problem that these commodities are here and the Department is using every opportunity to move them.

Mr. COAD. Will the gentleman yield?

Mr. MCINTIRE. Yes.

Mr. COAD. I am reminded of the conversation yesterday engaged in between one of the witnesses and Mr. Poage—and this was with the people from the Audit Division—as to whether or not they had been as punctilious in big transactions as they had been with widows and orphans in checking social security rights, and so forth. I am reminded there is a parallel here this morning. Because it is big there may be a tendency to say that because of the vastness it is natural that an error may occur.

There is a case I am investigating in my district where a farmer—and he is a small farmer having a difficult time—is in trouble with the county ASC committee as to whether or not he has measured his grain bin correctly, and they are on him to the extent of judicial punishment.

So I hope you will continue in your investigation just as doggedly in large instances as in small ones. I hope you will make sure that in the large instances there is justice done just as in the small instances.

Mr. NAUGHTON. I can assure you that Congressman Fountain will make certain that his staff pursue the investigation diligently and that he insists that we be fair at all times.

I might comment on Congressman McIntire's remarks that it is true there are many difficulties in administering this program. These programs are extremely complicated. Some of this, I am sure, is because of the nature of the program itself, but the more complicated you make a program the more opportunity there is for someone to find loopholes, and these large grain dealers are extremely sharp. They may make thousands of dollars from a fraction of a cent difference in prices.

For example, one of the large grain traders placed an order with CCC for quite a large amount of wheat, and the CCC accepted the order based on the condition that the sale would be made if and when the price on the Kansas City market reached a certain point.

This exporter then proceeded to manipulate the price on the market in Kansas City, losing a few thousands in that transaction, but making a much larger profit on the purchase of CCC wheat which occurred after they had manipulated the price.

You have other situations. Elevators handling west coast wheat, which is very dry, have in the past added water to it to bring the moisture content up near the maximum permitted.

If the tolerance allows a certain percentage of trash in wheat, some exporters who have clean wheat have added the 1-percent trash that is permitted. They will take advantage of every possible opportunity given to them.

Sometimes it seems that the programs are made unnecessarily complicated, leaving more loopholes than would be necessary. You have to watch these things every moment, and we have not noticed that attitude in the Department.

To illustrate the point, the CCC sold dry milk to an exporter for about 10 cents a pound. That same dry milk was sold back to the Army for 34 cents a pound. The documents provided to CCC as proof of export showed on their face that the milk was being resold to the Army at more than triple the CCC sale price, but until we called it to their attention no one seemed to think there was anything wrong with that.

Mr. GATHINGS. I wonder if you have looked into the matter of the criteria used by the Department in choosing these firms? I believe you said only about 10 firms are getting the major part of this export business?

Mr. NAUGHTON. There is no criterion under title I of Public Law 480. The choice is up to the foreign government in choosing the importers and the CCC or the Department has absolutely no control over this. The importers then choose the exporters.

Mr. GATHINGS. I believe you said many of these firms are foreign concerns, is that right?

Mr. NAUGHTON. Yes. Probably the five largest traders in grain with the CCC would be the Bunge Corp., Continental Grain Corp.—

Mr. GATHINGS. Where is Bunge and where is Continental?

Mr. NAUGHTON. Bunge is a foreign firm. I think it originated in Belgium. It is a worldwide firm and has branches in every major country.

It is hard to ascertain who owns some of these firms but I am reasonably sure they are not U.S. firms. Bunge has two or three subsidiaries incorporated in the United States, but it is my under-



standing that the stock of the U.S. companies is owned by the foreign companies, so essentially the control of Bunge may be in Argentina or Belgium, but it is not in the United States.

Mr. GATHINGS. Do you know the names of some of the others?

Mr. NAUGHTON. Bunge, Continental Grain, Cargill—Cargill, I believe, is a U.S. firm. Continental Grain, I think, is also owned in the United States, although originally it was a French firm and the owners of that corporation came to this country within the last 15 or 20 years. The Louis Dreyfus firm—

Mr. GATHINGS. Will you spell that for the reporter?

Mr. NAUGHTON. L-o-u-i-s D-r-e-y-f-u-s, which is French, and Garnac. G-a-r-n-a-c, which was established by Swiss interests, would complete the top five.

Mr. GATHINGS. What about some of the cotton exporters?

Mr. NAUGHTON. The cotton exporters would primarily be U.S. firms. The largest is Anderson Clayton. It is extremely large. The second largest probably would be McFadden. And there are perhaps 15 or 20 major cotton exporters. There is more diversity in the cotton export business than in grain.

Mr. GATHINGS. So what you said in your statement about 5 or 10, you were referring more to grain?

Mr. NAUGHTON. It is more concentrated in grain.

One of the difficulties we found is that information which we would think anyone running that operation would want to have for their own benefit has never been compiled. For instance, we asked the head of CCC whether they had ever made a study to determine which firms were participating in title I transactions, and they not only had not made such a study, but showed no interest in making it.

Mr. Fountain had asked sometime back for the Department to make a report to the committee on every check it issued for \$100,000 or more. From this information, which included all title I payments over \$100,000—there would be some smaller payments that would not be included—we made our own compilation, which I can give to you. This covers the period December 1957 through November 1958. We picked this period simply because it was the period for which the Department furnished us this information.

Mr. GATHINGS. Will you furnish a copy of that to the reporter, and without objection it could go into the record as a part of your statement.

Mr. NAUGHTON. Yes, I shall be glad to do that.

Mr. GATHINGS. Is there objection?

(No response.)

(The statement referred to follows:)

*Analysis of payments over \$100,000 on title I transactions, December 1957–  
November 1958*

	Amount	Percent
Total payments to 104 firms.....	\$599,352,545.25	100
Louis Dreyfus Co.....	129,456,404.63	
Continental Grain Co. (including affiliates North American Continental and Far Eastern Continental).....	109,615,525.81	
Cargill, Inc.....	90,079,436.29	
Garnac Grain Co.....	36,501,957.75	
Bunge Corp.....	36,428,324.91	
Total payments to 5 highest firms.....	402,081,649.39	67
Total payments to 99 other firms.....	197,270,895.86	33

Mr. GATHINGS. Mr. Short.

Mr. SHORT. Did I understand that the importing country chooses the grain handling concern?

Mr. NAUGHTON. Yes, sir.

Mr. SHORT. If that is true, what controls does the Department of Agriculture have over the number of firms participating in this trading? I can see how they could have some control over their using some of this downgrading sort of thing, readjustment of prices and that sort of thing, but what control would the Department have over who was to handle this grain in foreign countries?

Mr. NAUGHTON. They have no control. They could establish regulations, I assume, to make sure that the foreign country in choosing the firms to handle this grain did it in a manner that would insure competition and that would insure it was done fairly. But the Department has no such regulations. Many of these transactions are between affiliated companies. For example, if you had a transaction with France, the French branch of the Bunge Corp. might get authorization for a certain portion of this title I transaction of wheat, for example. They might get authority to spend \$5 million, and then deal with their own U.S. branch.

Mr. JENNINGS. You say our Department of Agriculture has no control over what exporting company will handle the transaction?

Mr. NAUGHTON. No, sir.

Mr. JENNINGS. Why do we not have control? Is that specified in the law?

Mr. SHORT. The foreign country selects their agents.

Mr. JENNINGS. But is that by law?

Mr. COAD. They select the importer, why cannot we select the exporter?

Mr. NAUGHTON. This is in accordance with the agreement between the two countries which is made under title I.

Mr. JENNINGS. But it is not part of title I. Is it just part of the agreement made between the two countries under title I?

Mr. NAUGHTON. That is right, if the Department wanted to do so, I do not know of any legal prohibition there would be against requiring foreign countries to at least insure fair competition.



Mr. JENNINGS. As I see the situation, we are furnishing Public Law 480 material under title I. The foreign country is telling us who is going to handle it and under what conditions and what tolerance it will be handled and we are loaning them the money we receive as a result of these materials and then, according to the testimony we heard yesterday, they are taxing the interest paid on that money in their countries.

Mr. NAUGHTON. I would like to correct one part of your statement.

Mr. JENNINGS. Very well.

Mr. NAUGHTON. Although the foreign country chooses the importer, the specifications, quality and so forth, are set by the Department of Agriculture.

Mr. JENNINGS. Then why should they not set the exporter or importer handling the transaction?

Mr. SHORT. Is it not the normal procedure for the foreign country to have their own agent?

Mr. NAUGHTON. Much of the worldwide trade in grain, I believe, is handled by a very few large exporters—Bunge, Continental, and so forth—and they have branches in every country. I am not sure that it would be necessary or desirable for the Department of Agriculture to choose the importers in a foreign country, and there might be strong objection from the foreign country on that. But I do not know of any reason why the Department of Agriculture should not make an inquiry and watch to see that the selection is made on a fair basis rather than someone who has influence with a foreign country possibly getting preference.

Mr. SHORT. Do you anticipate getting into the field of storage charges, whether the allowances for storage is excessive? It always seemed to me that possibly the allowance for the storage is higher than necessary, that the owners build these facilities and attempt to receive the complete cost of the erection of these facilities within a short period.

Mr. NAUGHTON. We have been interested in storage rates. We have not been able to concentrate on it intensively because of the burden of other work. Congressman Smith of Iowa, who is a member of our subcommittee, has been particularly interested in the storage rate being so high that cheap facilities can be very rapidly amortized.

Mr. SHORT. One other question on that.

It always seemed to me that there is a possibility within the Department, if someone wanted to exercise the authority that he might have, to channel grain from time to time that moved out of the local storage facility to county bins, the local bins, into terminal storage.

Who makes the determination as to what terminal facility will be used?

Mr. NAUGHTON. That would be an administrative decision, I presume, on the part of the commodity office which was handling that particular storage location.

Mr. SHORT. It always seems like there is a potential possibility there for someone to exercise his authority in designating a preferred storage facility as compared to another one.

In other words, some individual in a rather minor administrative capacity might say, "This grain will go into elevator X instead of elevator Y."

Mr. NAUGHTON. I want to emphasize that I am not making any charges against anyone, but I certainly concur with your point. I think every day in CCC administrative decisions are made by not necessarily even the highest officials which can have an effect of hundreds of thousands of dollars on the profits or losses of private firms.

Mr. SHORT. In fact, in many, many instances, there are rather minor officials who do that. There are so many of them that perhaps some of them are not important, but then they are far from the top. That is all, Mr. Chairman.

Mr. GATHINGS. Mr. Coad?

Mr. COAD. You have alluded to parts of the agreements between countries as to the aspect of the contract being secret. Have you seen any of those parts of the contracts that are secret parts?

Mr. NAUGHTON. No, sir.

Mr. COAD. Do you know of their controls?

Mr. NAUGHTON. Not as to any particular one.

Mr. COAD. In other words, they are still secret?

Mr. NAUGHTON. We have not actually tried to get them. What happens is an agreement is made with the foreign country. Most of the agreement, and perhaps in most cases all of the agreement, is contained in a published document.

However, for a number of reasons sometimes there are additional terms which are contained in letters between the United States and the foreign country which are not contained in the agreement itself. There may be good reason sometimes for not publishing these documents.

For example, a foreign country may have made a commitment which, if it were known, might, be embarrassing to a friendly administration in that country.

Some of these commitments may be advantageous to the United States. However, I think that Mr. Fountain's objection was based primarily on the fact that purported copies of these agreements are being furnished to congressional committees. I am sure they are furnished to your committee as well as ours. They do not contain all of the agreements. They do not even contain any reference or any notice to the committee that all of the agreement is not there. It may be that there are good reasons for not publishing them, but at least the Congress ought to be informed.

Mr. COAD. Does your committee plan to go into the secret parts of the contract?

Mr. NAUGHTON. We have no plans to concentrate particular attention on that. It may be that if some individual ones appear to be involved in transactions we are interested in, we would get into it.

Mr. COAD. That is all.

Mr. STUBBLEFIELD. Mr. Chairman.

Mr. GATHINGS. Mr. Stubblefield.

Mr. STUBBLEFIELD. You stated a moment ago that at times trade acted in an advisory capacity to CCC. Yesterday the CAO testified here about cotton. We, a couple of years ago, had kept a high export price on cotton, higher than the world market. Consequently, we had lost about 51 percent of our market. Mexico and other countries had about cleaned out their surplus stock.



Would that situation where the trade does the advising be conducive to keeping our price high, while the American investment in foreign cotton operations, such as in Mexico, which I understand is controlled largely by American interest, would that be conducive to their moving their cotton stocks down there while we kept ours on loan?

Mr. NAUGHTON. Sir, I am afraid I cannot comment on that specific situation. We have not gone into it. We have heard about it.

Congressman Whitten has been quite interested in it in the Appropriations Subcommittee. We have more work than we can do as it is, so we try to hit the areas that are not being covered.

Mr. STUBBLEFIELD. I would think that might be an opening.

Mr. NAUGHTON. I might comment on the general subject of advisory committees, that certainly when the heads of private firms dealing with the CCC are called in to advise the administrators who make the decisions as to what their policy should be, it certainly seems to be an opportunity to influence that policy and I do not think the Department has been too cautious in its selection of advisers.

For example, I mentioned the Bunge matter in which that corporation had defrauded the United States of a considerable amount of money in connection with illegal claiming of subsidies on exports.

One of the vice presidents of that company at the same time he was under indictment was on the Secretary of Agriculture's Grain Export Advisory Committee. Here he was under indictment, both his company and he personally, for defrauding the United States and at the same time he was an adviser to the Secretary of Agriculture.

With respect to cotton, five members, I believe, of the Secretary's Cotton Export Advisory Committee were indicted on charges of collusion in connection with purchase of cotton from the CCC.

Mr. COAD. Might I ask, in that respect, does it take an indictment or conviction?

In that respect it states in the labor bill that you cannot be an officer of a labor union if you are under indictment. Maybe we ought to have an agriculture bill as well as a labor bill here.

Mr. NAUGHTON. The whole question of calling in the people you are dealing with to advise you as to what policies you should follow involves, as Mr. Fountain expressed it, "a built-in conflict of interest."

I do not think anyone would quarrel with getting information from the trade, but I think you should deal with them at arm's length because there is a natural conflict between their interest and your interest.

You want to sell at as high a price as possible in order to protect the taxpayer's investment. They want to buy as cheaply as possible in order to make profits for their company. That is entirely natural. But you usually do not find competing businessmen inviting their competitors in to advise them what policy to follow.

Mr. STUBBLEFIELD. It is tantamount to those who are supposed to be regulated doing the regulating.

Mr. NAUGHTON. Officially, advisory boards are supposed to be advisory. They are not to have any power to make decisions.

There are certain regulations which have been set up by the Justice Department to avoid the possibility of violating the antitrust laws.

For example, advisory committees are to be chaired by a full-time U.S. employee and there are various other regulations.

However, the Government Operations Committee found that as of some time ago none of the Agriculture Department advisory committees were complying with the regulations suggested by the Justice Department to prevent antitrust violations.

Mr. GATHINGS. Mr. Naughton, you have given us the mechanics used in the handling of these title I transactions. I wonder whether or not you would comment on whether or not these transactions are on a bid basis or negotiations.

Mr. NAUGHTON. It varies. Do you mean the actual title I transactions?

Mr. GATHINGS. Yes.

Mr. NAUGHTON. Many of these transactions are actually between two branches of the same firm. In other words, they will make a transaction, supposedly as buyer and seller, and the U.S. Government will finance that at any price they agree upon.

Some of the foreign governments make procurements by competitive bidding, but most of the prices probably are negotiated between buyer and seller.

Mr. GATHINGS. Does the Department of Agriculture have any requirements that bid be required or not?

Mr. NAUGHTON. No; they do not.

Mr. GATHINGS. Any further questions?

Mr. Counsel?

Mr. HELMBURGER. No.

Mr. GATHINGS. I guess that is all, Mr. Naughton. We appreciate your appearance. You have given us some very valuable information. Thank you kindly. I am sorry that Mr. Fountain is not here.

Mr. NAUGHTON. I would like to say that Mr. Fountain was very sorry that because of a previous commitment in his district he was unable to be here today himself. However, when the chairman invited him to be here, Mr. Fountain did discuss his statement with me very thoroughly, so I hope I have been able to add something to the information he presented.

Mr. GATHINGS. You certainly have.

Mr. NAUGHTON. Because of the very complicated nature of this program and a little tendency on my part to wander in answering questions, I am sure that the record may not be quite clear as to some of the points we have been discussing.

I would be very happy to submit any additional information that may be desired to clear up any of these areas.

Mr. GATHINGS. Yes.

Off the record.

(Off the record.)

Mr. GATHINGS. The committee will stand adjourned. I understand the chairman and the clerk have announced we will meet at 10 o'clock Monday, at which time the various farm organizations will be heard.

(Whereupon, at 12:25 p.m., the committee adjourned, to reconvene at 10 o'clock Monday, July 20, 1959.)





## EXTENSION OF PUBLIC LAW 480

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MONDAY, JULY 20, 1959

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, D.C.*

The committee met at 10 a.m., in room 1310, New House Office Building, Hon. W. R. Poage (acting chairman) presiding.

Mr. POAGE. The committee will please come to order.

The committee has met this morning to continue consideration of operations under Public Law 480 and the advisability of amending and extending the existing law.

We have three witnesses scheduled this morning. The first on my list is Mr. Herb Harris, of the American Farm Bureau Federation.

Mr. HARRIS. Mr. Chairman, Mr. Lynn is here to testify.

Mr. POAGE. Mr. Lynn, we are glad to have you and any of your associates.

### STATEMENTS OF JOHN C. LYNN, LEGISLATIVE DIRECTOR, AND HERBERT E. HARRIS II, ASSISTANT LEGISLATIVE DIRECTOR, THE AMERICAN FARM BUREAU FEDERATION

Mr. LYNN. Mr. Chairman, I think since this is such an important subject I will request permission to read the statement this morning instead of just filing it for the record.

Mr. POAGE. That will be fine.

Mr. LYNN. We appreciate the opportunity to present the views of Farm Bureau concerning Public Law 480, the Agricultural Trade Development Act.

We believe it would be helpful to begin with a brief review of the history of Public Law 480.

The 1954 policies of Farm Bureau adopted in December 1953 stated:

Surplus farm products that cannot be sold abroad for dollars should be offered for sale and export through private channels, under limitations determined by the Secretary of Agriculture, in exchange for local currencies.

The committee is familiar with the leading role which Farm Bureau took in developing Public Law 480 and the support which we gave toward its enactment into law in the 83d Congress. The President signed the bill in July 1954. It was designed as a 3-year program and \$700 million was authorized for sales for foreign currency. This has grown into a 5½-year program with an authorization for title I of \$6,250 million.

Other bills were introduced in the 83d Congress which were designed to donate large amounts of U.S. agricultural production without re-



gard to the long-term benefits of U.S. agriculture and the implications to our allies. In its wisdom, Congress rejected such proposals, recognizing that a healthy agricultural economy was essential to the United States and to the entire free world. The dangers of disrupting world agricultural markets were real then—they are even more so now. Nor have American farmers changed their views that they do not want to become totally dependent on U.S. Government to export their production.

At its inception, the three main objectives of the Public Law 480 program were: (1) To reduce surpluses by making possible sales of farm products in addition to the normal dollar sales; (2) to establish private trade channels for sales of farm products which could be continued with dollar sales after the termination of the program; and (3) to use part of the currency received from such sales to develop new markets or expand existing markets for farm products. In our opinion these original objectives are still sound.

Through the operation of title I of Public Law 480, over \$2 billion worth of foreign currency has been generated in foreign countries for use in economic development projects. Used wisely, these funds can provide tremendous benefits to underdeveloped countries. Used unwisely, or accumulated in unreasonable amounts, these same funds can present a threat to the economic and fiscal stability of a country which could do real damage to our foreign relations.

We wish to express our concern that although Public Law 480 has proved to be a successful program, there is an annual effort to revise and amend the law so as to change its operation and, in some cases, even its purposes. For example, when Public Law 480 was enacted, section 104 prescribed in definite terms the uses to which foreign currencies could be put. Eight uses were specified. We now have 21 authorized uses and a score more being proposed. Such amendments not only make the administration of the program exceedingly difficult but could actually destroy one of the main objectives of the act—namely, the development of new and expanded dollar markets for U.S. agriculture. We will make further reference to this later in our statement.

The administration has proposed that title I be amended so as to permit the donation of U.S. agricultural surpluses to countries desiring to establish so-called national food reserves. The current policy of the United States, which we endorse, permits a country to acquire commodities for a national food reserve through purchases with foreign currency. We believe that if there is a real need and desire on the part of underdeveloped countries to establish national food reserves they will be willing to do so through foreign currency purchases under title I.

We are opposed to amending title I so as to include this giveaway mechanism. We believe that title I should be retained as a sales program and that we should help and assist countries to create national food reserves rather than virtually forcing such reserves upon them.

The original law establishing Public Law 480 prescribed a temporary program with a 3-year limitation. While it has been necessary to extend the law beyond this period, Farm Bureau has emphasized that it is imperative to recognize that Public Law 480 is a temporary program. Congressional committee reports on these extensions also have emphasized this point.

The report from the Committee on Agriculture of the House of Representatives (Rpt. No. 432, dated May 9, 1957) :

This committee would remind those in charge of administering this law that it is not intended as a permanent part of either our agricultural or our foreign trade program. It is an emergency law designed for the sole purpose of making the best of a bad situation by providing for the disposal of agricultural surpluses in a manner which will return some benefit—if possible, a permanent benefit—to the United States.

Our 1959 policies state in part :

We recommend that this law be extended and that adequate funds be provided. However, this program should be terminated as soon as our agricultural surplus situation will permit. Public Law 480 was designed as a temporary program to help relieve problems caused by unrealistic domestic farm programs. It is not a permanent solution nor a satisfactory substitute for trade for dollars. So long as Public Law 480 is in effect, its administration should continue under the U.S. Department of Agriculture.

Farm Bureau recommends that title I of Public Law 480 be extended for 2 years and that funds be provided as follows: \$1,200 million for calendar year 1960, \$800 million for calendar year 1961.

Such an action by Congress could have a very healthy effect upon the agricultural export picture. First it would give promise to other exporting nations that the United States really considered foreign currency sales a temporary measure and not a "way of life." Second, recipient nations would be put on notice that they could not expect to obtain indefinitely their food and fiber needs in this manner.

It is essential that we change from foreign currency to dollar sales as quickly as possible, recognizing that this cannot be done abruptly. Congress should give a clear indication of the temporary nature of Public Law 480, and the United States should program foreign currency sales in such a manner that countries would gradually become less dependent on this mechanism.

This would be a positive, constructive program of helping countries to grow into full-fledged trading partners of the United States. This is the road to economic growth and permanently increased standards of living. We are certain that underdeveloped countries would much prefer this to a total indefinite dependence on U.S. Government programing under the provisions of Public Law 480.

Foreign donations: Title II of Public Law 480 was enacted to enable the President to furnish emergency assistance to friendly peoples "in meeting famine, or other urgent or extraordinary relief requirements." This program is quite different from title I, foreign currency sales, and this difference should be retained. It is a device designed especially to meet emergency situations. Where a crop failure, famine, earthquake, fire, flood, or similar catastrophes have struck, the United States has stood ready to provide, free of charge, American farm products.

We are opposed to distorting or perverting the title II donations program. We do not believe title II should be amended so that donations could replace title I, foreign currency sales.

At present there is \$800 million authorized for such emergency donations. The United States has committed approximately \$500 million since 1954 for this purpose. There remains \$300 million of



authorization which has not as yet been used. The following is a tabulation by year of the donations under this program :

Fiscal year—	Million
1955-----	\$107.8
1956-----	101.0
1957-----	134.9
1958-----	114.6

The foregoing indicates that we have never committed more than \$134.9 million in any one 12-month period. The present uncommitted authorization should provide sufficient funds to operate the program for an additional 2 years. However, should it be necessary to increase our donations to meet emergency situations, there would be sufficient opportunity next year to request additional authorization. Under the present situation we can see no valid reason for increasing the authorization at this time.

We favor a 2-year extension of the present title II program in its present form.

**Surplus disposal and customer nations:** In our statement supporting the beginning of the Public Law 480 program in 1954, Farm Bureau stated in part:

\* \* \* but in so doing, we must always guard against policies that would indicate to our foreign customers that we have in mind some "giveaway scheme for agricultural commodities. We believe that if the executive branch of the Government and the Congress should adopt such a large scale "giveaway" policy it would impair our firm dollar sales of agricultural commodities.

We must always keep in mind that American farm products, for the most part, compete directly with U.S. industrial export for scarce dollars.

Many countries of the world are engaged in state trading of one form or another. If our foreign customers assume that they can continue to obtain their food and fiber needs with local currencies, they will certainly not be interested in spending scarce dollars for these agricultural commodities. They will undoubtedly direct a substantial portion of these scarce dollars for the purchase of U.S. non-agricultural commodities.

Foreign countries or domestic producers should not come to depend on "easy sales" through this program.

**Surplus disposal and competitor nations:** Objections from competitor nations whose friendship and cooperation is vital to the United States and the free world have not been infrequent. Some of these nations are very good customers of American farmers and ranchers. However, many have recognized that our serious surplus situation required programs to move substantial portions of U.S. production into the export markets. In 1954 Farm Bureau stated: "To indiscriminately dump or give away these huge Commodity Credit stocks would be very disruptive to our efforts in developing a coalition of free nations for mutual defense."

These competitor nations have been willing to accept such programs as a temporary means of alleviating our surplus problem. We can expect adverse reactions from them unless we (1) adopt measures to reduce Government stimulus to surplus production and (2) begin to show our firm intention to prevent sales for foreign currency from becoming a long-term means of exporting American farm products.

The steps taken by the President initiating conferences between the exporting countries are certainly necessary at this time. We are not using food for peace when we disrupt the markets of friendly competing nations by U.S. Government programs—we may be promoting disunity among nations.

We must face the facts. The production of our present surpluses was not motivated by real market needs at home or abroad. They were motivated by the continuation of unrealistic Government price support programs. Many of those who have consistently advocated programs that have been responsible for the accumulation of such vast amounts of agricultural commodities now look desperately for any avenue of disposing of them, regardless of the longrun consequences to the American farmers, to friendly nations, or to the U.S. Treasury.

U.S. agriculture becoming dependent on Government export programs: There is evidence that American agriculture is becoming over-dependent on Public Law 480 and similar export programs.

We have been very successful in moving substantial portions of agricultural commodities into export markets, but, at the same time we have not been successful in removing the Government incentives for surplus production. As a consequence, U.S. farmers continue to produce those commodities having high Government guaranteed price supports in excess of effective market demand.

Since 1954, approximately \$8 billion has been programed under all the titles of Public Law 480. Special Government export programs in this amount carry with them a tremendous responsibility in regard to normal commercial trade.

When Public Law 480 was passed on July 10, 1954, CCC had title or held loans on about \$6 billion worth of agricultural commodities. Today, 5 years later, even with this vast movement of food and fiber, under Public Law 480, of over \$8 billion, CCC stocks are about \$9 billion.

In fiscal year 1958, 31 percent of our agricultural exports moved under direct Government programs (see attachment I). In fiscal year 1952 the U.S. exported \$3,430 million worth of farm products for dollars. In fiscal year 1958 our commercial shipments outside direct Government programs will be \$1 billion less, or approximately \$2,474 million. In fiscal year 1952 15 percent of farm exports moved under Government programs; in fiscal year 1959, 34 percent.

Attachment II reveals the serious decline in sales for dollars in our export markets. Even this is not the whole story. Many of our exports for dollars are made possible by subsidizing the sales price. We estimate that approximately 70 percent of our agricultural exports were the result of some form of Government assistance. For example, during the past fiscal year all of our wheat and cotton exports were subsidized.

Consider the fact that in addition to subsidizing all of our wheat and cotton exports, in fiscal year 1958, 65 percent of our wheat exports and 34 percent of our cotton exports moved under Public Law 480 or section 402 of the mutual security program.

We must face up to the basic decision in regard to agricultural exports. Do we go down the road of a permanent Public Law 480 foreign currency sales program—and in addition invent new ways to give away additional agricultural production, or do we utilize these



programs to encourage farmers to work at maintaining and expanding commercial exports? We favor the latter approach.

**Market development:** One of the primary purposes of Public Law 480 is to develop permanent dollar markets for U.S. farm products. The introduction of U.S. commodities in itself is an important factor in developing the market. Another means is through promotional activity.

Under section 104 the first use specified for foreign currencies accumulated under title I is "(a) to help develop new markets for U.S. agricultural commodities on a mutually benefited basis." To date, of the foreign currencies accumulated, approximately 11½ percent have been set aside for market development work. In many countries where market projects could have their maximum effect, there is developing a real shortage of funds available for this use. One of the primary causes for this is the many authorized uses for foreign currencies and the resulting competition of various Government departments and agencies to acquire these currencies. We believe that fragmentizing the uses of foreign currencies is contrary to the intent and purpose of Public Law 480. We urge this committee to include in its report a firm position that uses of foreign currencies shall not be further expanded and that in countries where foreign currencies are in short supply, priority should be given to the needs for developing permanent dollar markets for agriculture.

Farm Bureau has recommended to the Department of Agriculture revisions of the regulations governing the use of market development funds. It is requisite that strict criteria for measuring the use and feasibility of projects be established and adhered to. We have recommended that private groups desiring to conduct market development programs should be required to contribute a maximum of 50 percent of the cost of the program. We do not believe that any market development program under Public Law 480 can be successful unless (1) the cooperator is willing to bear at least half of the cost of the program and (2) the cooperator is able to enlist the assistance and participation of local enterprise. Funds expended for market development should be for programs designed to render real benefit to American agriculture.

Farm Bureau intends to dedicate every effort to expanding real markets at home and abroad. An example of this is Farm Bureau's Foreign Trade Office established in Rotterdam, Netherlands, last year. This is a direct effort totally financed by Farm Bureau to expand old markets and locate new markets for U.S. farmers throughout Western Europe. We have already had strong indications that an unrealized potential exists for expanded mutually advantageous trade. American farmers ask only that they be given the opportunity to work in this manner to expand their markets on a commercial basis.

**Barter:** Farm Bureau has supported in the past and continues to support a program of exchanging surplus agricultural commodities for strategic and critical materials that are in short supply and not produced in sufficient quantities to meet our national requirements. We recognize the necessity to exercise proper safeguards in conducting this program. Properly implemented, the barter program can increase our agricultural exports. We earnestly believe that it is possible under existing law to develop effective and realistic barter programs with proper safeguards.

We do not feel any change in the existing provisions of the barter program is required or advisable. The barter provisions contained in H.R. 7983, we believe, are inconsistent with the proper administration of a barter program. We do not believe that the present regulations of the barter program are unreasonable or unrealistic. During the past year the dollar volume of barter agreements has been about \$150 million. We would hope that this amount could be expanded during the coming year. However, this should be done only if it is possible to do so without displacing dollar sales.

We have reviewed, as we are sure the committee has, a number of the barter proposals which have been rejected under existing regulations. We have been unable to find evidence that the Department of Agriculture has rejected any barter proposals that did not seem likely to displace normal sales for dollars. However, there have been some approved barter transactions which have apparently disrupted commercial markets. To illustrate this point, in February of this year we received reports from our foreign trade office that the European corn market was seriously disrupted. The price had fallen and purchasers were holding back on additional orders. Our information indicated that the cause of this situation was the presence in the market of corn which the United States had bartered to Belgium for industrial diamonds. There was impressive evidence of direct substitution of barter corn for sales which had been made previously for dollars.

We are convinced that unless barter transactions are carefully screened serious disruption to commercial markets can result.

In summary we recommend that—

(1) Title I of Public Law 480 in its present form be extended for 2 years with an authorization of \$2 billion; \$1.2 billion for the first 12-month period beginning January 1, 1960, and \$800 million for the next annual period.

(2) Emphasis be placed on market development in the use of foreign currencies accumulated under title I of Public Law 480.

(3) Title II in its present form be extended for 2 years.

(4) The present barter provisions in Public Law 480 be retained without amendment.

#### ATTACHMENT I.—*Agricultural exports fiscal year 1958*

[Millions of dollars estimated]

Commodity	Total exports	Exports under Government programs <sup>1</sup>	Outside of programs	Percentage under Government programs
Wheat.....	724.2	471.7	252.5	65.0
Feed grains.....	427.8	118.4	309.4	28.0
Rice.....	97.6	45.7	51.9	47.0
Rye.....	4.1	.3	3.8	7.0
Cotton.....	841.0	289.1	551.9	34.0
Livestock products (dairy).....	585.4	180.8	404.6	31.0
Vegetable oil and oilseeds.....	412.9	104.8	308.1	25.0
Fruits and vegetables.....	383.1	12.8	370.3	3.0
Tobacco.....	343.0	26.1	316.9	8.0
Other.....	183.2	.4	182.8	.2
Total.....	4,002.3	1,250.2	2,752.2	31.0

<sup>1</sup> Programs: Public Law 480, all titles, and mutual security program, sec. 402.



**ATTACHMENT II.—Agricultural exports under direct Government programs<sup>1</sup>**  
 [Millions of dollars estimated]

Fiscal year	Under programs	Outside of programs <sup>2</sup>	Total exports	Fiscal year	Under programs	Outside of programs <sup>2</sup>	Total exports
1952-----	623	3,430	4,053	1956-----	1,367	2,129	3,496
1953-----	450	2,369	2,819	1957-----	1,960	2,768	4,728
1954-----	718	2,218	2,936	1958-----	1,250	2,752	4,002
1955-----	866	2,278	3,144	1959 <sup>3</sup> -----	1,260	2,474	3,735

<sup>1</sup> Public Law 480: All titles, ECA and mutual security programs including secs. 402, 550; USDA sec. 416 donations; barter.

<sup>2</sup> Includes: Short-term credit; sales at less than domestic prices; and export payments in cash or kind, as well as commercial sales without Government assistance.

<sup>3</sup> 1959 figures estimated.

Mr. LYNN. This concludes our statement, Mr. Chairman.

Mr. POAGE. I notice that you point out the necessity of maintaining as large a share of the dollar market as possible.

How do we maintain a large amount of our trade in dollars?

I wonder what your feeling is in regard to the proposal I made in January to authorize the extension of long-term credits to nations in dollars to be repaid in dollars and authorize the Secretary to enter into specific contracts to provide specific amounts of commodities over over a specific period of time? I am not suggesting that that is what was intended in Public Law 480. It was not intended when we passed Public Law 480, but what about such a method of getting away from Public Law 480 into something that does put this back on the dollar track?

Mr. LYNN. Mr. Poage, you know we expressed misgivings about the provisions of that proposal previously before this committee. We recognize that the bill was exploratory on your part to try to find a solution to this problem. We believe that to attempt to enter into agreements as long as 10 years and give these countries up to 50 years to pay is not the best way to find a solution to this problem.

We doubt if these agreements would be carried out to completion based on our experience with other programs of this kind because with the dollar difficulty these countries would be into we feel sure that the United States might say, "You can forget this one," or "Forget you owe is this," as we have done so many times in the past.

Perhaps most importantly, it seems to us that this proposal would lead to government to government trading to even a greater extent than we have currently. These are some of the points we raised with regard to this proposal.

Mr. POAGE. You object to the 10-year period and the 50-year repayment period, but do you feel there is any basis for making say a 6-year limit and a 17-year repayment limit, or any other limits?

Are you objecting to the whole idea? You now point out you do not like those specific years but is your objection made to specific years or to the entire idea of longer contracts?

Mr. LYNN. We would hope that instead of long-term commitments we would concentrate getting our supplies down to normal as quickly as possible.

Mr. POAGE. How quickly?

Mr. LYNN. Well, a lot of it depends on the action of this committee, as you know.

Mr. POAGE. You have not the slightest idea that we can get our supplies "down to normal," as you say, within the next 10 years, have you?

Mr. LYNN. Yes, I hope so.

Mr. POAGE. That is an ambition we all would like to share with you. We all hope so, but I had not thought that anyone had much more than a hope that it could be done without war, drought, or some other disaster.

Mr. LYNN. Yes, I think we ought to look forward not to exceed 5 years in getting our supplies in line with normal carryover. If you start with that assumption, which we do, then we doubt if it is good to enter into as much as a 10-year agreement with the countries we are supplying food.

Mr. POAGE. Of course, if I had any idea that we were going into a situation where, in 5 years, we would get back to what you call normal, I would feel much relieved, but I recall that 5 years ago you held exactly the same ambition and exactly the same hopes you now express, and in those 5 years we have accumulated greater surpluses than we have ever accumulated before.

Mr. LYNN. We have confidence that you are going to change the basic law to avoid continued accumulation.

Mr. POAGE. That leads me then to something you said on page 7. I think we ought to discuss that a moment. You have said, "Change the basic law."

I feel sure that there should be some change in the basic law. I think we all agree on that point, but if I understand what you have said here, it is that you feel—and I think you have said it before—that because we have sought to try to maintain some stability of price to the producer, we have produced more of these commodities than we should have produced.

That is basically your opinion; is it not?

Mr. LYNN. Basically, Mr. Poage, it is a Government guarantee of a profitable price and that is not just stability of price.

Mr. POAGE. You feel that the present support price on cotton and wheat is higher than we should have?

Mr. LYNN. Our tremendous surpluses, Mr. Poage, were not brought forth with the price-support levels we now have, for example, with cotton. Our tremendous surpluses in wheat, for example, were brought forth with \$2 wheat. Of course, we contend that the \$1.80 price support will continue to bring forth surpluses.

Mr. POAGE. I understand that is your position.

I do not think the wheat crop this year will be as large as the year before, but the corn crop will be considerably larger.

What I want to get at is this: I believe, and some of the others believe, that low support prices always tend to cause farmers to plant more, not less. They do so in an effort to make up in volume what is lost in price, whereas you believe a low support price will cause the producer to plant less, not more. That is about our difference in opinion; is it not?

Mr. LYNN. Without Government guarantees of high prices on certain commodities the farmer is able to shift his enterprises to those things he thinks he can make more money with.

Mr. POAGE. That comes then to what we are talking about right here. The question then is, What would happen? I have been seri-



ously interested in this. What do you assume would happen if we were to wipe out all support prices today?

Mr. LYNN. It would be disastrous. We just could not live with any such action.

Mr. POAGE. I do not think we could either, but is not that exactly what you are telling us that you want to do? Possibly you would rather remove supports gradually than to wipe it out all at once. You do want to reach a point where we will not have the support prices; do you not?

Mr. LYNN. No; we are for price supports, Mr. Poage.

Mr. POAGE. Continual price supports?

Mr. LYNN. Price supports that—

Mr. POAGE. You want them at something less than the market price?

Mr. LYNN. We want the market to be able to function.

Mr. POAGE. The market cannot function if the support price is above the market price.

Mr. LYNN. That is right.

Mr. POAGE. You want the support price somewhere below the market price?

Mr. LYNN. Our recommendation has been 90 percent of the 3-year market average.

Mr. POAGE. Below the market price?

Mr. LYNN. Below the previous 3-year average market price.

Mr. POAGE. You want the support price to be somewhere below the market price?

Mr. LYNN. Below the previous 3-year average market price.

Mr. ALBERT. Mr. Chairman, I may be misconstruing something, but if the market price goes too low, you want it pegged on the previous market price?

Mr. LYNN. That is right.

Mr. ALBERT. You do not want it below the present market price. The present market price is too low?

Mr. LYNN. That is right.

Mr. POAGE. Let us put it another way. He hopes that the market price will be above the support price.

Mr. LYNN. That is right.

Mr. POAGE. He wants the support price below the market price. I think that I have said it correctly and I think he answered it correctly, giving a factual statement of what he wants, of what the Farm Bureau position is, and that he wants the support price below the market price.

I think you do; do you not?

Mr. LYNN. No; Mr. Shuman went over this, as you know, hour after hour, 2 weeks ago.

Mr. POAGE. I knew he did; and that is what he said.

He said that in case of emergency, he wanted a support price there to hold up the market when there was an emergency condition.

Mr. LYNN. It just depends on what your philosophy is with regard to the functions of price.

Mr. POAGE. That is what I am trying to get clear.

Mr. LYNN. Let me explain what our position is.

Our position with regard to Government price supports is that it should not be the price. The market price we believe, if it is allowed to fluctuate, in most years will be above the price supports.

If you start from the assumption that the price supports should be the price, then you come out with a completely different answer than you do if you start from where we do.

Mr. POAGE. I know that you do, and I am not trying to quarrel with that. I am trying to get it clear here.

We had it quite clear and I think it is quite clear that what you want, what you hope for and what your objective is, is to have the support price below the market price.

I am not saying that you do not want a support if the market drops more than 10 percent below what it has been, but you do not want that support price to be fixed above what the market has been. You would have a terrible situation if your desire was to keep that market below that low support price you advocated.

You advocated a support of 10 percent below what it has been. If you want the market to drop below that, you hope for disaster for our farmers and I know you do not want that.

Mr. ALBERT. As I understand it, they want their support price based on the previous market price, without reference to the present market price, hoping that it will not be invoked except when the prevailing price is abnormally low.

Mr. LYNN. That is right. That is a good statement.

Mr. POAGE. That is probably a good statement, but am I not correct in saying that what you hope is to have a support price below the market price?

Mr. LYNN. Not in any given year. We hope that the market would be allowed to operate and that the price will always be above the support price.

Mr. POAGE. That is exactly the same thing in reverse. If you hope the market price would be above the support price, then you hope the support price would be below the market price?

Mr. LYNN. No, sir; that is not the basis of our policy.

Mr. POAGE. We are getting nowhere with this sort of thing. I am seriously trying to find out what you are advocating here, but as usual when your organization speaks, our great problem is ever getting a clear-cut statement of your position.

I am telling you in clear-cut language that I want the support price high enough to maintain the market. You do not want it that high?

Mr. LYNN. We completely differ on that, Mr. Poage, if it means that the support price should be the price received by farmers.

Mr. POAGE. That is all I am trying to get in plain language, that we do differ on that and you want support prices much lower. You want the support price to be below the market price and you hope that it will be there. I am not saying you hope that the bottom is going to fall out of the market.

Of course, when it falls out of the market, you want that support price to function but you hope that it will never function because you hope the market will stay high enough so it will not be necessary.

I am just assuming that you are trying to do something for the farmer. I am not going to assume that you hope, or that you want, or that it is your desire, that the market will drop below that very low support price. I do not think you want that.

I think you want the market above the support price and if you do, you obviously must want your support price below your market.



Mr. LYNN. We hope that the market price will be the highest price possible.

Mr. POAGE. You want your market as high as you can get it.

Mr. LYNN. Yes, sir.

Mr. POAGE. Let us go back here and see what happens when you suggest that in the past we have been moving a very large portion of our agricultural commodities into export markets because we have had what you call a high support price. I do not consider \$1.77 high for wheat. I consider it low.

I think it is far too low. I do not consider 31 or 32 cents for cotton high for the producer. I consider it far too low a return for him, and yet I realize that it is too high for the mills who can buy synthetics cheaper.

I do not consider any of our support prices at present high, but I recognize that our competitive position must be considered. That is why I have favored compensatory payments.

There is another difference in our opinion. I would try to maintain farmer income.

I consider that the price of agricultural commodities should bear a substantial relationship to the income of other segments of our economy, such as labor and industry. I think there should be a relationship and I think that the parity formula measures that relationship very well. I, therefore, would not agree with you in scrapping parity, or in substituting some lower figure.

I do not look upon present or recently passed farm supports as being at all high, but relatively very low.

Mr. LYNN. They are very high for Government-guaranteed prices.

They are not necessarily high for market prices but when you—

Mr. POAGE. I consider them very low. There, again, is one of the differences of opinion.

Mr. LYNN. That is where we differ.

Mr. POAGE. Yes, that is one of the places where we differ. I think they have been very low and you think they have been much too high.

Mr. LYNN. If it were not for the price incentives we have had in some of these price support and adjustment programs, there would not be the need for the great subsidies we have to pay now for our agricultural exports.

Mr. POAGE. Of course, if you let wheat move at \$1.10 a bushel, we would move a lot more of it on the world market without any subsidy than you can do if you are going to try to keep the price up to \$1.77; is that right?

Mr. LYNN. That is not our program. That was your statement.

Mr. POAGE. What is your program?

Mr. LYNN. We recommend a program for wheat based on 90 percent of the previous 3-year market price for wheat.

That is not \$1.10.

Mr. POAGE. It will get down there, will it not?

Mr. LYNN. We do not think it will.

Mr. POAGE. Mr. Shuman was here and he was supposed to get us some figures.

He has not sent them up here yet, has he?

Mrs. GALLAGHER. No.

Mr. LYNN. We have supplied that for the record; yes, sir. They have been made a part of our testimony.

Mr. POAGE. I am not saying that they have not. I have just not seen them. Mr. Heimburger says he has not seen them. Mrs. Gallagher says she has not seen them. Who has them? I would like to see them.

Mr. LYNN. You have to make all kinds of assumptions when you start projecting a long time in advance. I think the burden of the figures we supplied for the record were based on the program being in effect in previous years because then you have some measuring stick to use in connection with this market price.

Mr. QUIE. Just one question. It would make a difference what we determined to do with the surplus, whether we would allow that to go out of the domestic market for whatever the price was for that year, or if we were going to freeze it by setting some higher figure than the support level.

Mr. POAGE. I do not think that that will make any great difference. I do not think the American people are going to eat any appreciably larger amount of wheat regardless of at what price it sells. I do not think the American people are going to use much more corn regardless of what price it sells for. I do not think the American people are doing without very much food or fiber because of price. Unless they are, it does not make any difference how low you bring the price on the domestic market, you are not going to sell any more than you are selling today.

Mr. QUIE. Would not the price drop lower if you were to suddenly dump 1 billion bushels of wheat on the market?

Mr. POAGE. Yes. But I do not think that the American people would eat more flour if you dropped the price to 50 cents a bushel.

Mr. QUIE. The same thing would be true of tobacco. They would not smoke any more cigarettes.

Mr. MATTHEWS. I would smoke more cigars if they were cheaper.

Mr. POAGE. Would you now? I doubt that very seriously. The price of the tobacco in your cigars makes up an insignificant part of the total cost of the cigar. If the price of tobacco were cut in half, I do not think a cigar would drop one penny, and I do not believe you would smoke any more than you do now if you broke the price of tobacco 50 percent.

Mr. MATTHEWS. What I meant was, if I could get that cigar 6 for 55 cents instead of 3 for 55 cents, I would smoke two or more a day, but I will not get them at that cheaper price.

Mr. POAGE. If the tobacco farmer gave the tobacco away you would not get 6 for 50 cents. It would not cut the cost of three of them by 5 cents.

Mr. MATTHEWS. As usual, I agree with our vice chairman.

Mr. STUBBLEFIELD. If the support price of the commodity determined the market price of that commodity, and that commodity was moved at that price, what would be your position on the support for that commodity?

Mr. LYNN. Our specific position with regard to support prices varies with the commodity.

Mr. STUBBLEFIELD. Let us take tobacco.



Mr. LYNN. At the present time we support 90 percent of parity for tobacco.

Mr. STUBBLEFIELD. If the support price determines the market price that tobacco will move to the market, would your position be to maintain 90 percent?

Mr. LYNN. Yes, for tobacco. In other words, if your burley tobacco moved at the support price——

Mr. STUBBLEFIELD. Correct.

Mr. LYNN. Really on the market——

Mr. STUBBLEFIELD. Then you would not go for the 3-year market average?

Mr. LYNN. No. We are not recommending that for tobacco.

Mr. STUBBLEFIELD. Do you agree that the support price determines the price of tobacco?

Mr. LYNN. Well, to some extent it does in tobacco. However, it varies with the type of tobacco. In the case of burley it didn't last year for the most part and in the case of Flue-cured it did to some extent. Burley went way above the support price last year.

Mr. STUBBLEFIELD. Without the support price you do not think that burley would maintain a price of 72 cents per 100 pounds very long, or Flue-cured, or dark-fired?

Mr. LYNN. We are not advocating any discontinuance of price support for tobacco.

Mr. ALBERT. May I ask, what do you think of the President's food for peace proposal as part of Public Law 480?

Mr. LYNN. We are not for the administration's legislative proposals. We are for using food for peace, but you spoke of the particular proposal that is now pending. We are not for that proposal. We believe under Public Law 480, and under our mutual security program, that we are using our food for peace.

Mr. ALBERT. That is all.

Mr. LYNN. Mr. Harris would like to supplement that.

Mr. HARRIS. As far as the overall concept of food for peace goes, it is fine. As far as having conferences with other exporting nations, that is one of the things that we have really needed. As far as specific legislative proposals that have been made to amend title I to allow donations of food, we are opposed to that.

As far as the idea of meetings, like wheat utilization conferences, meetings with other exporting nations to determine overall principles of exporting surpluses, we certainly support the conferences.

Mr. POAGE. Mr. Lynn, I want to go back to this proposition that I was discussing a while ago—where we would go if we were to wipe out our support program. Just what is it you do want to wipe out? You suggest that if we had not had the program we have at the present time we would not have so much surplus to sell on the world market and we would not have this problem with other nations.

Just how much would you go ahead and wipe out? You would wipe out controls, I take it?

Mr. LYNN. No. Our discontinuance of acreage allotments is on a very selective basis.

Mr. POAGE. On what crops would you wipe out acreage controls?

Mr. LYNN. We supported the so-called Belcher amendment to the wheat bill which gave farmers a choice as to whether they wanted

higher supports and controls, or freedom to plant with lower supports. We supported the provision of the corn bill last year which provided for a referendum doing away with acreage allotments.

Mr. POAGE. You want to wipe out controls on wheat and corn? You want to leave it on cotton and tobacco?

Mr. LYNN. We have not made any recommendations for discontinuing acreage allotments on those commodities.

Mr. POAGE. I am not asking you what recommendations you made. All I am asking you about is your statement on page 7 where you say:

But, at the same time we have not been successful in removing the Government incentive for surplus production.

Mr. LYNN. That is right.

Mr. POAGE (reading):

As a consequence, U.S. farmers have continued to produce these commodities having high Government-guaranteed price supports in excess of effective market demand.

Just what would you wipe out? Do you think if we simply did away with the present support or lowered the support we then would not produce so much of these commodities? Is that the idea?

Mr. LYNN. Well, the commodities in which we have the tremendous stocks in CCC are those commodities on which we have continued to have high Government-guaranteed prices.

Mr. POAGE. Because they are the only ones on which the Government makes a loan. There could not be anything else in Government stock because the Government does not loan on anything but the crops they are supporting.

Mr. LYNN. Take soybeans, for example. The price supports have not been fixed rigid and high and we have continued to move our soybeans.

Mr. POAGE. We lost \$1 billion that we paid out in the subsidized movement of those oils. I believe I have heard that it cost more than \$1 billion in the last year. Is that not right, on vegetable oils?

Mr. LYNN. I am not aware of that.

Mr. POAGE. Of which soybeans and cottonseed were about 99.9 per cent.

Mr. LYNN. The only point that we are trying to make here is that so long as we have a high fixed Government guaranteed price support the farmers will continue to produce. That is being demonstrated under wheat year after year after year. And our only point was, as long as we have that incentive to produce it does not matter how many Public Law 480's we have, we are going to put more in the bin than we take out. All we are pleading for here is a continuation of Public Law 480, and the modification on a gradual basis of our price support program in order to try at some future date to get these supplies in line with the demand. That is our position.

Mr. POAGE. Mr. Lynn, I may never understand what you say. If I do understand what you are saying, you are saying the present program is causing us to have these export commodities.

Mr. LYNN. That is right. The present programs are causing our surpluses.

Mr. POAGE. In excess quantities.

Mr. LYNN. That is right.



Mr. POAGE. And if we were to stop the present program——

Mr. LYNN. No, not stop it, but modify it.

Mr. POAGE. Modify it, change the present program, and we would not build up these surpluses? I cannot find out on what basis you would not build them up. Obviously, if you do not have controls you are going to grow more wheat.

Mr. LYNN. Not necessarily.

Mr. POAGE. At any support price?

Mr. LYNN. Not necessarily.

Mr. POAGE. What would those people who are now growing wheat do?

Mr. LYNN. They could grow grain sorghums or other crops.

Mr. POAGE. You will then have an even greater excess of grain sorghums.

Mr. LYNN. They could produce a long list of things.

Mr. POAGE. If you do not grow wheat you are going to grow an excess of grain sorghums or corn. Just changing to your lower support prices will not reduce the total production of agricultural commodities in the United States.

Mr. LYNN. When you ask a question like that, that is not based on our position and you want me to answer it "Yes" or "No," it becomes rather difficult.

Mr. POAGE. I have not asked that you answer "Yes" or "No." Just give me your position. I honestly have not yet understood it. You have told me two or three times that you did not intend to take off controls, you favor continuing controls. Then you have told me that you did not intend to wipe out all supports, you just wanted to lower them, you wanted to continue supports at a lower level. A level somewhere below the recent market level.

Mr. LYNN. What commodities are you talking about?

Mr. POAGE. I am talking about every commodity because that is what you are talking about.

Mr. LYNN. No, we are not.

Mr. POAGE. I am talking primarily about wheat, corn, and cotton, because they are the big surplus commodities, and you suggest if it had not been for the present program we would not have these surpluses on the world market. What is going to happen to the production of that land, Mr. Lynn, no matter what you do about price?

Mr. LYNN. Let us take wheat, for example.

Mr. POAGE. All right.

Mr. LYNN. We favor a program for wheat which would gradually move from the program we now have, which has resulted in surplus production of wheat; 55 million acres at an incentive price equals surplus production. Our program would be to give farmers a choice in a referendum in which they would vote whether they wanted to continue high rigid price supports at \$2.13 a bushel, as the House bill provided, with controls, or do away with the acreage allotments and go to 90 percent of the previous 3-year market price.

Mr. POAGE. You would do away with the acreage allotments?

Mr. LYNN. In the case of wheat, yes. In the case of cotton, the current program on the books gives the cotton farmers the choice between A and B. Under our program in 1961 the acres will be based on the estimated consumption domestic and export plus carryover,

and the price would be supported at 90 percent of the previous 3-year market price. That is not in the law, but it is our program and still is.

In the case of corn we are for the present program with regard to corn that is in effect in 1959, minus the 65 percent parity gadget. We do not support that. We wanted it based on 90 percent of the 3-year previous average market price.

In the case of tobacco we support the present program. We did recommend, in order to stabilize the price, to keep it from continuing to go up under the modernized parity formula, a temporary freeze of tobacco price support in order to give us an opportunity to work this thing out to better stabilize the price of tobacco.

The present rice program we support.

My only point is we cannot answer these questions generally. We have a different price support program for different commodities. We always have.

Mr. POAGE. You propose to have unlimited production of wheat and corn.

Mr. LYNN. With a modification of the price support, it would be limited by the decision of farmers.

Mr. POAGE. That is right, but unlimited production and lower price support. Let us assume that your price goes down, and you want it to go down——

Mr. LYNN. No. The price support for wheat should be changed, but the price should not go down.

Mr. POAGE. Do you think that the market price can stay up with lower supports on wheat?

Mr. LYNN. I think that a great deal would depend on what we do with the Commodity Credit Corporation stocks we have. We are for isolating those stocks as we go to these new programs to prevent that wheat from being dumped on the market.

Mr. POAGE. And you are for unlimited acres?

Mr. LYNN. In the case of wheat, acres would not be limited by Government.

Mr. POAGE. And in the case of corn?

Mr. LYNN. Yes, not by Government.

Mr. POAGE. And in feed grains of all kinds?

Now then what is going to happen to that land that has been in wheat, corn, and feed grains? It is going to produce just exactly the same amount regardless of what the farmers are getting for it. That does not affect the Lord and the rainfall. It does not affect the grasshoppers and the hot wind. The weather is going to be the same whether the price support is 100 percent of parity or 50 percent. What is going to happen to that land? Are you going to provide some way of laying that land out?

Mr. LYNN. The farmer will plant whatever he thinks will bring him the most return in the fall, or whenever he harvests his crop, just like you and I used to do before we ever heard of price support programs when we were farmers.

Mr. POAGE. Yes, he will plant all of his land.

Mr. LYNN. He will put his land into something he thinks will bring forth a profit.

Mr. POAGE. That is right.



Mr. LYNN. We support the conservation reserve. We support an expansion of the conservation reserve program, giving the farmer an opportunity to retire some of his land if he can.

Mr. POAGE. Do you support spending enough money on the conservation reserve program to give him an opportunity to put all the land that he does not want to put in wheat and corn into the conservation reserve?

Mr. LYNN. No.

Mr. POAGE. Where is that land going?

Mr. LYNN. It is going into enterprises, crops, and back to pasture, into hay, depending on what the farmer thinks he can make the most net return from.

Mr. POAGE. As a matter of fact, through the great wheat area there is very little of it going into hay because you cannot grow much hay there.

Mr. LYNN. In the Great Plains area a lot will go to sorghums.

Mr. POAGE. Yes, it will go to feed and create another surplus problem.

Mr. LYNN. Some of it ought to go back to grass. A lot of the Great Plains area, with the Great Plains program and the ACP programs, could go back to grass.

Mr. POAGE. I said if you were willing to put up enough money in a conservation program you will get some of it moving back, but I do not understand you to say that you would support putting up enough money to do that.

Mr. LYNN. We are not for another acreage reserve, Mr. Poage.

Mr. POAGE. I did not think so. I hope not. Consequently, you are just coming back to what we have today unless you are offering some other tools. When you take off acreage controls you are simply going to get a substantially larger amount planted each year. I do not see how it is going to reduce our production 1 bushel.

Mr. LYNN. It will reduce the production of some of these commodities that are in oversupply. We think that it will adjust itself much quicker than if we continue the present program.

Mr. POAGE. When I asked you what that land is going to you could not tell me anything that it is going to except something else in surplus supply.

Mr. LYNN. Not necessarily in surplus supply.

Mr. POAGE. What, for instance, does it go to? I am talking about a practical matter. I suppose that there would be 8 or 10 acres of millet planted in each county. Somebody still has seed, but as a practical matter what is that land going to?

You have answered correctly, as a practical matters the wheat land is going to feed grains. If a man takes feed grains out, he is probably going into wheat, only a little of that land will ever go into grass. I do not suppose you think we are faced with a shortage of cattle at the present time?

Mr. LYNN. No, but that is a good enterprise to get into from its long-term aspects.

Mr. POAGE. It looks to me like it had some fine prospects of breaking anybody that will touch it at the present time. You are not going to invest any money in it, are you?

Mr. LYNN. A lobbyist does not make very much.

Mr. POAGE. You told me about operating a farm in South Carolina. You are not going to put that farm into cattle, not at this time.

Mr. LYNN. No.

Mr. POAGE. Neither am I. And I do not know anybody that is not afraid of the cattle market, do you?

Mr. LYNN. No, since the cattle market has gone through a very high period.

Mr. POAGE. Be serious, Mr. Lynn. There is not anything this land can go into without aggravating other surpluses, is there?

Mr. LYNN. Well, we have a lot of things that are not in surplus in this country.

Mr. POAGE. And what can you grow on this land on the Great Plains?

Mr. LYNN. Are you talking about the dryland area?

Mr. POAGE. I am talking about the land where the surplus of feed grains and of wheat is being grown. What can you grow except these grains?

Mr. LYNN. The surplus of wheat is not being grown necessarily in the Great Plains area. It is being grown a lot in the Middle West and in such places as South Carolina.

Mr. POAGE. Let us assume that you go out of wheat. That will add to cotton unless you can control cotton.

Mr. LYNN. No. We are not for doing away with acreage controls on cotton.

Mr. POAGE. You are going to control cotton. Then a man will be forced to grow corn.

Mr. LYNN. He may grow soybeans.

Mr. POAGE. The Government spent over \$1 billion moving the soybean crop, and the Government is accumulating corn to where I am scared to say how much we have of feed grains on hand at the present time. So we do not help anything by you going either to corn or soybeans. You are still buying an unwanted surplus.

All I am saying is there is not any place you can go. You can go to Mr. Latta's country where they are growing wheat and get him out of the wheat business, but what do they go to?

Mr. LATTA. Tomatoes.

Mr. POAGE. Campbell could not buy all of the tomatoes you could grow. You could grow enough to supply them in one-half of one county. When you turn to a big production, they are going back into corn. Of course, they are.

Mr. LYNN. They will get back out if they see something that will make them a little more money.

Mr. POAGE. Of course that is true, but neither you nor I nor the farmers see anything they can turn to and reasonably expect to make a little more money.

Mr. LYNN. That is what we want them to do. That is our program.

Mr. POAGE. Of course they will be shifting all the time. All I am saying is that the sum total of production will be greater, not less. When you tell us that the support programs have been responsible for the surplus you do not suggest a program that will stop the building up of surpluses.

Mr. LYNN. Yes, we do. The program I have outlined represents our best judgment.



Mr. POAGE. Your judgment is awfully poor for somebody who is supposed to be familiar with the facts of life. You feel that simply by lowering prices and letting the people plant all they want to they will stop growing wheat and feed grains.

Mr. LYNN. You do not accurately state our program. Mr. Poage, we completely disagree. You know that.

Mr. POAGE. That is right.

Mr. LYNN. Your philosophy and ours does not agree.

Mr. POAGE. I know.

Mr. LYNN. And to start from where you start and where we start from there is no way for you and I to agree, and we could argue here until noontime.

Mr. POAGE. I am sure of that.

Mr. LYNN. And I would not change you and you could not change me.

Mr. HOEVEN. In the light of the perfect understanding between Mr. Poage and Mr. Lynn, I suggest we get back to Public Law 480.

Mr. LYNN. I would love to.

Mr. SMITH. I would like this on the record.

There is always a lot of talk around this committee about putting the high plains and the Great Plains lands back into grass. The Federal Government has been trying to do that for a long time, and most of the people around seem to be of the opinion all that you have to do is to some night, or some day, go out and plant your land in grass and the next day you can start using that land for grazing. It is a long process. It is at least a 4- or 5-year process. The Government, as Mr. Breeding well knows, out in his area within 30 miles of him, took over a project of restoring some of that land back and they would not let anybody put a cow on there for grazing for 10 years. It is not a simple matter to plant this excess land back to grass, it is a long-drawn-out process.

Mr. BREEDING. Yes. I would like to make the statement that I live in that country and I lived in that country when it was practically all grass and I know that a quarter section of grass has very little value in comparison to the production of wheat, grain sorghums, or crops, so my people are not interested in going back to grass when they have to wait 8 to 10 years after it is seeded before they can use it.

Certainly, as Mr. Poage said, the price of beef is pretty uncertain at the present time. I cannot for the life of me see how you can recommend a program of cheaper prices for wheat production with the increased cost of production continually going up. It seems to me what you have recommended this morning is cheaper prices for wheat.

Mr. LYNN. No; I have not, Mr. Breeding.

Mr. BREEDING. You advocate 90 percent of the last 3 years, which definitely would be in the neighborhood of \$1.35 or \$1.40 a bushel in my area. Those are cheaper prices because presently we see wheat at \$1.77.

Mr. LYNN. The market price and the support price are two different things in our way of thinking. You are talking about Government price supports, and we are not for Government price supports necessarily being the price.

Mr. BREEDING. How do you propose higher prices for wheat with all the surpluses that we have on hand?

Mr. LYNN. It will be very difficult. We have to be very careful how we do it. It has to be gradual. We cannot drop what we have and go. That is the reason that we supported the so-called Belcher amendment, in order to give the farmers an opportunity to vote as to which way they want to go. I believe if we gave farmers an opportunity they would vote to do away with the controls and gradually lower the price support for wheat.

Mr. COAD. Mr. Lynn, I understand, made the statement that we start from two different opinions in this discussion which has been paraded here this morning, and I am sure probably the starting place is different, but I think that we are missing the point because it is the place where we end up that we ought to be looking at, and what this committee is concerned with No. 1 is the economic welfare of the American farmer. That is the end result, and cheaper prices and greater production have been anathemas to the farmers in the last 5 or 6 years, and probably for a generation.

I do not think by lowering prices and increasing production along the line is in the best interest of the welfare of the American farmer, so I totally am bound to disagree that because we are starting from different points that is the basis on which to conclude the argument. I think it is the end result that is primarily most important. That is all.

Mr. GATHINGS. What percent of the amount that would go into title I of Public Law 480 do you think would be set aside for market development purposes? I believe that your statement revealed that 1.5 percent is now being used for market development. How much do you think ought to be added to the 1.5 percent?

Mr. LYNN. It is hard to say exactly the percent, but we believe that there ought to be more than there currently is, particularly in a number of countries where we are running out of market development money.

Mr. HARRIS. This is the thing—you cannot set on overall percentages. There are some countries where we have enough foreign currency for market development use but where it does not make a lot of difference. Where we have the problem is in the countries where we have the greatest potential markets. We should have a larger percentage set aside for those countries where we can perform an effective market development program.

Mr. LYNN. I only tried to make the point that each year authority is given for more people to reach into the bag, and this tends to squeeze out what we think is the No. 1 objective of this committee in passing Public Law 480, which was market development.

Mr. GATHINGS. You recommend some flexibility be put into the program?

Mr. LYNN. That is right.

Mr. GATHINGS. To make available a larger percentage of these funds in those particular countries where we have an opportunity to develop a market?

Mr. LYNN. That is right.

Mr. GATHINGS. You have opened up your office in Rotterdam and I understand it is doing a good job. You recommend also 50 percent should be paid by organizations such as the Farm Bureau and not more than 50 percent derived from these counterpart funds.



Mr. LYNN. That is right. In the case of the Farm Bureau operation we are paying all of that, 100 percent. We have recommended that any outfit going into the market development field ought to put up at least 50 percent of the expense.

Mr. GATHINGS. How are we going to go about getting that done? You think that it can be done by putting it in a committee report? How do we achieve it legislatively?

Mr. LYNN. Are you talking about the 50 percent?

Mr. GATHINGS. To get this 1.5 percent raised.

Mr. LYNN. We suggest in the committee report a good strong paragraph in this regard would be quite helpful.

Mr. HARRIS. Actually we suggest two things, not only that you do not add any more uses to section 104, but also that you put it in your report that no more should be added.

Mr. HOEVEN. Mr. Lynn, the Farm Bureau recommends an extension of title I for 2 years with an authorization of \$2 billion. Then you break it down, \$1.2 billion for the first 12 month period beginning January 1, 1960, and \$800 million for the next annual payment period.

What is the basis for that particular breakdown?

Mr. LYNN. Primarily the basis is to continue to indicate that Public Law 480 first is a temporary program; secondly, it is on a diminishing scale.

Mr. JOHNSON. Now, I would like to go to the corn program. You stated that the corn program was your program except for the 65 percent support; that it could not go below 65. What would corn be supported at under your program this year?

Mr. LYNN. I think that corn is being supported under the Farm Bureau program this year.

Mr. JOHNSON. Then if the program is not a success this year you cannot blame it on the 65 percent?

Mr. LYNN. No. We would not even contend that.

Mr. JOHNSON. You take the responsibility if the program is not a success then?

Mr. LYNN. No. We will be happy to share that with you and the others here.

Mr. JOHNSON. I did not vote for the law.

Mr. LYNN. I would not be too disturbed about the increase in corn acreage because when you consider the fact the acreage reserve is no longer in effect—

Mr. JOHNSON. The Farm Bureau's program is 65 percent and it should be repealed from the law?

Mr. LYNN. We have not so recommended.

Mr. JOHNSON. You say that is the only thing in the law that you object to.

Mr. LYNN. We have not recommended that that be taken out this year.

Mr. JOHNSON. Is the Farm Bureau worried about the great corn acreage grown this year?

Mr. LYNN. Not necessarily. We expect an increase, particularly coming in a year when the acreage reserve was abandoned, but if you look at the total feed grain production and the takeoff, it is not as bad as has been pictured because some of the other feed grain acreage has been reduced, as you know.

Mr. JOHNSON. Going back to the difference in views between you and the chairman on the two programs, would you admit this: If there were just an oversupply of wheat and an undersupply in all other production, would your program work better than under the present circumstances? If they lower the support on wheat, they will go into other commodities.

Mr. LYNN. I think any program working toward the market price would work better the less surpluses you had.

Mr. JOHNSON. There is a surplus in practically every commodity, and a lot of them are not supported. Take the poultry industry, for example. That is not supported at all and look at the overabundance of poultry we have.

Mr. LYNN. We are speaking primarily of surpluses in the hands of the Commodity Credit Corporation, which is the basis for operations under Public Law 480.

Mr. JOHNSON. Why is not the poultry program working? The market price is the support price in poultry, yet look at the oversupply.

Mr. LYNN. The poultry program will work, I think.

Mr. JOHNSON. The farmers are going broke to have it work.

My LYNN. Some may, but we have always had that. We are not recommending any Government intervention in the poultry business.

Mr. JOHNSON. Let nature take its course?

Mr. LYNN. If you want to put it that way.

Mr. BREEDING. I would like to ask a question. Do you think that the wheat farmers of America are entitled to the same consideration as the corn farmers, and would you go along with a program with no controls on wheat with 85 percent of present parity?

Mr. LYNN. No, sir; we would go along with no controls on wheat and 55 percent of parity.

Mr. BREEDING. Why the difference?

Mr. LYNN. We did not support the 65 for corn.

Mr. JOHNSON. You did not tell me whether corn is supported under the Farm Bureau program.

Mr. LYNN. It is supported this year.

Mr. JOHNSON. What we have now is the same as the Farm Bureau.

Mr. LYNN. Ninety percent of the previous 3 market years. Next year we understand the 65 percent will come into play.

Mr. JOHNSON. How much will that be above the Farm Bureau's recommendation?

Mr. LYNN. I do not know. There is no way of telling; it is based on what corn brings.

Mr. QUIE. I would like to understand this table that you have attached. It shows about 35 percent goes outside of Government programs. How is this being exported?

Mr. HARRIS. You notice this is primarily Public Law 480. One hundred percent of the wheat goes out with Government assistance. In addition to all wheat being subsidized, 65 percent of the exports is under special Government programs for sale for foreign currency or donations.

Mr. QUIE. This table would be misleading.

Mr. HARRIS. I think it is rather clear with the asterisk, "Program: Public Law 480, all titles and mutual security program section 402."



These are specified Government programs, not the Government overall subsidized.

Mr. QUIE. Which of these commodities, going down the line, are without any Government program whatever? What about feed grains?

Mr. HARRIS. Twenty-eight percent moved under special Government programs.

Mr. QUIE. Under these programs?

Mr. HARRIS. Yes.

Mr. QUIE. Is there also a Government program similar to what is now in effect for wheat?

Mr. HARRIS. Yes; similar.

Mr. QUIE. For feed grains does the \$309 million go without any Government subsidy, export subsidy?

Mr. HARRIS. We have a subsidy program for feed grains, too.

Mr. QUIE. Does it all go that way?

Mr. HARRIS. No; I believe there are some feed grains exports that move out unsubsidized.

Mr. QUIE. How about cotton?

Mr. HARRIS. All the cotton moves out subsidized.

Mr. QUIE. How about dairy products?

Mr. HARRIS. I think virtually all our dairy products are subsidized, also. The dry skimmed milk is subsidized substantially.

Mr. QUIE. We still sell some evaporated milk?

Mr. HARRIS. Yes; that is not subsidized.

Mr. QUIE. Is there any other form of unsubsidized dairy products?

Mr. HARRIS. None that I can think of offhand.

Mr. QUIE. How about dried whole milk?

Mr. HARRIS. I think it has been subsidized in some cases, also.

Mr. QUIE. I think that you ought to check on that. What about the other ones, vegetable oil and oil feeds?

Mr. HARRIS. That is subsidized.

Mr. QUIE. Every bit of it?

Mr. HARRIS. A large part of it.

As far as fruits and vegetables are concerned, there is no subsidy program on them except maybe some section 32 funds.

Mr. QUIE. What about that 92 percent for tobacco?

Mr. HARRIS. None of that is subsidized.

Mr. QUIE. And you do not have soybeans other than under oil feeds?

Mr. HARRIS. We have the soybeans under vegetable oil and oil feeds.

Mr. McINTIRE. There have been some proposals made that in the framework of the thought of food for peace there should be a separate administrative setup which would remove the jurisdiction from Public Law 480 and other programs of similar objectives into a separate administrative framework. I would appreciate your comment on that.

Mr. LYNN. In our testimony before the Senate Foreign Relations Committee last week we opposed any transfer of this to a separate agency. We believe that the administration of this Public Law 480 program should be in the Department of Agriculture.

Mr. McINTIRE. Would you give us a reason or two?

Mr. LYNN. Well, the best experts we have in the Government are in the Department of Agriculture with regard to processing, distributing, and shipping of agricultural products. It would be hard to visualize the setting up of any other agency under the White House, or any place else, without drawing on these same people and to build another great bureaucracy in the process. We think that it ought to be kept right where it is.

Mr. McINTIRE. You think that it would be a bad device as far as administration is concerned rather than putting the area of responsibility into a concentrated form?

Mr. LYNN. That is right. I think the proper coordination can be had now under the existing agencies.

Mr. McINTIRE. You made reference to the situation where there are now 21 uses to which title I funds can be put. Do you have any suggestion as to how the language in Public Law 480 might be changed whereby we could get appropriate emphasis on market development as a use of these funds? There is 11.4 percent being used for market development. I suspect in different countries there are instances where higher percentages are being used.

Mr. LYNN. Yes.

Mr. McINTIRE. But I, for one, would appreciate your consideration of how we may improve the language of the bill in order to get back to the emphasis which the original legislation intended.

Mr. LYNN. I believe, Congressman McIntire, if in the report—without any specific amendment to the law—you refer back to section 104(a) and the original intent of Congress, this would give emphasis to this program, and I believe it is the real desire of the administrators in the Department of Agriculture to give emphasis to this market development.

Mr. McINTIRE. Do you think that it might be administratively possible if we set forth in the language of the bill a statutory requirement in this area?

Mr. LYNN. I do not believe it is necessary, sir. Of course, we have to make sure no new uses are authorized. Certainly confine it to what we have now with emphasis on 104(a).

Mr. McINTIRE. It seems to me with regard to the multiple way in which these uses have grown that we are losing the advantage which we wanted in the original legislation by being simply bargained out of what money there is available for these other uses.

Mr. LYNN. That is right.

Mr. SHORT. Along this line of market development, I have wondered sometimes about this. This is a very admirable objective, but I have wondered about the potential of this business of market development in the light of the cost of production in this country as compared to the cost of production in other countries.

For instance, if we by virtue of some of these wheat promotional activities that are presently going on, with quite encouraging results, would be continually be in the position, as we build up foreign markets in foreign countries, for our wheat as a typical example, are we going to continually be in a position of having to offer even greater and greater subsidies to maintain that part of the increased market we develop in foreign countries. Most of these foreign countries conceivably can produce wheat for less than we do.



Mr. LYNN. It is my opinion that we can compete with any country in the world in the production of wheat, and the places where these projects are proving successful are countries, for example, as Japan, which never will have the land acreage necessary to produce their cereal, and we believe we can look forward, if we can develop these markets, to supplying them on a competitive basis.

Mr. SHORT. On a dollar market?

Mr. LYNN. On a dollar market.

Mr. SHORT. As Japan's consumptive capacity for wheat increases, possibly I am wrong, but I have the idea in my mind that Australia, which is closer to Japan than we are, can produce wheat and is willing to sell wheat at a price lower than ours.

If we are to maintain our share of the Japanese market are we going continually to be in the position of having to subsidize the amount of wheat we sell to Japan in order to maintain our price relationship in comparison to Australia?

After all, they are going to buy this wheat eventually where they can buy it the cheapest. That is a simple, economic operation.

Mr. LYNN. I think we can.

The reciprocal trade agreement program enters into this, as you know, Mr. Short.

United States trade with Japan is tremendous. It is a two-way trade.

I think as long as we can keep this two-way trade flowing we will be able to compete with Australia, New Zealand, or any of these other countries who produce wheat.

They are operating under a government monopoly in most of these other exporting countries for wheat, and I believe under our relatively free enterprise system we can compete with any place in the world in the production of wheat.

Mr. SMITH. What about the freight rate?

Mr. LYNN. The ocean-freight rate?

Mr. SMITH. That is right.

Mr. LYNN. I am not an expert in that field, Mr. Smith.

Mr. SMITH. They can ship it cheaper from Australia than we can from here.

Mr. LYNN. If you have two-way trade, if you load this ship with wheat from Seattle to Japan, and then we are willing to buy some things from Japan and bring it back to Seattle, that enters into it, too, sir.

Mr. HARRIS. On that point, most of our wheat is shipped on tramps. As long as we are given the choice of using the ship with the lowest rate, regardless of what flag it happens to fly, we can keep competitive on freight rates.

Mr. MATTHEWS. We cannot do that now, though, can we? We have to transport a certain percentage of this in American ships.

Mr. HARRIS. When under a Government program it has to be shipped 50 percent in American ships. This is the effect of a law that the farm program opposed vigorously.

Mr. MATTHEWS. I did, too, but we cannot change it. We have tried several times.

That is another charge that our friends in the shipping industry want to put on the backs of the farmers.

Mr. POAGE. We are very much obliged to you, Mr. Lynn.

Mr. Homer Brinkley, of the National Council of Farmer Cooperatives, is our next witness.

We will be delighted to hear from you.

### STATEMENT OF HOMER L. BRINKLEY, OF THE NATIONAL COUNCIL OF COOPERATIVES

Mr. BRINKLEY. I have a rather short statement I would like to have the privilege of reading to the committee.

Mr. POAGE. We will be glad to hear you.

Mr. BRINKLEY. I am Homer L. Brinkley, executive vice president of the National Council of Farmer Cooperatives. The council is a conference organization of 129 regional and federated farmer business associations with which there are affiliated some 5,000 local farmer associations serving approximately 3.8 million farmer memberships for whom these associations purchase farm production supplies and market the commodities which their farmer members produce.

As a matter of longtime principle, the national council has been opposed to State trading in agricultural commodities and has looked forward to a time when agricultural producers would attain the organizational structure, financial strength, and necessary authority to adapt production and distribution to effective market demand, both domestic and foreign. We recognize, however, that the combination of depression, drought, war, and technological revolution succeeding and overlapping each other in the last quarter of a century have brought about in the agricultural sector of the economy large domestic stocks of commodities and a large use potentiality for such commodities in other countries, which are beyond any demonstrated capacity of domestic and foreign traders to handle and markets to absorb under the conventional terms of foreign trade. Hence, the Commodity Credit Corporation stocks, which should be put to constructive use, and the Agricultural Trade Development and Assistance Act, are primary and secondary facts in the situation which realism requires us to recognize as vehicles to assist in the transition to a more orderly production and distribution of the products of American farms.

The committee has received, or has access to, the figures and information regarding the tremendous amount of American farm products dispatched abroad to good use under the authority of the act, and the use of foreign currencies received in exchange. It suffices to say here that Public Law 480 has been the most practical constructive effort put forth by the American Government to thaw the frozen foreign exchange situation and stimulate foreign trade generally around the world. It has stimulated the activities of foreign traders, keepers of national exchequer and international banks to accelerated activities in their fields of trade and investment, both agricultural and otherwise.

There have accumulated stocks of foreign currency that have not yet found a use in the worldwide activities of the Government. We believe that when the provisions of the law for use of foreign currencies have been met, that additional currencies accumulated should be made available in the exchange market through international banks and bankers, both public and private, for use in the private channels



of trade and investment. We can no longer look to dollars alone to finance all the transactions in the free world. Dollars are running short in the underdeveloped areas because of decline in price of primary materials, and must be augmented by the use of other currencies and the exchange of commodities.

We believe that our stocks of commodities can be a more potent force in economic development in the underdeveloped countries by providing that funds equal to the value of these commodities imported in such countries be set aside for a stated time at a reasonable rate of interest, for capital formation, both for private industrial development and for public works such as schools, roads, power, and other facilities necessary for expansion of industrial and commercial operations but which do not attract investment capital. As investment funds entering world markets for capital goods, they again stimulate production, employment, and trade.

A very important effect of the use of our foodstuffs and fibers for this purpose is to enable the cooperating countries to control inflation in a period of accelerated economic activities and expansion, particularly in consumer prices for basic food and fiber. This is essential in underdeveloped areas where most of the consumer income must go for such items.

At this time we believe substantial amounts of our commodities can be judiciously bartered for needed strategic materials. It is quite evident that our stocks of commodities have accumulated because they could not all be moved in the dollar market here or abroad; and since there is a scarcity of dollars developing in the primary raw material producing countries to buy the American products which they need, both industrial and farm, their strategic materials should be as good as foreign exchange, which is lacking, with which to buy foodstuffs, feed, and fiber, and the hard exchange can be conserved for capital goods purchased in the industrial countries, including our own. It should also be taken into account that undue depletion of their own currencies should be avoided. We would further suggest a discriminating choice as to commodities, areas, and terms of trade where barter transactions are concerned. For example, certain trades might well be deliberately planned by unscrupulous persons to obscure market values and block sales for dollars or for local currencies. In establishing policies, we suggest reliance upon the advice and counsel of trade groups most actively engaged in long-range efforts to expand commercial markets.

We believe the act should be extended 1 or 2 years, in order to have frequent reappraisals of its operations under conditions then existing, but the authority should be given to make longer delivery contracts in order that substantial undertakings under the program to aid in economic development be planned on a longer term basis.

Under Public Law 480, we get faster action with less lost motion in the constructive economic use of our agricultural stocks than under any other program, according to some of our people who have participated in the program and have gone abroad to survey and observe the conditions under which the program operates. The program in practice is largely pointed toward the countries producing raw materials, because the world's established industrial areas have largely recovered and are able to obtain gold and dollars in ample supply. However,

there is some complaint that the contract requirements are getting more complex and the terms more rigid as time goes on.

The aggressive administration of the act in its various aspects should provide use of our abundant agricultural resources effectively in world investment and trade, and in economic development where needed. By the time the need is less, we hope to have adjusted our agricultural capacity to a level of activity evidenced by a more vigorous world economy, especially in sectors where it is weak at present.

We suggest further that greater emphasis be placed on availability of currencies for market promotion and development work. Much valuable experience is being developed in this field, and such work will prove to be our best argument against state trading and government-to-government transactions in the years ahead.

Mr. POAGE. Thank you very much, Mr. Brinkley.

Questions, gentlemen?

Mr. McINTIRE. I would like to ask one question on your observation on barter.

I think the point you have emphasized and the manner in which you have expressed yourself is somewhat in the context that many of us have thought.

Am I to draw the inference that you intend here to speak in terms of barter as a bilateral operation with countries that have these materials and need the commodities which we have available?

Mr. BRINKLEY. Yes, that is right, Mr. McIntire.

One of the first signs and the most distressing signs of economic distress in many underdeveloped countries are declines in the price of raw materials, and we feel there is a place there where barter transactions country to country can do a great deal toward bolstering the economies of these raw-materials-producing countries for a period of time in order to help them to get back on their feet.

Mr. McINTIRE. One of the problems that seems to be apparent in some of the barter transactions which have taken place in the past has been that the strategic materials are obtained in the world market—but the product that we have available does not necessarily go into the country from which the material originated but finds itself being delivered to some other country where that commodity may not be in short supply.

Mr. BRINKLEY. Actually what we intended to do was to voice a plea for more discrimination and judicious use of the principle of bartering, to exercise the greatest possible care that it does not operate to the disadvantage of dollar sales in other countries where it might become involved in these three-way or multiple-country transactions.

I think there are places where multiple-country transactions can be accomplished.

I think the greatest possible care has to be taken to see they do not actually do more harm than good. That again is a matter of the terms of trade and so on that we stress as being of primary consideration in developing barter transactions.

Mr. POAGE. Thank you very much, Mr. Brinkley, for your statement.

Mr. Wallace Campbell, the Cooperative League.

(No response.)

Mr. POAGE. The National Milk Producers Federation is next.



They notified us they will send in a statement that we can include in the record.

Without objection that statement will be made part of the record.  
(The statement referred to follows:)

STATEMENT BY PATRICK B. HEALY, ASSISTANT SECRETARY, NATIONAL MILK PRODUCERS FEDERATION

Mr. Chairman, members of the committee, my name is Patrick B. Healy. I am the assistant secretary of the National Milk Producers Federation, 1731 I Street NW., Washington, D.C.

The National Milk Producers Federation was organized in 1916. It is the largest single agricultural commodity organization in the United States. It is made up of dairy farmer-owned and controlled cooperatives. The producers owning these cooperatives comprise the large bulk of commercial dairy farmers in the United States.

Member cooperatives of the federation market the milk produced by their producer members. These member organizations operate hundreds of facilities ranging from country receiving stations and creameries to highly modernized establishments merchandising fluid milk and manufactured dairy products.

The policies of the federation on national issues of concern to dairy farmers are established annually by the voting delegates to its annual convention. These are the policies of the producer segment of the dairy industry. They represent the thinking of dairy leaders in the United States most knowledgeable about the dairy industry and, therefore, most understanding of the problems which face it.

The membership of the National Milk Producers Federation has supported the objectives of the Agricultural Trade Development and Assistance Act—Public Law 480—before and since the enactment of the authorities contained in the law. The record of accomplishment under Public Law 480 during the 5 years it has been active is dramatic evidence of the farsightedness of the Congress in making Public Law 480 programs possible.

The effectiveness of Public Law 480 as a tool in the utilization of surplus dairy products is amply demonstrated by two facts:

1. During the period July 1, 1954, through March 31, 1959, Public Law 480 contributed to the utilization of 235.5 million pounds of butter, 625.8 million pounds of cheese, and 2,225.6 million pounds of nonfat dry milk. These amounts represented a substantial portion of the commodities held by Commodity Credit Corporation on July 1, 1954, plus the acquisitions for price-support purposes since that time as shown in the following table.

[Million pounds]

	Butter	Cheese	Nonfat dry milk
CCC inventory (July 1, 1954).....	440.2	412.1	294.0
Purchases (July 1, 1954-July 15, 1959).....	858.1	754.9	3,579.5
Inventory on July 1, 1954, plus purchases through July 15, 1959.....	1,298.3	1,167.0	3,873.5
Uncommitted stocks (July 15, 1959).....	50.9	24.9	52.4
Total disposition (July 1, 1954-July 15, 1959).....	1,247.4	1,142.1	3,831.1
Disposition under Public Law 480, July 1, 1954-March 31, 1959).....	235.5	625.8	2,225.6

2. The visible surplus of dairy products that sets the price for all milk and dairy product production in the U.S. commercial market is about 3.5 percent of our total annual production. Therefore, Public Law 480, which provides several constructive outlets for the utilization of production that cannot find its way into commercial channels, is a most effective means of managing the dairy surplus.

The largest volume of dairy product disposal under Public Law 480 has been through the foreign donation program authorized in title III which amended section 416 of the Agricultural Act of 1949. From statements made by the agencies involved and others, our abundant dairy product production has been effective in making highly nutritious commodities available to needy people in friendly foreign countries. With U.S. production of milk leveling off and

domestic demand increasing because of population growth, neither butter nor cheese is presently available for foreign donation under title III, but the continued distribution of nonfat dried milk is of extreme importance to U.S. dairy farmers and to the recipients.

We do not profess to be knowledgeable about matters involving foreign relations. However, we believe that the uses to which dairy products have been put under the several administrative mechanisms of Public Law 480 have positive implications in our foreign aid program and in our national efforts to win and hold the support of people in friendly foreign countries.

Longer range planning should be considered in the operation of the programs under Public Law 480, and we support proposals that would extend it for a longer period than 1 year. The exact number of years is a determination best made by the Congress. We also support the proposal that long-term supply contracts be authorized with long-term payment periods at low interest rates. We believe that authority to project Public Law 480 programs on a long-term basis could do several positive and constructive things:

1. It would assure friendly foreign countries and the voluntary relief agencies that the United States will make agricultural commodities available to the extent possible.

2. It would result in an even more effective management of our surpluses because Commodity Credit Corporation could commit stocks of surplus agricultural commodities as soon as an authorized requirement becomes known. Parenthetically, we point out to the committee that there are now known authorized outlets for the current inventory of dairy products held by CCC.

At present prices the current and foreseeable stocks of dairy products in Commodity Credit Corporation inventories would not be adequate to meet the objectives of a food for peace program as an extension of Public Law 480 and at the same time continue domestic donation programs. Cheese and butter are not presently available, by decision of the U.S. Department of Agriculture, to voluntary relief agencies operating programs under title III of Public Law 480. Cheese was removed from distribution for this purpose on July 11, 1958. Butter was removed on June 30, 1956. If a distribution program is inaugurated for the purpose of meeting the needs for food rather than with the sole aim of removing surpluses, American dairy farmers have demonstrated their ability to cooperate in programs to supply milk and dairy products.

Should the Congress determine a food for peace program in the best interest of the United States—a program which would include a food supply concept in addition to the objective of removing visible surpluses, it could have widespread effect on the broad agricultural front. However, we call attention to the fact that if such a program is envisioned and carried out on a long-range basis, and if domestic production is increased to make possible such a program, its sudden termination could be disastrous.

It should be recognized at the outset that there would be a public responsibility to underwrite the ultimate conversion from an accelerated production rate to help meet world needs, to a lower production rate to meet only domestic requirements. Without an interim in which to balance supply-demand, economic chaos could result for dairy farmers when the program was terminated. This is because an abrupt termination would leave dairy production far in excess of domestic needs, and milk production cannot be turned off like a faucet.

These observations are not intended as a criticism of the principles of a food for peace program. On the contrary they are in the nature of an extension of the idea under review. We believe that an aggressive administration of a food for peace program could develop permanent markets for a large volume of dairy production. In summary, we point out that—

1. Any problems involved in the abrupt termination of additional markets created by a food for peace program do not detract from the merits of the proposal.

2. Long-term supply contracts, if applicable to all agricultural commodities, would be a stabilizing force in themselves in that the long-term provisions could be tailored to a gradual tapering off of the program requirements.

The proposals calling for title I agreements to run in excess of 1 year where possible and the long-term supply contract program are in line with recommendations which the Federation has made on other occasions. We believe that long-range planning and contracting can bring about a degree of stability in the Public Law 480 program not attainable in a short-term program or in a strictly surplus removal operation. On this point we respectfully point out to the



committee that a longer range approach in the foreign donation program through the voluntary relief agencies also would assure these operations of continuity in planning and operations.

The distribution programs under Public Law 480 are of demonstrated benefit. The utilization of surpluses through donations for relief abroad and in sales for foreign currencies has improved nutritional standards and assisted toward friendly international relations. Although they have implications for agriculture, these are not farm programs exclusively—and should not be so regarded. They are definitely in the national interest and the expenditures involved are for the public welfare.

The National Milk Producers Federation will oppose all presently proposed amendments to Public Law 480 that will be restrictive to exports of dairy products. We have particular reference to the Marshall bill, H.R. 7146. This bill would eliminate practically all of the present commercial sales of nonfat dry milk under Public Law 480. Those who are in support of this bill and who do not realize that it would result in a sweeping elimination of sales under Public Law 480 have not availed themselves of the proper advice from the Department of Agriculture. H.R. 7146 is not well-drafted and does not accomplish the purpose that its sponsors indicate it will accomplish.

In conclusion, we again express our appreciation to the Congress for its far-sightedness in making possible the programs under Public Law 480. The record of the distribution programs carried on under this authority is impressive evidence of the contributions the programs have made. We believe a long-range program operating from a broader base can make the record of achievement even more impressive.

We appreciate the committee's giving so freely of its time to hear our views on this subject, and on behalf of our membership express our thanks.

Mr. POAGE. I believe that completes our list of witnesses for this morning.

Tomorrow we have representatives of the Department of Agriculture, Kansas Wheat Association, and the National Grain Trade Council.

The committee will stand in recess until tomorrow morning.

## EXTENSION OF PUBLIC LAW 480

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TUESDAY, JULY 21, 1959

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, D.C.*

The committee met, pursuant to recess, at 10 a.m., in room 1310, New House Office Building. Hon. Harold D. Cooley (chairman) presiding.

The CHAIRMAN. The committee will be in order.

STATEMENT OF CLARENCE D. PALMBY, VICE PRESIDENT, COMMODITY CREDIT CORPORATION; ACCOMPANIED BY WINGATE E. UNDERHILL, ASSISTANT TO DEPUTY ADMINISTRATOR, PRICE SUPPORT, COMMODITY STABILIZATION SERVICE; THOMAS R. RAWLINGS, DIRECTOR, BARTER AND STOCKPILING DIVISION, COMMODITY STABILIZATION SERVICE; CLAUDE T. COFFMAN, ASSISTANT FOR SOIL BANK AND FOREIGN AGRICULTURE, OFFICE, GENERAL COUNSEL, DEPARTMENT OF AGRICULTURE; AND RULON GIBB, TREASURER, COMMODITY CREDIT CORPORATION

The CHAIRMAN. Mr. Clarence Palmby. Mr. Palmby, we are delighted to have you and your associates here this morning, and we appreciate your appearance.

Mr. PALMBY. Mr. Chairman, I have three associates with me here: Mr. Underhill, on my immediate left, assistant to the Deputy Administrator of Price Support; Mr. Claude Coffman, Office of the General Counsel; and to my right, Tom Rawlings, director of the Barter and Stockpiling Division.

This statement which I have prepared is somewhat different from the statement which I planned to use last week. Further, it is a statement which is built around H.R. 7983. However, the comments in the statement have to do, in addition to H.R. 7983, with our attitude on the entire barter program.

So, with your permission, I would like to read it.

The CHAIRMAN. You may proceed.

Mr. PALMBY. My name is Clarence D. Palmby, and I am a Vice President of the Commodity Credit Corporation and the Associate Administrator of the Commodity Stabilization Service, the agency in the Department of Agriculture which administers the barter program. My statement is directed to those portions of H.R. 7983 which relate to barter activities of the Commodity Credit Corporation.

The barter program is, I believe, one of the most controversial activities of the Department of Agriculture. It is a very difficult



program to administer. Few people are neutral about the barter program. They either vigorously oppose it, or they vigorously advocate it. Its strongest advocates are those who own foreign mines and smelters, or who are in the business of importing minerals and ores. Its strongest opponents are found in the ranks of those who are in the business of exporting American agricultural commodities, and who believe that barter is replacing our normal export business.

There is no possibility of developing a barter program that will be satisfactory to all concerned. The Department would like to continue with the legislative provisions that have been in effect for the past year. That would permit a continuation of the current barter program with such changes as we find necessary to eliminate undesirable conditions as they develop. In the past year the dollar volume of barter agreements has been about \$150 million.

The Department recommends that those provisions which would change the barter program be eliminated from H.R. 7983. This involves the language which begins with the word "provided" on line 6 of page 2 and continues through the remainder of the paragraph, and it would also include the entire proposed change of section 303 of the act.

Eight major changes are proposed in H.R. 7983 with respect to barter provisions of the act.

1. Barter transactions shall have specific priority over sales for foreign currencies.

2. Sales for foreign currencies shall be made only and to the extent that the Secretary determines that the countries cannot meet their requirements through barter.

3. The provision limiting barter to materials of which the United States does not domestically produce its requirements is eliminated. In other words we would barter for items for which we produce more than our domestic requirements.

4. Responsibility for determining the materials to be acquired by barter would be placed on the Secretary of Agriculture rather than on the President of the United States.

5. The authority for the Secretary to take reasonable precautions to safeguard usual marketings and to assure that barter will not unduly disrupt world prices of agricultural commodities is eliminated.

6. The authority for the Secretary to take reasonable precautions to assure that barter will not replace cash sales for dollars is eliminated.

7. The directive to the Secretary to cooperate with other exporting countries to preserve normal patterns of commercial trade with respect to commodities covered by international agreements is eliminated.

8. The Secretary is directed to endeavor to barter at a rate of not less than \$350 million for each fiscal year.

We strongly oppose these changes. In our opinion they would be an unnecessary burden on the taxpayer, would be detrimental to our foreign relations, and would not be helpful to the American farmer.

Sales for foreign currencies which do not displace sales for dollars are, in our opinion, far more desirable from the standpoint of the farmer than barter transactions which merely replace dollar sales. The one represents additional exports and the other does not.

Three of the above-mentioned provisions we believe would have an adverse effect on our foreign relations. They are the ones that provide that barter shall have specific priority over sales for foreign currencies, and that sales for foreign currencies shall be made only to the extent the Secretary determines that the country in question cannot meet its requirements through barter, and the provision which eliminates the directive to the Secretary to cooperate with other exporting countries to preserve normal patterns of commercial trade with respect to commodities covered by international agreements. We feel that generally our sales for foreign currencies have been of value to all concerned. Such sales have been made to countries such as India, Turkey, and Spain that produce some strategic materials that are sold through commercial channels and provide the exchange for these countries to make nonagricultural purchases. If we were to attempt to require that their entire output of strategic materials would have to be bartered to the United States for agricultural commodities before they could make any purchases of agricultural commodities from us for foreign currencies that would be a sure death for title I transactions under Public Law 480. The economies of these countries, in our judgment, could not continue to function in their present manner, and it would require nationalization of the output of mines and smelters if these items were to be used solely for barter.

Removal of the directive to cooperate with other exporting countries to preserve normal patterns of commercial trade with respect to commodities covered by international agreements would be effective primarily with respect to wheat as the commodity involved and Canada as the country most concerned. We strongly recommend that we continue to consult with our friends who are also exporters of wheat. However, I should like to emphasize that we do not consult with any foreign country on individual transactions but only on general policies. No foreign country has any veto power over our barter transactions.

The provision which would remove the safeguards against replacing normal sales for dollars by barter and set up a barter goal of not less than \$350 million for each fiscal year is apparently based on the assumption that all barter is good, and the larger the program the better. Our experience indicates that this is not the case at all. One argument which we often hear advanced by advocates of an expanded barter program, which is fallacious, is that a barter program is desirable because it exports commodities that otherwise would spoil and have to be thrown away. Actually, there is very little spoilage and wastage of Commodity Credit Corporation inventories at the present time. Whenever we find grain in danger of going out of condition or to be nonstorable, we are authorized to sell such grain under an exception to the legislation which prevents sale of CCC inventories in the domestic market at less than 105 percent of support plus carrying charges. Also in this connection it should be pointed out that more than 40 percent of our exports under barter contracts in recent months has been in the form of cotton, which is not normally subject to serious deterioration even though stored for lengthy periods of time.

It is admitted, of course, that our barter program is very beneficial to owners of foreign mines and smelters and the importers of the



products. The U.S. barter program definitely provides an additional outlet for them, buys up materials which otherwise might depress world markets, and to a limited extent, provides world price support for strategic materials. On the other hand, an uncontrolled barter program does not provide a substantially larger market for the American farmer. The agricultural products which are exported under the barter program, unlike the minerals which we are importing, are not isolated from the commercial market; in fact, our agricultural products are sold through the commercial markets in most cases to the same foreign consumers who already have the habit of buying American agricultural commodities. In many cases these consumers are not even aware of the fact that the agricultural commodities they buy have ever been involved in any barter transaction. They eat no more than they would without the barter program, and the big difference is that the dollars which they pay for these commodities instead of coming to the U.S. Government go elsewhere. We wonder how much interest the materials companies would have in barter if we had the right to sell their materials in the commercial market in the same way that they sell agricultural commodities.

Although we have operated the barter program in the past year in an effort to maximize its benefits and minimize its disadvantages, it is easy to find illustrations of specific cases in which the barter program has caused world prices to fall so that we are receiving less not only for our agricultural commodities which move under barter, but also for those which are sold for cash. A short time ago we entered into a barter contract which involved the export of barley to the United Kingdom in exchange for a strategic material. Shortly thereafter the market for barley in the United Kingdom fell. We found the barter contractor was selling barley at from what we estimated  $2\frac{1}{4}$  to  $4\frac{3}{4}$  cents per bushel under the cost of the barley to him. The margin to cover this loss must have been obtained from the strategic materials side of the transaction. In any event, this fall in prices meant that to remain competitive in the United Kingdom market we would have to increase our rates under the payment-in-kind program for all American barley exports. We have even found that rumors of an impending barter transaction are sufficient to cause foreign markets to dry up or prices to fall.

A clear illustration of the displacement of cash sales by barter was afforded in the case of Union of South Africa. Last October that country sent Dr. A. W. O. Bock, manager, wheat industry control board, to Canada and the United States to buy wheat. He made his purchases in Canada for cash and came to the United States with the intention of doing the same thing. While he was here mining interests in South Africa made representations to the Government of South Africa that since the United States had bartered wheat for minerals with other countries, it should do the same for South Africa, and thus help out South Africa mining interests. As a result Dr. Bock received instructions from his Government not to proceed with the purchase of American wheat for dollars. Subsequent to that time, in order to keep from losing this business altogether, we have entered into barter contracts involving the export of some  $\$4\frac{1}{2}$  million worth of wheat to South Africa and the import of minerals and metals having the same value. If we had had no barter program we

would have received dollars for this wheat and our national debt would be some \$4½ million less than it is today. However, because of the barter program we lost the sale for dollars and have instead some \$4½ million worth of materials none of which were determined to be needed in our national stockpile and which, accordingly, are now resting in the supplemental stockpile and are in excess of our foreseeable needs.

Mr. JOHNSON. May I ask a short question at that point?

The CHAIRMAN. I would like him to finish.

Mr. JOHNSON. I would like to know how much wheat the South African Government bought from Canada for cash. You did not mention that in the statement. I think that is important.

Mr. PALMBY. Mr. Chairman, I do not think we have that figure with us. We certainly can supply the exact amount for the record.

(The information requested follows:)

South Africa purchased 4,480,000 bushels of wheat from Canada in October and after the purchase of United States wheat had fallen through purchased an additional 1,100,000 bushels in November.

Mr. PALMBY. Another factor in connection with the barter program, i.e., the size of our stockpiles of minerals and metals, is becoming increasingly important. It is our understanding that the Government has now accumulated stockpiles of strategic materials worth about \$8.1 billion. Press reports indicate that Mr. Franklin G. Floete, General Services Administrator, recently testified before a House Appropriations Subcommittee that some 46 strategic materials are now stockpiled in excess of maximum wartime requirements.

CCC is at the present time in a position to consider offers only for some 19 different materials. Some of these are known not to be available, so actually there are less than a dozen materials for which there is current interest on the part of both CCC and barter contractors. It is quite difficult to compile a list of materials we need which can be obtained via the barter route.

Most of the materials currently acquired by the Commodity Credit Corporation in barter transactions move into the so-called supplemental stockpile rather than to the national stockpile. Other agencies of the Government should be able to speak with more authority on this point than the Department of Agriculture; however, it certainly appears to us that there is little chance that under the present statutory provisions many of the materials which we acquire under barter can ever be used except in time of war or national emergency.

We have in our files numerous letters from cotton exporters complaining that barter transactions have interfered with their normal exports for dollars. Perhaps some of the complaints are not warranted, but in any even this has caused enough concern among cotton exporters to cause the American Cotton Council at its last annual meeting to adopt a resolution as follows:

That the council recommend discontinuation of the barter program for cotton because of heavy expense entailed and the fact that it largely interferes with sales for dollars and other sales programs and creates price uncertainty and demoralizes markets.

Turning from the difficulties caused cotton exporters back to the field of grain exports I would like to quote from a speech delivered on June 30, 1959, before the Conference on U.S. Economy and Interna-



tional Relations by H. Robert Diercks, vice president of one of our largest grain exporters. In quoting from this speech I wish to be understood that I do not necessarily agree to everything I am quoting, but I do think it points up the fears which those engaged in the handling, processing, and merchandising of grains have of the barter program.

\* \* \* barter \* \* \* is possessed of the political advantages I mentioned earlier. Taxpayers are told we have grain we want to get rid of and other nations have metals, industrial diamonds, etc., needed to supply our strategic stockpiles. It then seems reasonable that a simple "swap" will serve both needs, leave everyone happy and cause all things to work out.

But, at the risk of defacing this beautifully simple picture, I maintain that it all works out about as disadvantageously to domestic and world economies as can be imagined. Barter, to all intents and purposes, is government-to-government trading in pure form. It could not be further removed from free and competitive trading by commercial interests. As a technique it is, in my opinion, a throwback to the national merchantilism of 200 and 300 years ago.

I've described how barter, like any export from Government stocks alone, bypasses both the workings of the private trade and the marketplace of the farmer. Exporting firms do play a role in locating and setting up workable barter contracts and in accomplishing final dockside loadings, but the role is slight and the privilege painful. My own firm, like many others, participates in barter only because we feel we must. In this instance our business is exporting grain, and we could not survive for long if we refused exporting opportunities however distasteful they may be. But these opportunities are frustrating and destructive, not only to us but to every participant.

\* \* \* If there is a more difficult way of getting rid of a bushel of grain and acquiring a pound of tin, I hope I never learn it.

\* \* \* Yet some will tell you that barter results in greater total exports than could take place otherwise. They admit that in years past this might not have been so, for countless examples show that bartered grain has invaded cash markets serviced by ourselves and friendly grain-producing nations. But, they will say, government today requires "proof of additionality," that is, proof that the barter will be "in addition to" rather than "instead of," before it grants contract approval.

But additionality, in my opinion, cannot be proved. It cannot be proved because it does not exist. Assume, for example, that France has ferrochrome admissible to our strategic stockpile and a barter is arranged to exchange U.S. soybeans. The question of additionality is answered by a statement from the French importer that he will accept an offer of soybeans from Manchuria if the barter is not approved. We call this sufficient proof, and the contract is undertaken. But what becomes of the Manchurian beans? They do not disappear. They are not magically removed from the scene. Instead, they will be offered to Holland, or West Germany, or Belgium, or some other customer of the free world, and they will be offered at a price sufficiently attractive to be sold, in competition with sales by ourselves.

If the present legislative provisions with respect to barter are left unchanged, and that is what we recommend, we will do the best job that we can. We will attempt to eliminate some of the causes for complaint on the part of American exporters. We will attempt to increase our barter in those cases where such increase results in the actual movement of additional quantities of agricultural commodities. We think that a legislative determination that all barter is good or that all barter must have priority over title I transactions is not to the advantage of the American Government or any of its citizens, with the possible exception of a few people whose business consists of importing foreign-produced minerals and metals. We ask that such legislation not be enacted.

Before concluding I would like to comment briefly on the statements made by Mr. O. D. McDowell, Assistant Director, Civil Ac-

counting and Auditing Division, General Accounting Office, and Congressman H. L. Fountain, who is chairman of a subcommittee of the Government Operations Committee which has been conducting an investigation of certain of the operations of the Commodity Credit Corporation. Congressman Fountain's statement was read for him by Mr. Naughton, who is counsel for the subcommittee. Mr. McDowell's statement quoted from the General Accounting Office 1958 audit report concerning export prices for American cotton on the world market. We have replied to this audit report and Mr. McDowell quoted from our reply in his statement to the committee. We think these quotations adequately set forth the position of the Department on this subject, and I do not believe that it is necessary to add to the record on this topic. If, however, the committee so desires we could insert our complete reply to the General Accounting Office on the question of policy for pricing CCC cotton for export.

The other major topic of Mr. McDowell's statement relates to price review made by the Department of Agriculture of export sales financed under the provisions of title I of Public Law 480. This same topic was dealt with in Congressman Fountain's statement in more detail. Secretary Benson has received from Congressman Fountain a letter dated July 16 with which he transmitted to us the recommendations which were contained in his statement before this committee. We have had, of course, only a very short time to consider them. However, inasmuch as title I price review had previously been the subject of GAO audit reports and of hearings before Congressman Fountain's committee we have been looking into the matter and have initiated some changes. We are issuing instructions to improve the documentation in the New Orleans office of CCC so that when the price of an export sale has been approved the records will show clearly what items were taken into consideration and the basis for arriving at the decision. We are also eliminating the 90-day limitation on claims. I am not able to report at this time what additional changes will be made. I can give the committee assurance, however, that we are studying the matter and will make whatever changes in our procedures we find may be warranted. The price review with respect to cotton is by no means a simple matter. To those not fully aware of the complexities of international cotton trade it would appear that the simplest way to handle a price review would be to require that all cotton exported be "Form A" cotton, that is cotton which has been classed by the Federal Government so that its value can be determined. Unfortunately cotton is not normally marketed in international trade on the basis of its formal classification. To require that all cotton exported under title I have a Government classification would greatly slow down operations of the exporters and would increase their cost from \$1 to \$3 a bale. We have been informed that imposing such a requirement would reduce total amount of cotton we might expect to export under title I program by 50 percent. I am not in a position to say whether this estimate is correct or not, but I cite it merely to indicate that we would have to investigate very carefully before imposing any such requirement.

Another alternative would be the elimination of private trade on these cotton exports and the institution of state trading. That would be burning the house down to get rid of the mice, and we are not giving



it serious consideration. We feel that even those cases where the gross profits on cotton, as cited by the exporters seem large that the net profits may not have been excessive and were the results of across-the-table bargaining. In this connection we should like to point out that the so-called gross profits are misleading if they are construed as a final profit except for the overhead for clerical staff, cables, rent, etc.

One exporter has reported to us that out of his gross profit there must be deducted \$3.35 per bale for freight for moving the cotton from interior points to port of export. There must be deducted \$6 for storage, weighing, sampling, compression to high density and delivery to shipside. The foreign selling agent's commission and arrival charges amount to about \$1 per bale, and finally purchases from CCC are on a gross weight basis while sales abroad are on a net weight basis, and this amounts to \$5.60 per bale. He therefore indicates an out-of-pocket cost of approximately \$16 per bale to come out of his gross profit of \$28 per bale.

It has also been reported to us that some of the sales cited in the committee reports were made in the spring of 1956 for shipment in September. In the interim on May 28, 1956, Public Law 540 was enacted which had the effect of reducing the export price of cotton by about 2½ cents per pound or \$12.50 per bale. Although this may have represented a windfall profit to cotton exporters in some cases, it did not afford a basis for CCC to refuse to finance the sale under title I, Public Law 480. Again let me emphasize that I am citing these situations not as an indication that our minds are made up and that we do not intend to make further changes in our procedures, but merely to indicate that it is a matter of considerable complexity for which no easy solution is readily available.

It is my understanding that some representatives from the American cotton trade will testify before this committee. We will be particularly interested in their testimony.

In conclusion I wish to express my appreciation for having this opportunity to appear before your committee.

Mr. Chairman, this concludes my formal statement but I could add one thing more.

We have with us eight charts. They are informative. Two of them tell the history of our barter program from the materials-acquired side, and the other six are based upon destination history of the agricultural commodities moved under barter.

If you wish, we will show you these charts at this time.

The CHAIRMAN. All right.

Mr. PALMBY. The first two charts, Mr. Chairman and members of the committee, are, as I stated, based upon the materials received since the inception of the program in 1946. I shall spend but a minute on them. You can see from chart No. 1 that we have done nearly \$1.2 billion worth of business in the barter program.

**EXPORTS OF U.S. AGRICULTURAL COMMODITIES BARTERED**

PERCENT OF VALUE BY TYPE OF COUNTRIES

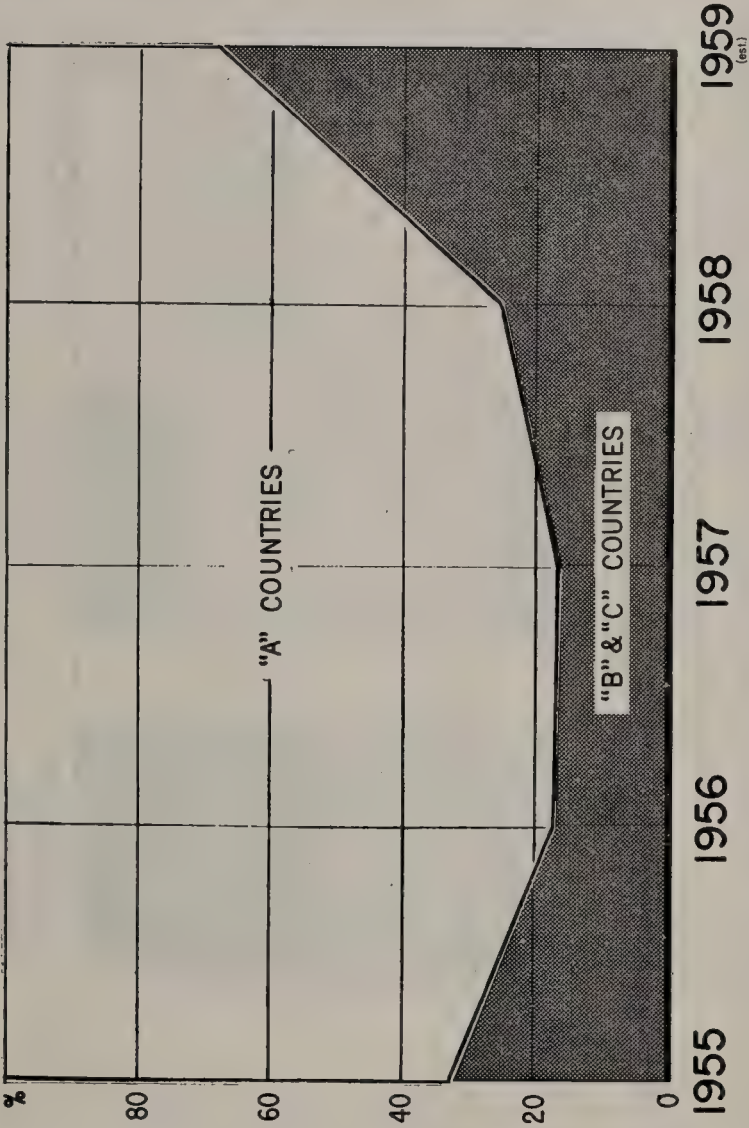




CHART NO. 1

# MATERIALS RECEIVED UNDER BARTER CONTRACTS

MARCH 1950 THROUGH JUNE 1959

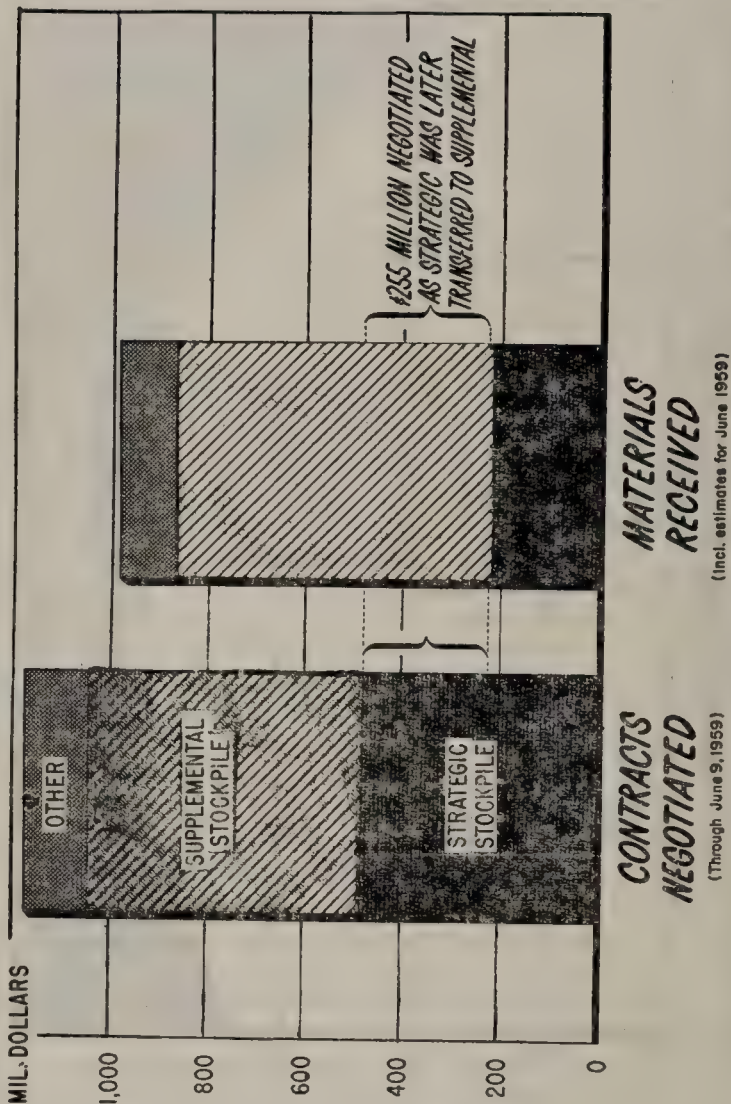


CHART NO. 2

# STRATEGIC AND SUPPLEMENTAL STOCKPILE

TOTAL VALUE MATERIALS RECEIVED, PERCENT BARTER, MARCH 31, 1959

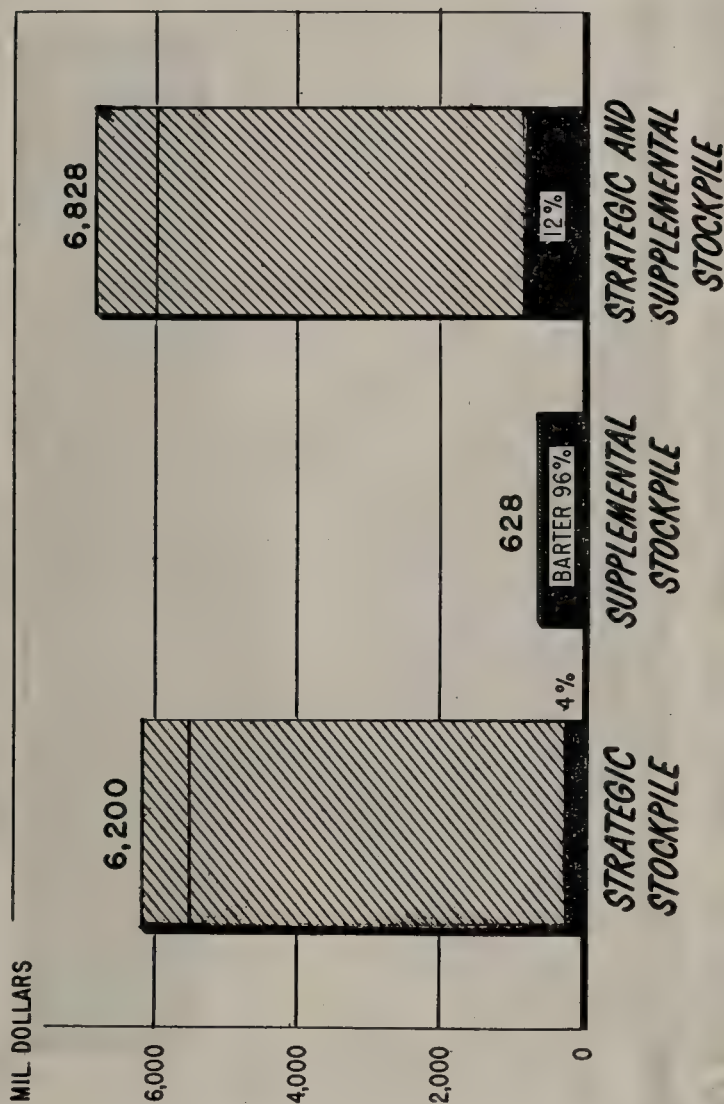




Chart No. 3  
**EXPORTS OF TOTAL U.S. AGRICULTURAL COMMODITIES**  
*Percent of total value under barter, other Government programs & cash*  
Fiscal years 1955 through 1958 and fiscal year 1959 (est.)

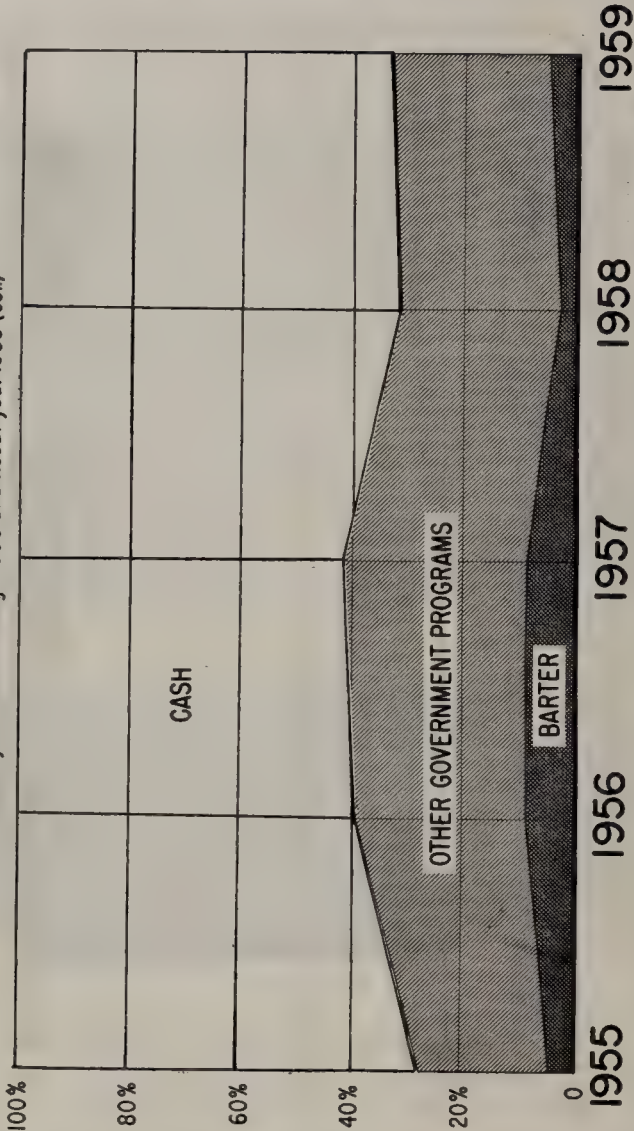
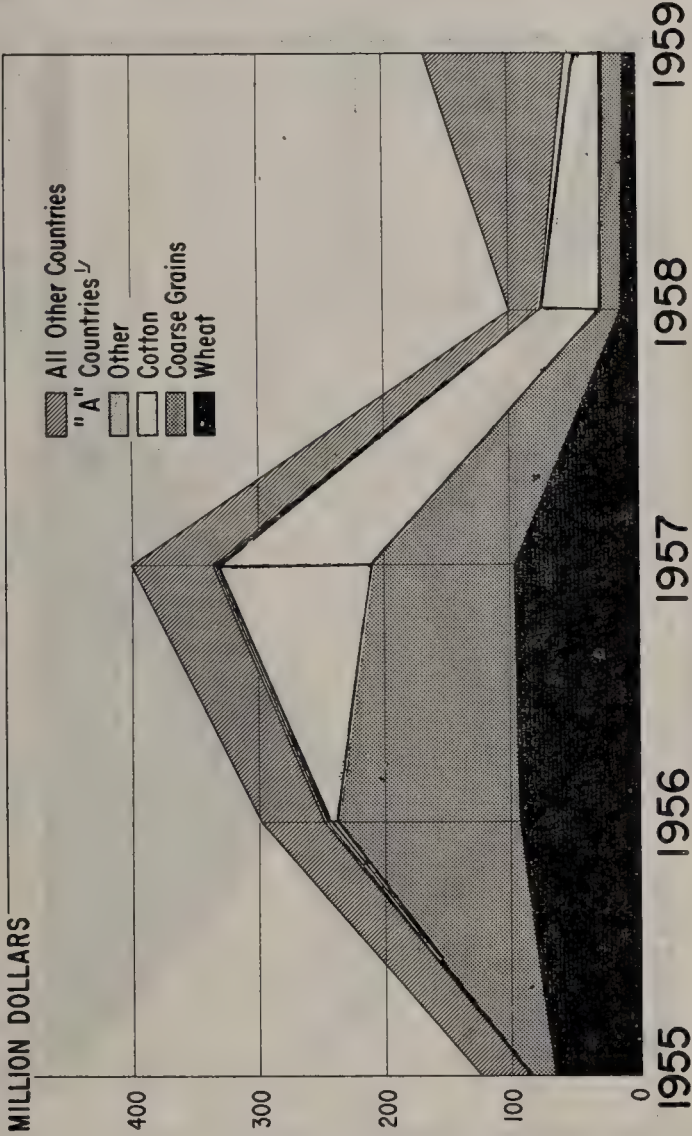


Chart No. 4  
**VALUE OF U.S. AGRICULTURAL EXPORTS BARTERED**

Fiscal years 1955 through 1958 and fiscal 1959 (est.)



⌋ Countries in strong financial condition, with history of substantial imports of the commodity from U.S. for dollars

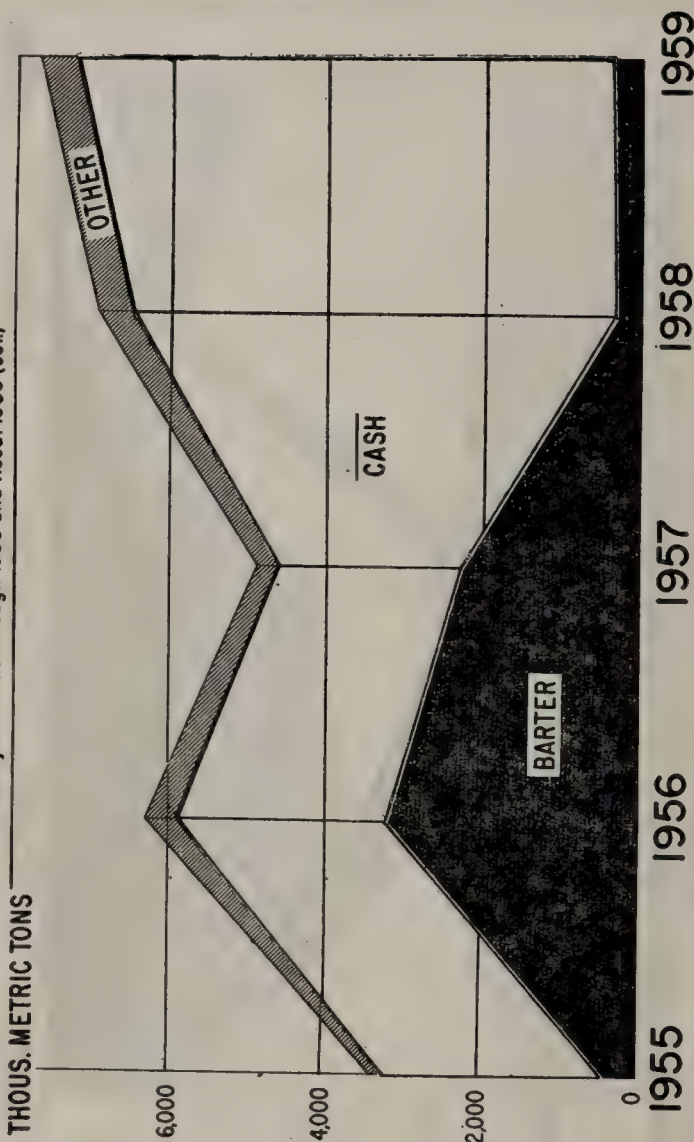
June 1959



# COARSE GRAINS: U.S. EXPORTS TO 'A' COUNTRIES

Chart No. 5

Fiscal years 1955 through 1958 and fiscal 1959 (est.)



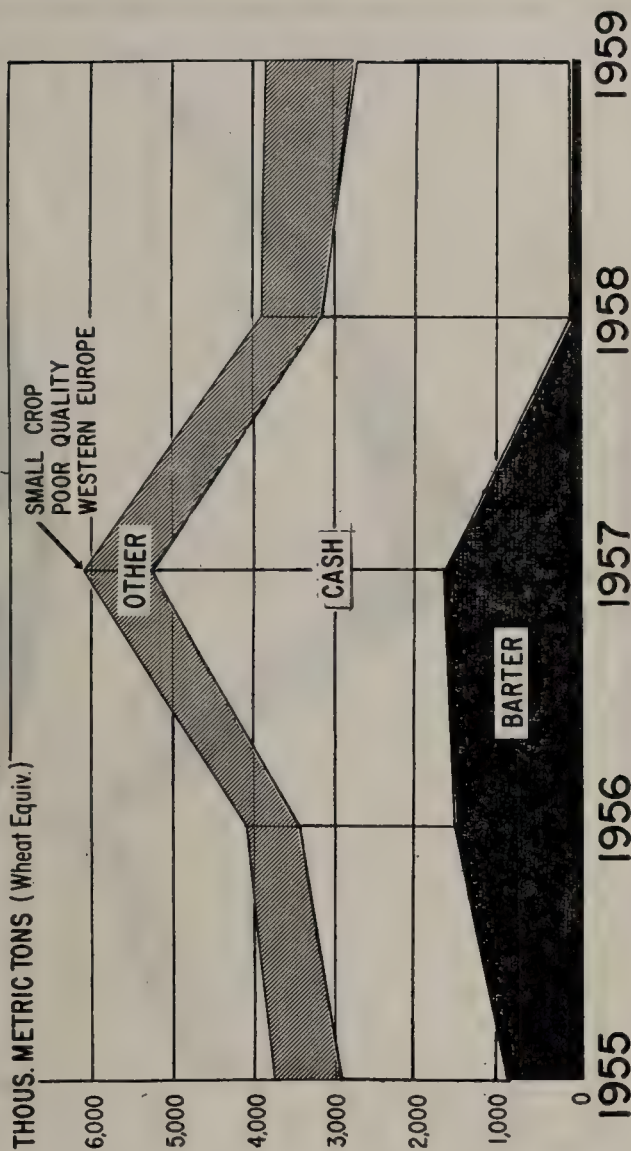
NOTE: See chart no. 2 for definition of "A" countries

June 1959

Chart No. 6

# WHEAT AND WHEAT FLOUR: U.S. EXPORTS TO "A" COUNTRIES

Fiscal years 1955 through 1958 and fiscal 1959 (est.)

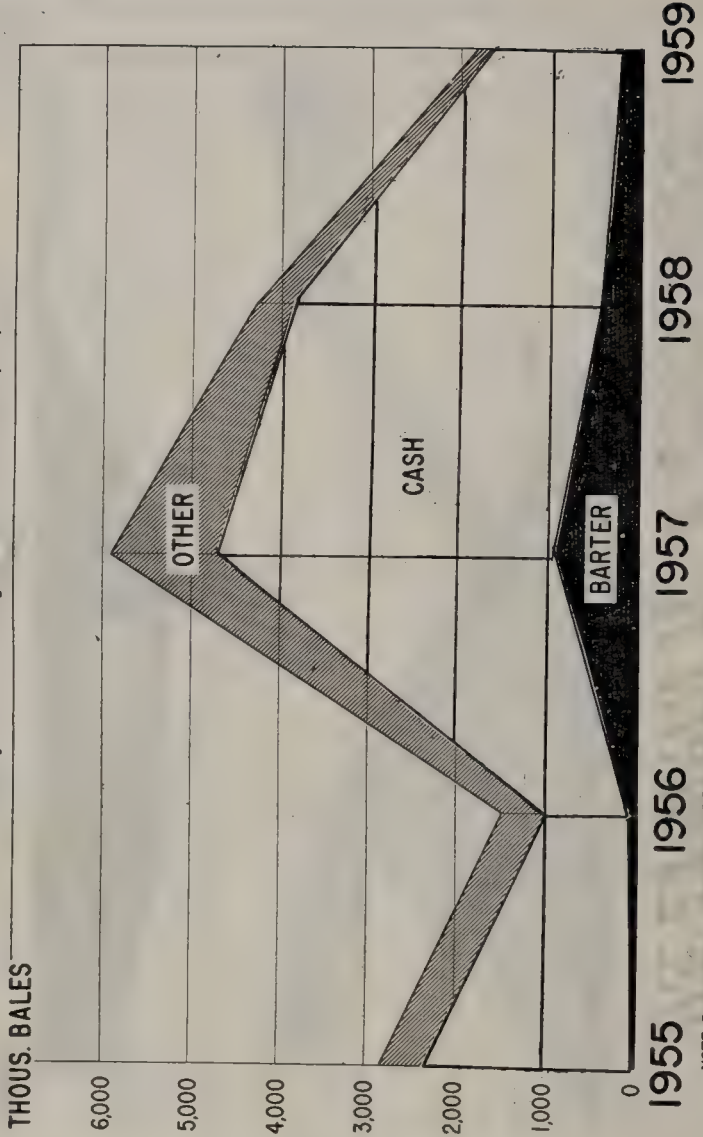


NOTE: See chart no. 2 for definition of "A" countries

June 1959



Chart No. 7  
**COTTON: U.S. EXPORTS TO "A" COUNTRIES**  
 Fiscal years 1955 through 1958 and fiscal 1959 (est.)



NOTE: See chart no. 2 for definition of "A" countries

Of the materials received, about \$220 million has been for materials for the strategic stockpile. This area in here [indicating], a little over \$600 million presently, is for the supplemental stockpile and the balance is for others. This includes the housing project materials, Atomic Energy Commission acquisitions, and so on.

There is a discrepancy between these two because this column is for contracts negotiated and the other column is for materials received. The reason there were more contracts negotiated for the strategic stockpile than there were materials received for this purpose is that while we were in the process of receiving the materials many of the goals for the strategic stockpile were reached, and also section 206 was passed. So, in order for Commodity Credit to be made whole, we transferred these materials to the supplementary stockpile and received an appropriation from Congress for them.

The CHAIRMAN. Those materials received and stored are worth more today than at the time you received them, are they not?

Mr. PALMBY. According to the figures which we have received from General Services, if they were being bought today the prices they would cost us, as I understand it, would result in the purchase price being somewhat higher.

The CHAIRMAN. And the storage cost on the materials is substantially less than the storage cost on the commodities exchanged for the material to the extent of \$105 million. Is that not right?

Mr. PALMBY. Yes, sir; that is true.

The CHAIRMAN. Yet you oppose this program. Your whole statement indicates you are opposed to the barter program, does it not?

Mr. PALMBY. To the extent that it replaces cash markets and to the extent——

The CHAIRMAN. You give me one case where a barter transaction has displaced a dollar transaction. I have been asking the Department to give us the facts and figures. You make the statement. Now give us the facts to justify it.

Mr. PALMBY. Mr. Chairman, I gave the facts on the case which I read in my testimony on the wheat going to South Africa, where the very existence of a barter program resulted in replacement of cash sales.

The CHAIRMAN. That is your statement, but you do not substantiate it. You just make the bold statement.

Mr. PALMBY. Mr. Chairman, I know Dr. Bock——

The CHAIRMAN. You tell us a man bought some wheat from Canada, but you do not know how much wheat he bought. Mr. Benson sat in the same chair and told us he was in favor of the barter program. I think he said he was in favor of expanding it. I have understood that the President was in favor of it. I understand now it is being criticized. You say you have received letters criticizing it.

As the chairman of this committee, during the entire time the barter program has been in operation I do not recall receiving a single complaint from a single businessman. That is the purpose of having these hearings now.

You have traders, I understand, who will testify, but up to this time the hearings on Public Law 480 and all of the extensions of Public Law 480 have been markedly free from criticism. At a meeting of businessmen I asked the question, "Is there any man in this room opposed



to the program? If so, stand up and say so." And there was no response.

You asked for an extension of Public Law 480. You did not ask in a formal letter to eliminate barter, but when you appear, you come in with a complaint against barter. If it is bad, we ought to repeal it. If it is good, we ought to expand it.

Mr. PALMBY. Mr. Chairman, I would have to point out that it was indicated when I started to read my statement that it was written in response to a request for a report on H.R. 7983, which, in our opinion, provides for unrestricted barter. So the statements I made were pointed to unrestricted barter.

The CHAIRMAN. How can it be unrestricted when Congress vests the authority in the Secretary of Agriculture and in the President to fix the strategic materials list and to negotiate and to consummate the contracts, and we delegate all that authority to officials of the executive branch of the Government? How can it be unrestricted barter?

Mr. PALMBY. Unrestricted as regards destination of the agricultural commodities is the way we interpret H.R. 7983.

The CHAIRMAN. What do you mean, "unrestricted"?

Mr. PALMBY. Unrestricted as regards destination of agricultural commodities.

The CHAIRMAN. The destination?

Mr. PALMBY. Right.

The CHAIRMAN. The country which will receive it?

Mr. PALMBY. Right.

The CHAIRMAN. That is left in the sound discretion of the Secretary; is it not?

Mr. PALMBY. We do not so interpret H.R. 7983—

The CHAIRMAN. You are just talking about a pending bill. I am talking about the program generally.

Mr. PALMBY. This is why I said in my statement that of the points I made, many of them were made in response to proposed H.R. 7983.

The CHAIRMAN. That is because it is somewhat more mandatory than the program you have?

Mr. PALMBY. Right.

The CHAIRMAN. Even that bill does not pick out the commodity nor select the country.

Mr. PALMBY. It would, however, remove the discretionary authority of the Secretary, which he now has, to satisfy himself as regards additionality. Again I say it is pointed out as unrestricted destination.

The CHAIRMAN. That is the thing that is holding the program right now; is it not? When you withdrew barter transactions from six hard-currency countries, there is no explanation for that.

Mr. PALMBY. That action does hold down volume of barter, no question about it. That is what I want to show when I get to these destination charts.

The CHAIRMAN. Go ahead.

Mr. PALMBY. Chart No. 2 again is on material. Of the \$6.2 billion we are told is the present value of the strategic stockpile, the barter program has contributed 4 percent; of the \$628 million value of the supplemental stockpile barter has contributed 96 percent to that. Of the two combined, it is 12 percent. That is all this chart shows.

Chart No. 3 has to do with the exports of total U.S. agricultural commodities on barter, other programs, and cash. There are two or

three things that are significant. One, it shows that in the past 4 years barter has contributed from 2½ to 8½ percent of the total movement of agricultural exports. The other Government programs contribute from 23 to 35 percent; the balance was sold for cash.

At all times the total export is 100 percent. Again reviewing the total figure, which I think is of interest, 1955 total exports were 3.5, in 1956 4.7, in 1957 4.2, and in 1958 3.7, all in billions of dollars.

The CHAIRMAN. Since you slowed down the barter program in the last 12 months our exports of cotton have dropped 51 percent; is that not right?

Mr. PALMBY. Yes, I believe that is about right.

The CHAIRMAN. Congress has given you this authority to barter; it has given you \$500 million in section 32 funds. You have that available yet you are not moving your cotton.

Mr. PALMBY. Again I have a chart here on cotton. If I could make another comment on cotton—

The CHAIRMAN. Yes.

Mr. JOHNSON. Of the hundred percent, how about the dollar volume?

Mr. PALMBY. This is what I stated in these 4 years. I will review the figures again. For the year 1955, \$3.5 billion; for 1956, \$4.7 billion; for 1957, \$4.2 billion; and for 1958, \$3.7 billion.

Mr. JOHNSON. Then our volume was up?

Mr. PALMBY. Our volume was up back here. However, I would like to come back to this when I tie the two together and comment on this when I get to the specific commodities.

This chart No. 4 is a classification of country destination. You will notice on the heading here that I say, "Value of U.S. agricultural exports bartered" for the fiscal years 1955 through 1958, and 1959 estimated.

I introduce a new term, A countries. An A country so classified under the present barter program—we classified all of the importing countries of the world last November into three categories: A, B, and C. An A country is one which is in strong financial condition with a history of substantial imports of commodities from the United States for dollars.

In contrast to that, a C country is one that is in weak financial condition and/or a poor record of buying from the United States.

A B country is between those categories.

It was necessary for us last fall to classify these countries into A, B, or C categories to satisfy ourselves that commodities moving into the respective countries were in addition to what would be made for dollar sales. This is in the statute.

We went back and attempted to find out what had happened through these last 4 years in the movement of agricultural commodities by destination. So this overall figure here for barter, which starts out back in 1955, is about \$125 million a year being lifted—this is a chart that shows a lifting of agricultural commodities in the fiscal year—and it got up to a peak of \$400 million worth of commodities being lifted. Then it sank back to \$100 million and now up to the pace of about \$165 million a year being lifted. That is the overall.

The area below this line here is that portion of cotton, coarse grains, wheat, and other commodities moving under barter into countries



classified as A in the past 4 years. You will see that in this area here about 76 percent of our agricultural commodities moving under barter were going into countries classified as A.

The CHAIRMAN. You reached the peak in 1957 apparently; is that right?

Mr. PALMBY. Yes.

The CHAIRMAN. Then it started to drop?

Mr. PALMBY. Yes.

The CHAIRMAN. And started dropping at the very time you closed up the barter program in May of 1957?

Mr. PALMBY. This is a lifting of commodities under the barter program. This is strictly the barter program.

The CHAIRMAN. That is right; but look how it dropped from 1957 to 1958.

Mr. PALMBY. Again refreshing your memory, and this does not appear on the chart, we entered into barter contracts for 315 million dollars' worth of business here for 65 in this fiscal year and for 150 plus last year.

The CHAIRMAN. That proves the barter program was working well and your cash sales went up at the same time your barter sales did.

Mr. PALMBY. Again, I would like to comment on that in terms of coarse grains, wheat, and cotton.

The CHAIRMAN. Is that not the fact, that as your barter transactions increased in volume your cash transactions abroad increased in volume?

Mr. PALMBY. It happened that when we had a big barter program we had a big export movement.

The CHAIRMAN. You say it just happened that way?

Mr. PALMBY. I think that is true. I would like to comment on that when I get to specific commodities.

The CHAIRMAN. Do you think that the barter transactions influenced dollar sales? They either do or do not.

Mr. PALMBY. I think what they did and what they are continuing to do in many of the A countries is that a barter transaction does cut into the cash movement in that country. I base that on the fact that I feel that the total movement would be the same regardless of barter into those countries and that any barter movement into those so-called sensitive countries is cutting into the cash market.

The CHAIRMAN. We took the barter out of Japan, did we not?

Mr. PALMBY. No, sir.

The CHAIRMAN. Still bartering in Japan?

Mr. PALMBY. Japan is eligible for barter.

The CHAIRMAN. As an A country?

Mr. PALMBY. It is an A country.

The CHAIRMAN. Have you done any barter in Japan?

Mr. PALMBY. We have done some barter.

Mr. RAWLINGS. I do not know the exact figure, but we have done some.

The CHAIRMAN. I thought an A country was a restricted country.

Mr. PALMBY. This last fiscal year about 35 percent of the commodities we bartered went into A countries and about 65 into B and C countries. An A country so classified is not a prohibited country. It is a country that we must be satisfied that this movement going in there is in addition to cash sales.

The CHAIRMAN. How was it possible for Russia to sell cotton to Japan and here we have cotton piled sky high, and we are subsidizing it, and yet Russia sells cotton to Japan?

Mr. PALMBY. Mr. Chairman, I do have a chart on cotton here.

The CHAIRMAN. I know, but do you know about that? Was that a barter deal with Russia?

Mr. PALMBY. I do not know if it is a barter deal or not.

The CHAIRMAN. How is it that Mexico had 1,288 compensated barter transactions and we did not have 88, did we? This is from Mexico City.

Mr. PALMBY. No.

The CHAIRMAN. As a result, the rate of signing such agreements has already surpassed that in 1958 when 1,288 compensated barter deals were completed.

Mr. PALMBY. I would not classify the Mexican transactions as comparable to our barter transactions.

The CHAIRMAN. What is the difference?

Mr. PALMBY. They are not barter transactions in the true sense of the word at all, in my opinion.

The CHAIRMAN. You are contending that the transactions we have had are not truly barter transactions.

Mr. PALMBY. As I understand a Mexican transaction, all that is involved is the right to import goods into Mexico. I rather look upon it as a control of the imports coming into the country, more or less as an import license.

I further understand that the right to import into Mexico, if we call this a barter, is actually selling at a premium today. In other words, a certificate which would entitle you, a dealer, to import into Mexico as a result of their so-called barter transactions, sells at a premium today, as I understand it, of about 1 percent.

The CHAIRMAN. The same situation existed in your program, too, did it not? When people had these certificates of additionality they were negotiating and selling.

Mr. PALMBY. It was a discount, not a premium.

The CHAIRMAN. You made a statement here about the South African transactions, Dr. Bock being here with cash in hand and ready to buy grain.

Mr. PALMBY. Wheat.

The CHAIRMAN. When he got here he changed his mind because he found out about the barter program. You did not have to consummate a barter transaction with him, did you?

Mr. PALMBY. Dr. Bock has become quite a dear friend of mine and I think I am quite well acquainted with him through international conferences. Traditionally, South Africa has been a good customer of Canada, better than they have been of the United States. So he did come prepared to buy a substantial amount of wheat from Canada, as was their habit when they needed wheat.

He further had come to this country with instructions, which I saw, to buy wheat for dollars from us. At the time he was here, in fact, the day after he arrived, he received further instructions from his Government that they had become aware that there was a possibility of our taking some materials if they would refuse to buy wheat from us for dollars.



So again we saw his instructions, which told him that he could not buy wheat for dollars from us. So at that time we were faced with this choice. One, to accept barter because we were convinced that this would be in addition to dollars because they were aware of our barter program. The other choice would have been to turn them down. We felt we had a better reason for accepting them than for turning them down.

The CHAIRMAN. You accepted minerals and metals of the same dollar value as the wheat?

Mr. PALMBY. Yes, sir.

The CHAIRMAN. \$4.5 million worth?

Mr. PALMBY. That is right.

The CHAIRMAN. Is it not better to have the metals and the minerals stored here than to have the wheat stored?

Mr. PALMBY. In this case we thought it was better, but again, the point I was making in here was that if the choice had become minerals or dollars, we would have preferred dollars.

The CHAIRMAN. But now when it came to the choice between foreign currency and strategic materials you would rather have the foreign currency?

Mr. PALMBY. The choice was not foreign currency.

The CHAIRMAN. Not then. I am asking another question. Your statement indicates that you prefer dollar transactions to all others, and all of us agree to that. Now you prefer to have this accumulation of foreign currency piled up all around the world rather than to have strategic materials which we need in our own economy. That is your choice. You say so plainly in the statement.

Mr. PALMBY. Mr. Chairman, again we have found it rather difficult to convince ourselves—and I am sure this is true across the executive branch in the Government—that we particularly need any great amount more of these so-called materials.

The CHAIRMAN. If we leave that decision to the President of the United States and the Secretary of Agriculture, and that is where we vested the authority, do you not think that is putting the authority in the right place?

Mr. PALMBY. Yes, sir.

The CHAIRMAN. Can they not be trusted with it?

Mr. PALMBY. Yes, sir.

The CHAIRMAN. When they want to expand the program and you and Mr. Berger do not want to expand it—

Mr. PALMBY. This is not true, to my knowledge.

The CHAIRMAN. What?

Mr. PALMBY. That they wish to expand this program.

The CHAIRMAN. Do you not know they have said so?

Mr. PALMBY. No, sir; I am not aware of that.

The CHAIRMAN. You can check it. My recollection is the Secretary said clearly he wanted to expand it and the President said so.

Mr. PALMBY. I am not aware of it.

The CHAIRMAN. Maybe I am in error.

Mr. TEAGUE. I could be in error, Mr. Chairman, but I have no recollection that the Secretary said he wanted to expand the program. I may be in error, however.

The CHAIRMAN. I may be in error, but I certainly have that impression.

Mr. PALMBY. It has long been our feeling and it has complete concurrence of the Secretary that if this program could be expanded into the so-called B and C countries, that it would be desirable and we would be very willing to do it and we feel we have ample authority in the present legislation to do so.

The CHAIRMAN. I have one other question on that. You said you did not discuss these transactions with friendly nations or representatives of friendly governments. Here is a letter Mr. Heimbarger just handed me dated July 17, addressed to me, from Mr. True D. Morse in which he discusses a proposed barter of \$250,000 worth of diamonds from the Belgian Congo for flour processed from U.S. wheat on a bilateral basis. After due consideration, this offer was rejected for the following reasons. One of the reasons is that the Department had received protests from Canada, an International Wheat Agreement member, which exports substantial quantities of flour into this market each year.

Apparently somebody was in error, Canada evidently vetoed that program.

Mr. PALMBY. I do not think there is any conflict there. You recall in the statute that we must cooperate and confer with other cosigners of the International Wheat Agreement which specifically, of course, Canada is No. 1 in the wheat agreement with us. So we have developed a method of conversation with them from time to time, after the fact on policies, looking ahead to new policies on the barter program.

Canada has specifically told us that she is not at any time, nor would she want to have any part in having a veto power on a specific transaction. I do not think there is any conflict with that. This resulted after conversations with them, but it was not they who vetoed it. It was our judgment after conversing with them.

The CHAIRMAN. I read from the letter that this offer was rejected for certain reasons, one of which was that Canada protested. It is the reason; is that right?

Mr. PALMBY. It is the reason, but it was not veto power. It was our judgment after talking to them.

The CHAIRMAN. In other words, you received the protest and you abandoned the proposal?

Mr. PALMBY. Yes, sir.

The CHAIRMAN. Go ahead with your statements.

Mr. PALMBY. Let us look at this unnumbered chart which is again pretty much the former chart in reverse.

Looking at the history of the program by country destination, this area here is that portion which goes to A countries. Again, as you will note, at one time over 80 percent of the commodities moving were going to A countries. There was no relationship at that time back here between the origination of the material and the destination of agricultural commodities.

The question might immediately arise as to why this curve starts at a somewhat higher level here and comes down. The best answer is that we had two sizable barter transactions back in fiscal 1955-56 with Turkey and Greece, which are in the category of B and C. Under the revised program since November we started out with the goal of attempting to get a higher percentage of these into B and C countries.



I think this chart is quite significant in that it shows we were relatively successful in this but still about 35 percent moving to A.

The next three charts have to do with the movement of specifics, coarse grains, wheat, and cotton, again to A countries. Confining these remarks to A countries because it points up the problem of this additionality.

Looking at chart No. 5, at the end of fiscal 1956 we were having very good liftings of coarse grains. It happened that that was at the same time we had a large movement under barter. As barter has tapered off here, our total movement of coarse grains has again gone up.

In my opinion, there is no relation here. It happened that when we had a big movement we had a big barter program. As barter tapered off, our total movement dropped at first but then greatly increased. I do not think there is any relationship.

We could take the opposite attitude on coarse grains, that if barter went down the total movement went up. I think that is wrong.

I would like to have you keep this in mind when we look at chart No. 6 on wheat, to show you how interrelated they are. This same fiscal year, 1956-57, when our coarse grain movement went down, at the same time that barter went down, our wheat went up. It makes such a nice chart that actually if this little hump were cut off, it would fit nicely into that dip there. The reason is this. There was a small, poor quality crop of wheat in Western Europe, particularly France, so that overnight France became an importer rather than an exporter.

Further, this 550 million bushel wheat movement that year in our opinion was unusual and was due primarily to that poor Western Europe crop. Actually, it would be more logical to think that that chart, conditions being normal, would have gone straight across regardless of movement under barter. Again bear in mind these are movements to A countries.

Chart No. 7 which has to do with the movement of cotton. Again, it needs a bit of explanation. At this point back here when we were moving at the rate of only about 1½ million bales, at the end of fiscal 1956, we were certainly not very competitive on world prices. Due to legislative action and the desire of the Executive, both, we became very competitive. We subsidized heavily. We filled up the pipelines with cotton. We shot up nearly to a rate of 6 million bales. Overnight the pipelines did become full and the cotton milling industry hit a recession, we became less competitive, and cotton sales fell off drastically.

Now we can look ahead. If advance sales tell us anything—as regards sales after August 1, we have already certified about 800,000 bales sold in the next marketing year beginning August 1 in this advance subsidy program. We think this chart would indicate going up like this regardless of what happens to the volume moving under barter.

That is all of these charts.

The CHAIRMAN. From all you have said now, it indicates that you are not willing to say barter transactions are in any way related to or influence dollars because you attributed that fluctuation in exports to some other cause.

Mr. PALMBY. I attributed the total movement to other causes; yes, sir.

The CHAIRMAN. During the time you have had your A and B countries we have lost \$42 million in exports to the Benelux countries, Germany down \$126 million, Italy \$72 million, Netherlands \$33 million, United Kingdom down \$92 million, Japan down \$93 million. A total loss of \$458 million in exports to those hard currency countries.

You are not maintaining your dollar sales even though you have abandoned barter.

Mr. PALMBY. Mr. Chairman, again practically all that slump in the exports is due to cotton.

The CHAIRMAN. Of the total loss in exports, apparently 70 percent occurred in the countries to which I have just referred.

Mr. PALMBY. Again, Mr. Chairman, those are our best cotton market countries. As our chart indicates, our total movement of cotton has gone down in those countries and this is the biggest thing that is attributable to the drop to below \$4 billion this last fiscal year. Again I hasten to point out we are very optimistic on what we will move in cotton this coming year as we are on other commodities.

The CHAIRMAN. Are you going to increase your cotton exports to these hard currency countries?

Mr. PALMBY. Under the cash program?

The CHAIRMAN. Yes.

Mr. PALMBY. Yes, sir; we think so.

The CHAIRMAN. You think on August 1 you will start increasing?

Mr. PALMBY. Our advance registrations under the payment in kind program would indicate we are going to have a very good year. It actually is better than what we thought it might be at this early date.

The CHAIRMAN. What recommendation do you submit here that you think will increase the volume of exports of these surplus commodities?

Mr. PALMBY. This is an age-old question, Mr. Chairman. I think we have all of the tools—assuming a continuation of the 480 program as it is—I think we have all the tools now that we can use to stimulate exports. This is my own feeling.

The CHAIRMAN. Do you think if we go through these hearings, as we intend to, and nobody comes in here to complain about this program except those who are administering it, that it would justify our abandoning the program? It seems to me if this is a bad program, the businessmen of America would be crowding this committee room.

Mr. PALMBY. I would like to say this on the barter program. We were here a year ago. We did say at that time that we would do the best job we could pushing this program toward the area in which we would not replace cash sales. We think we have done a pretty fair job in doing it. We would like to do a better job.

I do think from the correspondence we have received that before your hearings are over you will receive some honest comments from people who are opposed to our accepting transactions going into these A countries.

The CHAIRMAN. Will you give me, for the benefit of this committee and the record, a copy of the complaints you have received so we may evaluate them ourselves?

Mr. PALMBY. I will be happy to do that.



(The information to be supplied follows:)

ANDERSON, CLAYTON & Co.,  
Houston, Tex., December 3, 1958.

Hon. TRUE D. MORSE,  
*Under Secretary, U.S. Department of Agriculture,*  
*Washington, D.C.*

DEAR MR. MORSE: This will confirm and amplify our telephone conversation of this afternoon.

I want to discuss the way the bartering of surplus cotton for defense materials and the negotiations in course for such deals have completely demoralized the international cotton market, the question whether the safeguards of usual marketings and against undue disruption of world prices and replacement of cash sales for dollars are being applied effectively, and some very grave problems of principle.

Recently we have been receiving cables from Japan about offers of American cotton at 7 and 8 percent discount, conditional on consummation of the defense material end of barter deals. We heard yesterday of a consummated deal with Hong Kong. We hear of other deals in course of negotiation, involving other countries.

I believe it is self-evident that the undercutting of a market by 7 or 8 percent cannot fail to unduly disrupt world prices. Our people in Japan tell us that practically all buying there is suspended until the importers can find out whether they are going to be able to buy at discounted prices as a result of barter deals, and at what kind of discounts. This refers to buying both of American cotton and foreign cottons. Our sales of both kinds of cotton to other foreign countries practically have dried up. There is no question that the international market for cotton has become utterly demoralized.

I believe there is no doubt that the sales of cotton through these barter deals generally replace cash sales for dollars of the ordinary kind. Hong Kong is a market that has no difficulty in paying dollars for what it imports. I think it is very questionable whether the contemplated Japanese deals can fail to decrease the amount of cotton that Japan will import for cash, dollars, or other currencies. We heard yesterday that the Japanese Ministry of International Trade and Industry, which sets up a budget of foreign currencies for cotton imports, has agreed to set aside from the sterling portion of this budget enough sterling to cover the amount of the imports of American cotton under the barter plan, which the importers will convert to dollars by arrangements in Germany or other third countries. By this arrangement, purchases from, say, Pakistan will be displaced; and the dollars thus secured would be just as serviceable for purchases of U.S. cotton under the ordinary sales for export program as for purchases under the barter program.

My point here is that I believe these deals are creating two consequences that the law provides shall be safeguarded against.

Another important point is the question who pays the 7 or 8 percent additional subsidy on the cotton exported. The defense material dealer pays it to the cotton exporter, who otherwise could not afford thus to discount his cotton price. However the defense material dealer surely is not paying the discount out of his capital. By elimination, this leaves no source for it to come from except the margin between what CCC is paying for the materials and what the dealer is paying for them. This establishes that the Government is paying 7 or 8 percent or more above the cost to the dealer, that is, above the approximate cost at which the Government could buy the materials through orthodox procedure.

It seems to me that no agent of Government is entitled knowingly to spend more of the Government's money for property than the property is worth and otherwise could be bought for. I would like to see a court handle the contention that even Congress bindingly could direct an agent of Government to do so.

If individuals in Congress are seeking to force CCC to this kind of profligate squandering of Government money, I suggest that the proper and wise course is to resist their private pressuring and let them air their complaints in public hearings, where you can make them put in the public record what they ask you to do.

I notice on page 9 of the conference report, in the statement of the managers on the part of the House, an expression of seeming disapproval of discounts as great as 8 to 10 percent and indication that around 1 to 2 percent would be

more proper. It would appear to me that CCC would have difficulty in sustaining its position if the position were that it would seek to buy the defense materials at their approximate cash value and in no event at more than 1 or 2 percent above it.

Of course it is an awful stretch of definitions to call these deals barter. A metals dealer buys metals with cash and pays a cash consideration to a cotton exporter to induce him to buy cotton from CCC for cash, to be exported to limited destinations. The CCC turns the cash over to the metals dealer, which completes his transaction. The cotton exporter sells to a foreign importer for cash; and that completes his transaction. The swap element is just a fiction.

I have protested on grounds of right and wrong. I now will mention the fortuitous injuries and windfalls that result insofar as the cotton end is concerned. People who have trusted in the good faith of the administration of the cotton sales for export program and have bought cotton under the program, planning to merchandise it abroad, have their feet cut out from under them by these discounts. My company is in that position, as also are many other cotton exporters; and all foreign importers and mills are in that position to the extent that they have not disposed of the equivalent of their purchases in the form of cotton or its products. All owners of foreign cottons are similarly affected. There may be a transitory benefit for some few exporters who may have sold ahead for export and have not covered from the CCC or registered for the subsidy in kind.

There is a considerable element of difference of effect by class of exporter. Generally speaking, the larger concerns are better able to get in contact with the defense material dealers and to deal with them. The smaller the exporter, the greater the difficulty.

There finally is the effect on aggregate U.S. cotton exports. Insofar as the level of price alone is concerned, it is axiomatic that the cheaper you sell, the more you sell. On the other hand, confidence in price is of great importance; the main thing that a foreign mill wants to avoid is to end up with a cost higher than that of his competitors. So anarchy of price and unpredictability, such as we now have, is a condition which frightens everybody and makes them wait. This can make mills restrict their manufacturing to a degree that reduces their ability to fill orders for spot goods, with the effect that retailers, unable promptly to replenish stocks, actually lose in aggregate sales, with effect of loss of end use. This has been occurring to some extent in this country for some months, and I am sure it is occurring in other countries now.

Of course the program has another fortuitous effect, creation of an artificial market for the defense materials and artificial additions to the profits of the producers of them and dealers in them. The clear increase in market is at this end, not the surplus commodity end.

The way the discounts and excessive materials prices, from which they come, can be shrunk would appear to be through very competent, close-fisted buying. ODM might be able to help some, in getting cash prices for you to compare with by occasionally asking for cash offers. But I would think you would need the help of a competent, experienced, metals trader. If our friend Clarence Randall is back in Washington, he might be able to steer you to a good man.

Some of this letter will sound critical. It is critical of a system. For the persons involved, your colleagues and lieutenants, please accept my very sincere assurance that they are men for whom I hold the highest regard combined with very real friendship in the case of those I know well.

I am sending this letter in triplicate in case you may want to distribute the other two copies.

Respectfully and cordially yours,

LAMAR FLEMING, Jr.

HOUSTON, TEX., December 4, 1958.

HON. EZRA T. BENSON,  
Secretary of Agriculture,  
Washington, D.C.:

During the last 2 weeks, foreign demand for cotton and world cotton prices have become completely demoralized. The importing markets are flooded with rumors that American cotton will be available at discounts of 7 percent and more as a result of deals to barter Government cotton for stockpile materials; and orders are being solicited contingent on consummation of these deals, so no wonder normal demand has vanished. This is very hurtful to our interests:



as cotton exporters and, in our opinion, to the successful operation of the Government cotton sales for export program. Neither cotton exporters nor stockpile material dealers can pay subsidies of this kind out of their capital. So there is no place for the subsidies to come from unless from an inordinate excess of prices paid by the Government for the stockpile materials over what the dealers pay for them or what the Government or anyone else could buy them for. We expect and trust our Government to be competent and economical in the purchase of these materials and not to tie up funds in needless and excessive quantities of them. The majority of our members operate on a scale that does not support New York offices with facilities for liaison with stockpile material dealers. This majority will be injured competitively if the cotton export business is to become a contest in this kind of roundabout business.

NATHAN ROSENFELD,  
*President, Houston Cotton Exchange and Board of Trade.*

HOUSTON COTTON EXCHANGE AND BOARD OF TRADE,  
*Houston, Tex., January 22, 1959.*

U.S. DEPARTMENT OF AGRICULTURE,  
*Washington, D.C.*

(Attention of Mr. Marvin L. McLain, Assistant Secretary.)

DEAR MR. McLAIN: I am replying to your letter of January 2, in which you refer to my telegrams of December 4, to the President and the Secretary of Agriculture, regarding the prices paid for strategic materials and the resulting discounts offered to cotton exporters by the materials dealers.

You speak of the rumors of discounts, etc. These are not rumors—they are facts and it is, in our opinion, almost incredible that these facts are not known to the Department of Agriculture.

We have one member, who has advised us and I quote, "There have been firm offers and firm business has been done with barter discounts ranging from 7 to 13 percent. We know of a firm offer by a strategic materials importer for 17 percent discount."

You asked us to supply you with factual information and we give you the above as factual information, and might even add that there is another member of our board of directors who knows a business that has been done at above 7 percent.

While we appreciate the fact that it is not the desire of the Department of Agriculture to demoralize world cotton markets, it is a fact that if in one country, because of its ability to export a strategic material, cotton is offered at a radically reduced price, then this reduced price becomes known the world over and other countries by bidding, beat down the offered price of American cotton in an effort to compete with their neighbor, who is enjoying imports at a lower price.

I wish to thank you very much for your reply of January 2, which will have the attention of our board of directors at its next meeting, but I am replying in accordance with your request prior to this meeting.

Yours very truly,

HOUSTON COTTON EXCHANGE AND BOARD OF TRADE.

THE TEXAS COTTON ASSOCIATION,  
*Waco, Tex., March 26, 1959.*

Hon. MARVIN L. McLAIN,  
*Assistant Secretary of Agriculture,*  
*Washington, D.C.*

DEAR MR. McLAIN: We desire to invite your serious attention to the following resolution adopted in the 48th annual convention of the Texas Cotton Association recently held in Dallas:

*"Be It Resolved,* That the Texas Cotton Association is strongly opposed to barter business for the following reasons:

- "1. It is completely contrary to the conception and principle of free trade.
- "2. It is thoroughly demoralizing to the cotton export business because the relative small volume of barter disrupts the entire price structure of the non-barter potential.

"3. It is of unsound policy to allow an excessive profit margin on imported stockpile material which enables the importer to pass on large discounts, ranging in some instances up to 17 percent, depending on the nature of the strategic material, to the benefit of the foreign cotton consumer and at the expense of the U.S. taxpayer."

An examination and study of this problem we feel sure will convince you that barter trade is a hindrance and threat to the American private enterprise system. We trust, therefore, that you will discourage this type of trade in the future so far as cotton is concerned, so that we may rebuild our foreign markets on a sound foundation in the accepted American tradition.

As of particular interest in this connection, we enclose copy of a release by the well-known cotton house of Reynolds & Gibson, Liverpool, England.

An expression of your views on this subject will be appreciated.

Respectfully yours,

L. T. MURRAY,

*Executive Vice President and Treasurer.*

REYNOLDS & GIBSON,

*Liverpool.*

COTTON

DEAR SIR: The most noticeable features in the futures market during the past week have been the relative improvement in near positions owing to trade calling and increased hedging in distants, chiefly in December-January.

The hedging first became apparent when the price of December-January reached 19.50d. and quickly disclosed a lack of new buying power till about the 19d. level was reached. It has remained fairly steady at 18.90d. to 18.95d. during the past 2 days.

No new factor in the general cotton situation has emerged during the week, unless it be the sale in Liverpool of a few thousands of bales of barter cotton at much cheaper prices than the normal run of shipment offers, but we believe that the supply of such cotton is strictly limited. It provides, however, a good example of the uncertainties which face buyers anxious to avoid paying too high a price for their requirements; they feel, not unnaturally, that if a few thousand bales can be sold on such terms, a few more may be sold similarly later.

However, on the assumption that these cheap sales are not the forerunner of others of greater weight, we remain of the opinion that we have expressed in several recent letters, namely, that around 19d. for October-November or December-January fully discounts all the known bearish factors.

Yours faithfully,

REYNOLDS & GIBSON.

H. E. VAUGHAN & Co.,

*Dallas, Tex., April 10, 1959.*

Mr. MARVIN L. McLAIN,  
*Assistant Secretary, Department of Agriculture,  
Washington, D.C.*

DEAR Mr. McLAIN: Thank you for your letter of April 7 in reply to my telegram of March 5.

My complaint was that the barter deals had disrupted the normal course of business in Lancashire, and, in my opinion, instead of helping exports it has retarded them as each mill waits around until they can find a barter deal. We can only quote our experience. Since 1945 we have sold to Lancashire every month clock round a minimum of 1,000 bales a month and as high as 2,500 to 3,000 bales a month. Prior to the barter transactions this year from July to February we were shipping around 1,000 bales a month. Immediately on the announcement of the barter transactions we were offered the business on the barter deal, otherwise no business. We would have got this business if there had been no barter, therefore, we contend that our regular clients would have bought from us regardless and might have anticipated shipments up to July whereas now it is a wait-and-see proposition.

We have some of the best mills in Lancashire for our clients. We had to anticipate them and buy the character of cotton which they are accustomed to, consequently, we took a stock to supply them up to July. We were not in a position to take the barter deals. To ship substitution we would have had to take CCC cotton in our stock in replacement for our stock, which we were con-



vinced could not be duplicated from the CCC stocks; in other words, swapping good apples for bad, and this we could not see, so it has dealt a severe hardship on ourselves, and I am sure many are in the same boat; therefore, I contend that the barter deal has not increased exports as they have only bought what they require on a hand-to-mouth basis. It would be my guess that if the barter deals had never been put into effect, the exports would be larger than what they are now.

As a small shipper we thoroughly condemn the barter deals as disrupting the normal channels of business and giving the importer concessions which, to our mind, are uneconomic and unreasonable.

My personal regards to yourself.

Yours sincerely,

HAROLD VAUGHAN.

THE TEXAS COTTON ASSOCIATION,  
Waco, Tex., May 11, 1959.

MR. MARVIN L. McLAIN,  
Assistant Secretary,  
Department of Agriculture,  
Washington, D.C.

DEAR MR. McLAIN: Reply to your letter of April 17, in answer to letters addressed to you, various other departmental officials and our representatives in Congress, has been delayed for two reasons. Mr. Murray is away from the office, convalescing following a serious operation, and has had no opportunity to write. Secondly, we wished to present your letter to our board of directors at a meeting held this past week.

Our directors carefully considered the explanations of the administrative procedures and the steps for safeguarding the program, contained in your letter. We, of course, realize that the Department is only complying with a directive from Congress and we respect the efforts you are making to control the pricing in these transactions so as to avoid excessive profits and large price discounts.

However, our members continue to report instances of unduly large discounts in offers, or bids, for barter transactions and we feel that, despite your efforts to control these trades, the abuses which motivated the adoption in our convention of the resolution in question do exist. When the precautions you outline are considered and the price discounts, which can only stem from excessive profits, still exist it becomes more apparent that the dangers to normal free trade do exist and the alarm of our members is justified.

Your reasoning that the barter program is providing a means to retain markets for U.S. cotton which otherwise might be lost indicates rather clearly that in such instances there must be something other than a desire for U.S. growth cotton which induces these users to trade under the barter program.

We continue to feel that these transactions should be discouraged and that the rebuilding of our foreign markets should be on sounder foundations.

Respectfully yours,

ROY BARZAK, *Secretary.*

The CHAIRMAN. I would like to ask you about this man you referred to, Mr. R. H. Dericks, vice president of one of our largest grain exporting companies. What company does he represent?

Mr. PALMBY. Cargill.

The CHAIRMAN. They have a lot invested in this program, do they not?

Mr. PALMBY. They have a lot invested in export machinery, certainly; yes, sir.

The CHAIRMAN. What are they engaged in exporting? Is it grain?

Mr. PALMBY. Grain primarily, I would say.

The CHAIRMAN. Cargill, Inc. Does this sound about right, that that company has received \$13,226,340 for storage in 1 year?

Mr. PALMBY. That could be about the right figure.

The CHAIRMAN. In other words, a company which is collecting over \$13 million annually in storage charges protests and you quote them

here with approval and you know it is to their interest to keep this stuff locked up in those warehouses and continue to collect this exorbitant rent.

Mr. PALMBY. Mr. Chairman, they at the same time are one of the larger companies in the total export movement.

The CHAIRMAN. These barter transactions really come out of CCC stocks?

Mr. PALMBY. Yes, sir.

The CHAIRMAN. Naturally, he does not want any barter transactions because he does not want the effect on his warehouse.

Go back to Anderson-Clayton on cotton. It looks like they collected \$59 million under title I. Anderson-Clayton is against barter, too; is that not true?

Mr. PALMBY. If you are reading from our statement, I assume it is true; yes, sir.

The CHAIRMAN. I am not reading from your statement.

Mr. BELCHER. I understood you to say no one is against barter. Now you are starting to pick out a group of people who are against it.

The CHAIRMAN. They have not written me and I do not know if they have written you or if they will appear here. But in all the hearings nobody has appeared in opposition. If anybody wants to appear in opposition, we will interrupt the hearings and let them appear. I am anxious to hear them. I can easily understand a picture with \$59 million worth of title I transactions, as Anderson-Clayton apparently are doing, naturally they do not want to disrupt that by barter transactions. This one grain company, C.G.F., collected almost \$15 million in storage.

How are we going to do away with these storage charges? If we do not get the commodities out of storage and into the market, we will continue to pay the storage charges.

Mr. PALMBY. That is right.

The CHAIRMAN. What do you propose to do to accelerate the distribution or ultimate sale and disposition of those commodities? You say nothing other than just to continue the program as is. I do not know of anybody opposed to Public Law 480 extension, but I know the Congress at every chance has gone on record almost unanimously approving it.

If you have any criticism, or if you know any reason why barter is illegal, unholy, or un-American, that is the evidence we want.

Mr. PALMBY. If I could comment again, Mr. Chairman, again I have to go back to the conscientious effort we have made and are continuing to make to keep the destination of these commodities from impairing what we would sell for dollars. That is very, very difficult.

As we look ahead of us, we cannot help but think there are some countries that may have to be excluded from consideration for barter, keeping in mind that the chart I showed here showed that we have been successful in getting a higher and higher percentage of these agricultural commodities into so-called B and C countries. Certainly, this is our goal under barter because when they go into those countries, we have a very honest and real feeling that we at least are making progress in not replacing cash sales and moving additional surpluses.

The CHAIRMAN. I would agree that no one wants to displace dollar sales. But the record does not bear you out. When you withdrew



from these hard currency countries, exports went down about a half billion dollars. That is the thing I am complaining about.

Mr. PALMBY. I grant you it just happens, and I have to say this, it just happens that when we have had a small barter program that our movement of cotton has been less, but it has primarily been cotton.

By the same token, this is not true of coarse grains, nor is it true of wheat, the three major ones in our barter program.

The CHAIRMAN. We have lost exports of wheat, Canada has maintained normal exports at the time when ours have been decreasing. Yet we sit back and let Canada tell us where we can sell and where we cannot sell.

Mr. PALMBY. Mr. Chairman, this is not quite true. We had an unusual year 2 years ago on wheat. As I pointed out, we got up to 550 million bushels, which was primarily due to the fall off in the crop in Western Europe.

If we would not consider that year as being normal, because it was not normal, we did well last year, in my opinion, when we got over 440 million bushels while Canada exported somewhat less last year than she did the year before.

The CHAIRMAN. Canada did what? The record I saw showed she was maintaining her exports while we were losing ours.

Mr. PALMBY. I have some percentage figures here, Mr. Chairman, that I would like to give to you. U.S. wheat and flour exports in 1958 and 1959 are now expected to reach about 445 as soon as our figures are complete. This would be 10.7 percent over the 402 million exported in 1957-58. Of significance is the 10.7 increase in U.S. exports, 1958-59 over the previous year, whereas, Canadian exports are expected to decrease 6.6 percent?

The CHAIRMAN. You mean the coming year?

Mr. PALMBY. This is the last fiscal year, ending July 1 of this year. As soon as our figures are complete, the part of the year which is estimated will be replaced by actual figures. There is always a lag in reporting. We expect our increase to be over 10 percent while Canada is experiencing a decrease of over 6 percent.

The CHAIRMAN. The figures I saw must have been for the former year.

Mr. PALMBY. Yes; for the former year, 1957-58. You are right.

The CHAIRMAN. Have you considered the advisability of trying to reduce these storage costs which everybody complains about and nobody does anything about?

Mr. PALMBY. Mr. Chairman, no one can be a conscientious public servant—I like to think I am one—without looking to everything we can to reduce costs. The overriding reasons why the costs are high are that our inventories are high.

The CHAIRMAN. There is no shortage of storage space. They are building storage space right now all over the country, are they not?

Mr. PALMBY. No. There has been for a long period of expansion. This expansion has about stopped at the present time and I think it will come to a halt.

The CHAIRMAN. Somebody told me out through the Corn Belt they were building warehouse after warehouse.

Mr. PALMBY. Yes, sir; there are still many units being completed or additions being completed, but when this wave of building is over—

and it is about over—I do not think you are going to see much more expansion, at least in the foreseeable future.

The CHAIRMAN. What is the cost of storing a bale of cotton? Or a bushel of wheat?

Mr. PALMBY. We can give you this exact figure; 40 to 50 cents a month for a bale of cotton is the approximate cost.

The CHAIRMAN. \$6 a year.

Mr. PALMBY. Yes, and for a bushel of wheat about 16.2 cents, I believe, per year.

The CHAIRMAN. You could reduce those costs, could you not?

Mr. PALMBY. Could reduce what we are paying now?

The CHAIRMAN. Yes, and you would not have anybody emptying a warehouse.

Mr. PALMBY. We have fought off a real push on the part of cotton storing warehousemen whereby they were asking for an increase this past year. Just the past month—I am sure you have been aware of it—they have been asking for an increase.

The CHAIRMAN. Who was that, the same man, this grain company you quoted?

Mr. PALMBY. These are cotton warehousemen I am talking about. As regards the grain storage contracts, I think it should be pointed out that the Uniform Grain Storage Agreement we now have is a less remunerative agreement—in other words, our total payment to the warehouseman on long-term storage is less than it was in the 1954–56 contract. We have not renegotiated since that time. We are presently reviewing our contract.

The CHAIRMAN. What are your storage costs on corn per bushel?

Mr. PALMBY. About the same as for wheat.

Mr. POAGE. Did not the cost on cotton go down in the last year or so? Are you not paying less today than you were a few years ago on cotton?

Mr. PALMBY. Congressman Poage, I do not think this is true. We do not have the information with us.

Mr. POAGE. I was told yesterday the price of cotton storage had gone down.

Mr. PALMBY. I can supply this information for the record. I am not sure of my ground on cotton. I know there has been a very real drive on the part of cotton warehousemen in asking us to increase those rates this year. We have not done so.

The CHAIRMAN. Do you know what it costs to provide storage space for wheat and other grains?

Mr. PALMBY. Mr. Chairman, yes; I think I do, but I would certainly have to be given a lot of other information in order to supply that rough answer because a grain storage unit construction costs vary all the way from somewhere around 30 cents to over \$1 or even \$2 a bushel, depending on location, type of construction, and so forth.

The CHAIRMAN. \$2 a bushel?

Mr. PALMBY. Yes, sir; some terminal installations cost up to that much per bushel.

The CHAIRMAN. I had heard you could build it for 17 cents a bushel someplace.

Mr. PALMBY. We have heard those comments, too, but the thing you have to remember is that these are for additions and they are in-



complete units. They may include a roof and slab and nothing more, and the additions are always extra. It is very difficult to come up with a figure of what a unit costs. It depends on where it is, what it is for, and a lot of other things.

Mr. COAD. May I ask what it costs the Government to build storage and grain bins per bushel?

Mr. PALMBY. Congressman Coad, we have not bought any units nor erected any since 1956. Our latest cost in building those units—these are the round 3,200-plus bushel units—they cost us 30 cents per bushel, roughly, for the unit itself with no consideration for other costs. This was for erection of a unit itself.

Mr. COAD. What do you mean by “consideration of other costs”?

Mr. PALMBY. Onsite preparation and onsite maintenance and on the cost of leasing and so on. I am merely referring to the contract price.

Mr. POAGE. Would that include the drying system?

Mr. PALMBY. It includes just the bare unit itself.

Mr. STUBBLEFIELD. Who determines what the storage cost will be?

Mr. PALMBY. Mr. Congressman, you are referring to——

Mr. STUBBLEFIELD. Wheat, tobacco, or cotton?

Mr. PALMBY. We have negotiated contracts that we operate under with these storing warehousemen. This contract is a negotiated thing whereby the liability and responsibility of the contractor is fixed. We have an unwritten law in our Department that we—neither side will change—the Government will not change any provision of this contract without first going to the contractors and sitting down and negotiating the changes.

Mr. STUBBLEFIELD. I see you have any number of storage places in, say Lubbock, Tex. Is that competitive bid storage?

Mr. PALMBY. They are paid a uniform rate.

Mr. HOEVEN. Mr. Palmby, I regret that I missed part of your statement. I am sure you realize that the greatest criticism directed at the Commodity Credit Corporation program today is the storage cost which has caught the imagination of the public, this has been emphasized to a great degree showing that it is costing about \$1 million a day or a billion dollars a year to store CCC stocks.

Do you have any suggestions as to how these terrific storage costs can be cut down?

Mr. PALMBY. Well, Congressman Hoeven, I fear that the only way it can be cut down is by cutting the size of the inventory. In other words, the cost is great because the inventory is great. We have felt—and I think we are right on this—that we are acquiring storage and the liability that goes with it, and the protection which in turn the Government receives just as cheap as we can possibly get it, keeping in mind that we have had to have more and more all the time.

So, we feel as regards a per-unit basis that it is as low now as we can get it.

Mr. HOEVEN. Of course, the CCC is duty bound to provide storage facilities if the inventory is there, and as these crops come into Government hands, it is your duty to provide the storage.

Mr. PALMBY. Yes, sir. We have had a couple of instances where we have actually had a very tight situation. I think that our stocks should not stay in the way of a new crop.

Mr. HOEVEN. What proportion of storage costs is reflected in the so-called resealing program as it relates to corn? You offer the farmer an inducement to reseal his corn.

Mr. PALMBY. None of the grains in the CCC-owned bins is resealed. All of our resealed grains are on the farm.

Mr. HOEVEN. All of it?

Mr. PALMBY. Yes, sir.

Mr. HOEVEN. No part of it is in warehouses?

Mr. PALMBY. No, sir; the farmer, speaking specifically to corn, receives 16 cents, and I believe presently we have about 120 million bushels of corn resealed in the Corn Belt and, of course, by far the biggest chunk of this is in Iowa.

Mr. McINTIRE. Mr. Chairman, I have just one question.

The CHAIRMAN. Yes, sir.

Mr. McINTIRE. First, Mr. Palmby, I certainly appreciate the information that you have given the committee this morning.

I would like to get to the relationship of value of these strategic materials which are now in the stockpile.

In the publication made available to us as a committee print on page 18 of this selected data relative to agricultural exports and operations under Public Law 480, there is a table, table 23, and the information here is that the contract value of these strategic materials in the column on the far right is \$979.6 million.

The world value at the time of the contract was \$1,037.8 million and the present world value is \$1,035.2 million.

Now, the commentary has been made that these materials in the stockpile have appreciated in value. So, they are therefore more valuable than what they cost us. However, I am interested to inquire as to your opinion on this present world value figure. It does, does it not depend a great deal on the fact that what we have in the stockpile today as far as book value is concerned has some appreciation? But, actually, if these materials were offered in the world market at world market prices their price would not be at this book value level for pulling these materials out of the world inventory has appreciated their book value and actually from a market standpoint these values are not reflected in the book value. In short, isolation of these materials has affected world market prices.

Mr. PALMBY. Congressman McIntire, it has, of course. You are right. It has worked, as established earlier, very much like a price-support program. As these distressed materials—and many of them are distressed—are taken off the world market and isolated from use, which is what the supplementary stockpile is—it is an isolation—it then does have, and it is bound to have, an effect on the price of these materials. As I understand this table, the world value is now based upon the premise that if they were to be purchased today at what the best authorities we have in the Government say they feel they would have to pay if they were acquired today. So, you are exactly right. The very fact that a considerable volume of them have been bought and isolated from the market has had this effect on the market price.

Mr. McINTIRE. These are figures which would be the cost of them rather than the total inventory value, except to the extent that you might find them necessary in an emergency?



Mr. PALMBY. That is right.

Mr. McINTIRE. Well, of course, there is no value relationship. It is a matter of having them and the value they are to us in the total operation?

Mr. PALMBY. Yes, sir.

Mr. McINTIRE. Also, are we not in somewhat of an analagous situation in connection with these figures in relation to our own inventory in CCC where the commodities might have a value in relation to the current world price, but on the other hand, if we started moving them into the world market, they would have nowhere near that market value?

Mr. PALMBY. I think it has the same relationship as if we had started moving all of our stocks of wheat today, for instance. We do not know what the value would be. It certainly would be very low if we would freely offer it on the market.

Mr. McINTIRE. But, we do not propose this, of course?

Mr. PALMBY. Right, and we have no statutory authority to do so, and I am glad we do not, but if we did have the statutory authority and we did overnight offer vast amounts of it, I do not know what the value would be.

Mr. SMITH. Could you cut the cost of storage at a big warehouse or a big terminal if you made it on a competitive bid basis?

In other words, if you asked for bids on it whether they are storing 40 million, 10 million, or 50 million bushels of wheat?

Mr. PALMBY. Congressman Smith, there is no doubt in my mind that we actually could, but this is a very small part of the picture because the minute that we would, say, accept bids for long-time storage, then we run into all of the problems that might pertain originally to the U.S. grain storage agreement, and starting out, they are something like this:

We think every producer should be free to put his grain wherever he wants to at harvest time. If it is an approved house, we will give him a loan on that wheat or grain. If we had a bid basis and that wheat should come into our hands by default of loans, we immediately would be faced with a problem overnight if this country-stored warehouse had a higher rate than some terminal house down the road where we had accepted an offer and it would mean that we immediately at the time the loan was defaulted pull the grain out of the country house and congregate the grain into this terminal house.

So, we would tend then to force producers to put their grain into the houses which were successful in giving us a bid for longtime storage. Coupled with this is this idea of responsibility again. We have always looked upon our uniform grain storage agreement certainly as a commingled contract. When we talk about a long term agreement, it has two facets: One, we would have to guarantee to have stocks there. This may mean out-of-line holdings. It may mean putting additional transit into grain which would cost us money. Further, it would again be very difficult for many houses in your area, if we accepted a long term contract, to commingle their stocks because if they filled their house largely with CCC grain and gave us a long time contract—many of them are not generally merchandise houses—they simply would become a dead end for that grain and sooner or later that grain would spoil. The very fact that our stocks

are good today is built upon the premise that these houses can commingle. So, with this in mind we could conceivably have warehouse receipts that get very old on some grain because it does not mean that we have that vintage grain at all.

Do I make myself clear, Congressman?

Mr. SMITH. When you are paying for the storage of grain and the elevator takes in, we will say, No. 2 wheat, do you always get out No. 2 wheat?

Mr. PALMBY. Our contract reads this way: That he is under obligation to deliver us wheat. The terminology is this: That he is obligated to deliver us wheat of substantially the same quality.

Your question was if we put in 2 is he obligated to deliver us 2, or must we take 3?

It is not that simple, really. Certainly, if the market is such that we do not get hurt at the time to take 3 we may take 3, but if in our opinion it is substantially what his liability says it should be on No. 2, we will not accept it. We reject it.

Mr. SMITH. Is it not a fact that there are many big elevators all over the country that would almost take this wheat and store it free in order to do this commingling and change the grade by processes that only elevators have of doing?

Mr. PALMBY. No, sir; this is not true. I know we have heard this, and this is a remark we have heard many times. There is not anywhere near the truth in this, that many people would like to think there is. I would have to say that in a house that is what we call a fast-moving warehouse where the free grain moving through the house is substantial as compared to government grain, certainly that kind of warehouseman can get more advantage out of a commingling contract than one that is not a fast-moving house.

Mr. SMITH. Of course, the profit at that big elevator comes from their ability to take No. 3 wheat and No. 4 wheat and commingle it with No. 1 and No. 2 and come out with a profit; is it not?

Mr. PALMBY. Good grain elevators, I assure you, know how to commingle grain.

Mr. SMITH. They are good merchandisers; are they not?

Mr. PALMBY. Oftentimes I think we in CCC are as good comminglers as any grainmen, but we do our share of it, too.

Mr. SMITH. If, for instance, the Cargill Co. had an opportunity to sell 1 million bushels of wheat, do you think they would sooner sell it for cash or barter? Which would present the greatest opportunity for profit?

Mr. PALMBY. I cannot answer that. You will have to ask that question of someone else.

Mr. SMITH. Is there not a chance that a greater profit can be made by barter than by cash?

Mr. PALMBY. There certainly have been disputes at times, as I pointed out, and I am sure that there have been margins at times. However, I am sure that when there are margins there is also the risk of having losses. I think they always go together in our profit system and I am glad they do.

But, referring to Vice President Dierck's statement that he was inferring that as long as we had barter his firm must of necessity participate, but going still further with your statement as regards a specific transaction, I just cannot answer that.



Mr. SMITH. Thank you very much.

Mr. PALMBY. Thank you.

Mr. LEVERING. Mr. Chairman, I want to ask the gentleman if he has any figures indicating the relative cost of storage of the surplus commodities for which he is responsible—the strategic materials or other barter materials that we receive in barter. Do you have any figures indicating the relative cost of storage?

Mr. PALMBY. I think it is rather obvious that the cost of some—well, let us take industrial diamonds, for instance—certainly on a dollar value—

The CHAIRMAN. If you will let me interrupt, I would like to call attention to the fact that on page 80 of this committee print which we have prepared there is a table showing the cost of storage for the items.

Mr. LEVERING. That answers it. In other words, the overall costs are much lower with reference to materials received in barter than commodities which are carried.

Mr. TEAGUE. I want to ask a question which seems to be related to what Mr. Smith asked:

I suppose that you have a lot of barter proposals submitted which are rejected; is that correct?

Am I right in that assumption?

Mr. PALMBY. Yes, sir; a sizable number of them, Congressman Teague.

Mr. TEAGUE. Is it possible or is it a fact that in accepting or rejecting a proposal you take into consideration what might seem to you people to be an excessive commission or brokerage fee or discount or possible profit on the part of minerals importers?

Mr. PALMBY. No, Congressman Teague; we do not. The General Services Administration quotes us a price which they think is a reasonable price for the materials on which we are dealing. If they were buying that material today, they take into consideration the volume also and whether it is a small offer or a big offer. So, as regards the material cited, we use the best brains that we think we have in the executive in arriving at a price. If we can, however, cut down the price from the offer, we certainly will do this, and do do this, but as far as the actual margin or as far as what the offerer has obtained this material for shipment from some foreign country or foreign supplier, we do not get into this and we could not.

Mr. LEVERING. Thank you.

The CHAIRMAN. I want to ask you to provide for the record—and you might have to obtain it from the Foreign Agricultural Service—information about our exports of cotton, wheat, and feed grains, including soybeans, for the last 2 or 3 years into these countries, and then I want information as to the extent of the volume of trading by the Soviet bloc in those countries.

The reason I am asking that question is because I have seen some information which indicated that as our exports into these countries were decreasing, the Russian exports into these same countries were on the increase.

Mr. PALMBY. We will work with the Foreign Agricultural Service and supply these figures.

(The information requested follows:)

*Exports of specified commodities by the United States and Soviet bloc to United Kingdom, years ended June 30, 1957 and 1958<sup>1</sup>*

Commodity	Unit	Exported by—			
		United States		Soviet bloc <sup>2</sup>	
		1956-57	1957-58	1956-57	1957-58
Cotton.....	Thousand bales <sup>3</sup> .....	969	703	26	21
Soybeans <sup>4</sup> .....	Thousand bushels.....	3,974	1,748	( <sup>5</sup> )	( <sup>5</sup> )
Wheat.....	do.....	37,496	21,450	370	---
Flour, wheat equivalent.....	do.....	2,295	1,039	---	---
Corn.....	do.....	43,272	52,290	35	2,216
Barley.....	do.....	113	16,757	230	14
Grain sorghums.....	do.....	5,238	6,649	---	---
Oats.....	do.....	503	3,646	---	---

<sup>1</sup> Data are not strictly comparable because export figures are not available for Soviet bloc. Data for Soviet bloc based on imports by United Kingdom from the Soviet bloc.

<sup>2</sup> Includes Albania, Bulgaria, Communist China, Czechoslovakia, East Germany, Hungary, Poland, Rumania, and U.S.S.R.

<sup>3</sup> Running bales for the United States and 500 pounds gross bales for the Soviet bloc.

<sup>4</sup> Calendar years 1957 and 1958. Soybeans data for July-June year unavailable for Soviet bloc.

<sup>5</sup> No country breakdown on soybean imports.

*Exports of specified commodities by the United States and Soviet bloc to Netherlands, years ended June 30, 1957 and 1958<sup>1</sup>*

Commodity	Unit	Exported by—			
		United States		Soviet bloc <sup>2</sup>	
		1956-57	1957-58	1956-57	1957-58
Cotton.....	Thousand bales <sup>3</sup> .....	254	106	---	---
Soybeans <sup>4</sup> .....	Thousand bushels.....	12,925	11,491	227	1,176
Wheat.....	do.....	17,834	4,242	---	265
Flour, wheat equivalent.....	do.....	3,549	3,663	---	---
Corn.....	do.....	13,393	17,538	91	244
Barley.....	do.....	6,593	11,812	7,431	1,272
Grain sorghums.....	do.....	6,709	8,595	---	71
Oats.....	do.....	14,525	11,104	2,522	124

<sup>1</sup> Data are not strictly comparable because export figures are not available for Soviet bloc. Data for Soviet bloc based on imports by Netherlands from the Soviet bloc.

<sup>2</sup> Includes Albania, Bulgaria, Communist China, Czechoslovakia, East Germany, Hungary, Poland, Rumania, and U.S.S.R.

<sup>3</sup> Running bales for the United States and 500 pounds gross bales for the Soviet bloc.

<sup>4</sup> Calendar years 1957 and 1958. Soybeans data for July-June year unavailable for Soviet bloc.



*Exports of specified commodities by the United States and Soviet bloc to West Germany, years ended June 30, 1957 and 1958*<sup>1</sup>

Commodity	Unit	Exported by—			
		United States		Soviet bloc <sup>2</sup>	
		1956-57	1957-58	1956-57	1957-58
Cotton.....	Thousand bales <sup>3</sup> .....	969	627	70	52
Soybeans <sup>4</sup> .....	Thousand bushels.....	14,516	9,734	467	2,892
Wheat.....	do.....	35,266	20,389	584	536
Corn.....	do.....	12,423	4,383	905	1,311
Barley.....	do.....	5,329	6,696	7,220	299
Grain sorghums.....	do.....	4,787	2,262		
Oats.....	do.....		44	282	

<sup>1</sup> Data are not strictly comparable because exports figures are not available for Soviet bloc. Data for Soviet bloc based on imports by West Germany from the Soviet bloc.

<sup>2</sup> Includes Albania, Bulgaria, Communist China, Czechoslovakia, East Germany, Hungary, Poland Rumania, and U.S.S.R.

<sup>3</sup> Running bales for the United States and 500 pounds gross bales for the Soviet bloc.

<sup>4</sup> Calendar years 1957 and 1958. Soybeans data for July-June year unavailable for Soviet bloc.

*Exports of specified commodities by the United States and Soviet bloc to Belgium-Luxembourg, years ended June 30, 1957 and 1958*<sup>1</sup>

Commodity	Unit	Exported by—			
		United States		Soviet bloc <sup>2</sup>	
		1956-57	1957-58	1956-57	1957-58
Cotton.....	Thousand bales <sup>3</sup> .....	326	181	11	5
Soybeans <sup>4</sup> .....	Thousand bushels.....	2,773	3,199		150
Wheat.....	do.....	17,691	2,148		118
Corn.....	do.....	12,227	13,234	520	217
Barley.....	do.....	3,559	13,827	1,355	1,124
Grain sorghums.....	do.....	6,965	8,276	146	
Oats.....	do.....	7,935	8,949		

<sup>1</sup> Data are not strictly comparable because exports figures are not available for Soviet bloc. Data for Soviet bloc based on imports by Belgium-Luxembourg from the Soviet bloc.

<sup>2</sup> Includes Albania, Bulgaria, Communist China, Czechoslovakia, East Germany, Hungary, Poland, Rumania, and U.S.S.R.

<sup>3</sup> Running bales for the United States and 500 pounds gross bales for the Soviet bloc.

<sup>4</sup> Calendar years 1957 and 1958. Soybeans data for July-June year unavailable for Soviet bloc.

*Exports of specified commodities by the United States and Soviet bloc to Italy, years ended June 30, 1957 and 1958*<sup>1</sup>

Commodity	Unit	Exported by—			
		United States		Soviet bloc <sup>2</sup>	
		1956-57	1957-58	1956-57	1957-58
Cotton.....	Thousand bales <sup>3</sup> .....	656	546	12	4
Soybeans <sup>4</sup> .....	Thousand bushels.....	( <sup>5</sup> )	765		
Wheat.....	do.....	8,939	742		
Corn.....	do.....	2,093	1,966	685	220
Barley.....	do.....		612	1,764	138
Grain sorghums.....	do.....		1		
Oats.....	do.....				

<sup>1</sup> Data are not strictly comparable because exports figures are not available for Soviet bloc. Data for Soviet bloc based on imports by Italy from the Soviet bloc.

<sup>2</sup> Includes Albania, Bulgaria, Communist China, Czechoslovakia, East Germany, Hungary, Poland, Rumania, and U.S.S.R.

<sup>3</sup> Running bales for the United States and 500 pounds gross bales for the Soviet bloc.

<sup>4</sup> Calendar years 1957 and 1958. Soybeans data for July-June year unavailable for Soviet bloc.

<sup>5</sup> Less than 500 bushels.

*Exports of specified commodities by the United States and Soviet bloc to Japan, years ended June 30, 1957 and 1958<sup>1</sup>*

Commodity	Unit	Exported by—			
		United States		Soviet bloc <sup>2</sup>	
		1956-57	1957-58	1956-57	1957-58
Cotton.....	Thousand bales <sup>3</sup>	1,568	1,129		
Soybeans <sup>4</sup> .....	Thousand bushels.....	24,018	28,841	7,336	3,277
Wheat.....	do.....	47,333	49,136		
Flour, wheat equivalent.....	do.....	2,433	2,261		
Corn.....	do.....	9,897	12,132		
Barley.....	do.....	14,562	14,475		
Grain sorghums.....	do.....				
Oats.....	do.....				

<sup>1</sup> Data are not strictly comparable because export figures are not available for Soviet bloc. Data for Soviet bloc based on imports by Japan from the Soviet bloc.

<sup>2</sup> Includes Albania, Bulgaria, Communist China, Czechoslovakia, East Germany, Hungary, Poland, Rumania, and U.S.S.R.

<sup>3</sup> Running bales for the United States and 500 pounds gross bales for the Soviet bloc.

<sup>4</sup> Calendar years 1957 and 1958. Soybeans data for July-June year unavailable for Soviet bloc.

*Exports of specified commodities by the United States and Soviet bloc to countries designated "A" under barter program, years ended June 30, 1957 and 1958<sup>1</sup>*

Commodity	Unit	Exported by—			
		United States		Soviet bloc <sup>2</sup>	
		1956-57	1957-58	1956-57	1957-58
Cotton.....	Thousand bales <sup>3</sup>	5,909	4,279	173	118
Soybeans <sup>4</sup> .....	Thousand bushels.....	77,125	73,803	8,242	9,593
Wheat.....	do.....	189,080	105,482	4,608	5,236
Wheat flour, wheat equivalent.....	do.....	37,231	33,184		
Corn.....	do.....	119,939	165,077	2,764	5,519
Barley.....	do.....	32,500	70,340	22,473	3,077
Grain sorghums.....	do.....	25,791	32,904	146	106
Oats.....	do.....	24,430	25,408	4,037	124

<sup>1</sup> Data are not strictly comparable because exports figures are not available for Soviet bloc. Data for Soviet bloc based on imports by A countries from the Soviet bloc.

<sup>2</sup> Includes Albania, Bulgaria, Communist China, Czechoslovakia, East Germany, Hungary, Poland, Rumania, and U.S.S.R.

<sup>3</sup> Running bales for the United States and 500 pounds gross bales for the Soviet bloc.

<sup>4</sup> Calendar years 1957 and 1958. Soybeans data for July-June year unavailable for Soviet bloc.

Mr. BASS. May I ask one or two questions?

The CHAIRMAN. Surely.

Mr. BASS. Do you have the figures for the last fiscal year of exactly what it cost the CCC to store commodities either owned by or under loan to the CCC? I would like to have the total cost for the fiscal year.

Mr. PALMBY. We can supply that, Congressman, but I do not have it with me.

Mr. BASS. You do not have it readily available?

Mr. PALMBY. No, sir; I do not.

Mr. BASS. What do you have for fiscal years 1958 and 1959?

Mr. PALMBY. For 1958 and 1959 we can attain this. We have been using a rough figure of around \$1 million a day.

Mr. BASS. That is pretty rough, though; is it not?



Mr. PALMBY. Yes, sir.

Mr. BASS. It is quite a bit more than that; is it not?

Mr. PALMBY. I would think so, but I would like to supply this.

Mr. BASS. You mean you do not have the figures available for the previous fiscal year?

Mr. PALMBY. We do not have them with us.

Mr. BASS. Then, will you supply them for me, and send them to my office? I want the cost of storage for commodities owned by or under loan to the CCC for the fiscal years 1958 and 1959 and at the same time the total value of the commodities in storage or owned by CCC for those 2 years.

Mr. PALMBY. Yes, sir; we would be very happy to do that.

(The information referred to follows:)

*Storage costs for commodities acquired under price-support program as recorded in accounts of CCC for fiscal years 1957 and 1958*

	Total, all price-sup- port com- modities	Wheat	Corn	Other feed grains (barley, oats, and grain sorghum)	Upland cotton	Dairy products	Other commod- ities
Total, fiscal year 1957-----	\$364,391,483	\$162,409,363	\$116,659,614	\$36,977,217	\$20,558,812	\$6,044,893	\$21,741,584
Total, fiscal year 1958-----	408,610,050	152,314,604	139,978,124	72,347,645	19,110,663	6,837,630	18,021,384
July 1, 1958, to May 31, 1959 (11 months)	430,144,280	188,469,443	122,252,072	92,174,280	11,239,135	3,032,268	12,977,082

*Quantity and value of commodities pledged for outstanding loans and commodities in price support inventory as of May 31, 1959, and total investment as of May 31, 1958*

[All figures in thousands]

Commodity	Investment as of May 31, 1959 <sup>1</sup>			Total investment as of May 31, 1958 <sup>1</sup>
	Pledged for loans	In inventory	Total	
<b>Basic commodities:</b>				
Corn.....	\$547, 212	\$1, 903, 109	\$2, 450, 321	\$2, 412, 067
Cornmeal.....				449
Cotton, extra long staple.....	12, 069	8, 729	20, 798	11, 072
Cotton, upland.....	1, 065, 065	161, 332	1, 226, 397	595, 712
Peanuts, farmers' stock.....	5, 529	10, 868	16, 397	6, 864
Peanuts, shelled.....		9, 729	9, 729	6, 053
Rice.....	7, 421	66, 643	74, 064	95, 373
Tobacco.....	584, 082	7, 361	591, 443	583, 374
Wheat.....	159, 633	2, 925, 805	3, 085, 438	2, 386, 222
Wheat flour.....		158	158	7, 430
Total basic commodities.....	2, 381, 011	5, 093, 734	7, 474, 745	6, 104, 616
<b>Designated nonbasic commodities:</b>				
Milk and butterfat:				
Butter.....		31, 633	31, 633	59, 959
Cheese.....		4, 796	4, 796	57, 713
Milk, dried.....		19, 160	19, 160	31, 412
Honey.....	247		247	87
Tung oil.....	6, 135	4, 385	10, 520	6, 217
Total designated nonbasic commodities.....	6, 382	59, 974	66, 356	155, 388
<b>Other nonbasic commodities:</b>				
Barley.....	52, 228	104, 672	156, 900	111, 623
Beans, dry edible.....	634	3, 728	4, 362	791
Cottonseed oil:				
Crude.....		312	312	
Refined.....		6, 613	6, 613	
Flaxseed.....	8, 100	20, 130	28, 230	9, 243
Grain sorghum.....	22, 617	689, 338	711, 955	405, 205
Naval stores:				
Rosin.....		19, 545	19, 545	20, 895
Turpentine.....		249	249	381
Oats.....	30, 977	25, 886	56, 863	27, 513
Rye.....	4, 003	6, 350	10, 353	8, 467
Seeds, hay and pasture.....				9
Soybeans.....	194, 812	19, 862	214, 674	114, 694
Total other nonbasic commodities.....	313, 371	896, 685	1, 210, 056	698, 821
<b>Exchange commodities:</b>				
Strategic and critical materials.....		47, 585	47, 585	200, 484
Other strategic materials.....		7, 244	7, 244	5, 097
Total exchange commodities.....		54, 829	54, 829	205, 581
<b>Total.....</b>	<b>2, 700, 764</b>	<b>6, 105, 222</b>	<b>8, 805, 986</b>	<b>7, 164, 406</b>

<sup>1</sup> Book value before deduction of reserve for losses.



Mr. SHORT. Would the gentleman yield?

Mr. BASS. Yes, sir.

Mr. SHORT. Does the CCC have any storage costs on commodities while they are under loan?

Mr. UNDERHILL. Not on the grain sealings. There is storage which we sometimes absorb on cotton and tobacco.

Mr. BASS. If they are under loan to the cooperatives in certain instances there is a cost to the Department, I understand.

Mr. UNDERHILL. Yes, sir.

Mr. COAD. Will the gentleman yield?

Mr. PIRNIE. Mr. Chairman, I was interested to know whether a study has been made of this item of storage costs and whether they had discovered any change which might result in reducing the expense of that item.

Mr. PALMBY. Congressman Pirnie, we have set the machinery in motion now to make a rather elaborate study on grain. Coupled with this has been the best information we can keep compiled in the Department on all of the items that go to make up costs. These are current, but because of the great expansion and because of change in technology and handling grain we feel compelled at this time, and I think rightfully so, to make a more elaborate study. That study is underway presently.

Mr. PIRNIE. Has any thought been given to storage at the site of the loan or with the borrower?

Mr. PALMBY. I am sorry, sir, but I missed that question.

Mr. PIRNIE. Have you ever given any thought as to whether storage could take place at the site of the loan?

Mr. PALMBY. We do have a substantial reseal program now and some of these reseal programs have been reextended so that we have some grain out on some farms now which is 3 years old.

This is what you are referring to?

Mr. PIRNIE. Yes, sir; an extension of that program.

Mr. PALMBY. Yes, sir.

Mr. PIRNIE. Do you think it would be wise to extend it?

Mr. PALMBY. We have given this program a good deal of publicity this past year, and have urged producers in the area in which we needed storage to use this program if it would work in with their enterprise at all, and there has been a constant increase in the amount of grain under reseal.

Mr. PIRNIE. Do you think that will improve the situation from the standpoint of the CCC?

Mr. PALMBY. Well, not on the overall, because the cost is very much the same to us whether the producer or the warehousemen supplies the storage. I think it does a couple of things, however: Certainly, as regards feed grains the more we can keep resealed on farms the less chance that we may become the owners of that grain because our history of redemption of reseal loans has been pretty good. So, any bushel that we can get retained by the producer is certainly to the benefit of the CCC.

Mr. PIRNIE. And the strengthening of that program would perhaps reduce the overall cost?

Mr. PALMBY. Yes, sir; I think it is a sound approach.

Mr. PIRNIE. I understand with respect to the other types of storage that you have launched a very detailed and comprehensive study?

Mr. PALMBY. Yes, sir.

Mr. PIRNIE. Do you have any idea when that study will be completed?

Mr. PALMBY. This current calendar year.

Mr. PIRNIE. And do you intend that recommendations would result from that?

Mr. PALMBY. I think it is too early to say just what might show up in this study.

Mr. PIRNIE. But, those charged with the study are expected to make recommendations to you?

Mr. PALMBY. Yes, sir.

Mr. PIRNIE. Either as to continuation or as to change; is that right?

Mr. PALMBY. And as to how well we are doing at the present time; yes, sir.

Mr. PIRNIE. And whether in their opinion there is an alternative which would accrue to the benefit of the Government?

Mr. PALMBY. Yes, sir; that is right.

The CHAIRMAN. I believe Mr. Latta has a question.

Mr. LATTI. Many people in the United States are concerned over the rapidly decreasing gold reserves. With reference to this barter program do you think it has had any effect on the decrease in gold reserves?

Mr. PALMBY. Congressman, you are getting into a very technical field for someone in agriculture. I am sure of this: Oftentimes we can describe the barter program as an added appropriation which is used to buy materials. I say this for naught against the program. But, this is what it is, because once our material is transferred to the supplementary stockpile we then come to the House Appropriations Subcommittee and ask for an appropriation and we have always received it. This is tantamount to receiving an appropriation for which to buy material, and this is spent for the purchase of materials produced outside the United States.

Mr. LATTI. Well, it is bound to have some effect, is it not, when we have a stockpile of \$8.1 billion of strategic materials, and I assume from your testimony here that they have been acquired under this barter system?

Mr. PALMBY. Congressman, I think to the extent that it replaces cash sales then it does have this negative effect on our gold, and this is what we have been most concerned about here this morning.

Mr. LATTI. Thank you.

Mr. QUIE. Mr. Chairman, may I ask a couple of short questions?

The CHAIRMAN. Yes, sir.

Mr. QUIE. Do you have the information, Mr. Palmby, on a commodity-by-commodity basis similar to what you showed on that one chart of how much of the full export goes to cash sales and how much went under barter and how much went under Public Law 480, as well as how much went under different programs, so as to get for each commodity that went in export whether it went on its own merit without any subsidy of any kind and then break down the type of Government subsidy that they received to go into export?

Mr. PALMBY. Regardless of destination?

Mr. QUIE. Yes, sir.

Mr. PALMBY. We can supply that for you.

(The information referred to follows:)





	Hundredweight	5	30	114	1	1	973	973
Seeds, other than oilseeds	do					178	1,986	2,164
Beans, other than oilseeds	do					36,724	188,849	224,573
Dried fruits	Pounds	27,613			8,111	1,702	2,232,523	2,294,225
Fruits and juices, fresh, frozen, and canned	do	58,821			2,881	5,269	10,313	15,582
Wool, clean basis	do			10 5,269		(u)	19,899	19,899
Sugar, raw and refined	do				(11)	2,464	61,999	64,463
Sugar products	do							

<sup>1</sup> Foreign donations are authorized under sec. 416 of the Agricultural Act of 1949 and sec. 302, title III, Public Law 480.

<sup>2</sup> The barter program is authorized under the Charter Act of the Commodity Credit Corporation; sec. 303, title III, Public Law 480; and other legislation.

<sup>3</sup> Includes quantities for which expenditures were made under military funds for direct forces support as follows: wheat flour, 210,000 hundredweight; and soybeans, 186,000 bushels.

<sup>4</sup> Includes adjustments from previous periods.

Includes just  
Bulgur wheat.

• Basis: Invoices to contractors during period.

7 Less than 500 units.

\* Number estimated from weight; basis: Wet salted hides and skins.

<sup>9</sup> Includes juices reported in gallons converted to pounds.

\* Includes juices reported in gallons converted to pounds.  
 19 11 975 000 pounds greasy shorn wool converted to clean pounds.

11,975,000 pounds greasy shorn wool converted to clean pounds.

See descriptive statement "Explanatory notes on reports of U.S. exports under specified Government-financed programs," for details on sources and comparability of data.

Source: Trade Statistics Branch, Trade Policy Division, FAS: USDA.



*U.S. agricultural exports under specified Government-financed programs and total agricultural exports, quantity, July-March 1958-59*

[Thousand units]

Commodity	Unit	Public Law 480				Public Law 665, sec. 402 and economic aid <sup>3</sup>	Total specified Government programs	Agricultural exports excluding Government programs <sup>4</sup>	Total agricultural exports	
		Title II, famine and other emergency relief			Title III					
		Title I, sales for foreign currency	Foreign donations <sup>1</sup>	Barter <sup>2</sup>						
Wheat (60 pounds)	Bushel	162,321	6,387	444	9,342	18,715	197,209	69,352	266,561	
Wheat flour	Hundredweight	795	306	6,670		1,272	9,043	15,741	24,784	
Rye (56 pounds)	Bushels	4,738			155		4,893	3,086	7,979	
Corn, except seed (56 pounds)	do	17,708	1,657	562	9,100	201	29,228	116,370	145,598	
Grain sorghums (56 pounds)	do	11,092	1,184		3,009	138	15,423	60,791	76,241	
Oats (32 pounds)	do	16,413			888	419	17,720	19,644	21,364	
Barley (48 pounds)	do		230		969	( <sup>5</sup> )	17,634	72,924	90,558	
Corn meal	Hundredweight		6-61	1,828			1,767	2,324	2,091	
Wheat and rye products, n.e.c.	Pound	77,457					7,457	40,791	48,248	
Rice, milled	Hundredweight	2,360	3	463	1,746	( <sup>6</sup> )	4,572	5,357	9,929	
Cotton (running bale)	Bale	424	7		264		1,412	6,387	2,399	
Tobacco, unmanufactured	Pound	27,430					31,057	367,374	398,431	
Soybeans (60 pounds)	Bushel				1,057	3,627	5,431	6,488	75,319	
Lard	Pound					7,389	322,927	83,279	330,316	
Tallow, edible and inedible	do	396				52,046	52,442	767,105	819,547	
Soybean oil	do	470,637				17,631	488,268	83,279	571,547	
Cottonseed oil	do	3,032				759	3,791	105,911	109,702	
Linseed oil	do					( <sup>8</sup> )		2,893	2,893	
Peanut oil	do					171	171	2,733	2,904	
Oil cake and meal	Short ton				3		3	374	377	
Essential oils	Pound					68	68	3,225	3,293	
Milk, evaporated and condensed	do	4,755				36,390	41,145	73,830	114,975	
Milk, whole dried	do					102	102	20,425	20,527	
Milk, nonfat dried	do	40,165	15,483	376,585	9,095	4,918	446,246	3,152	449,398	
Cheese	do	1,347	1,626	38,498	2,347	14	43,832	5,101	48,933	
Butter	do	5,202			825	149	6,176	951	7,127	
Butter oil, anhydrous milk fat, and ghee	Pound	2,453					2,453	541	2,994	
Infants and dietetic foods	do					520	520	8,788	9,308	
Eggs in the shell	Dozen					2,777	2,777	21,558	24,335	
Poultry, fresh or frozen	Pound	5,997				650	6,997	46,509	52,506	
Hides and skins	Number							5,759	6,409	

	Hundredweight.	284		264	
Beans, dry, edible, except seed.....	Pound.	5, 531		5, 531	1, 909
Dried fruits.....		6, 289		6, 289	112, 797
Fruits and juices, fresh, frozen, and canned.....	do.				1, 385, 619
Yeast, except liquid.....	do.			83	3, 450
Crude rubber and allied gums.....	do.			143	82
Sugar, raw and refined.....	do.			11	16, 223

<sup>1</sup> Foreign donations are authorized under sec. 416 of the Agricultural Act of 1949 and sec. 302, title III, Public Law 480.

<sup>2</sup> The barter program is authorized under the Charter Act of the Commodity Credit Corporation: sec. 303, title III, Public Law 480; and other legislation.

<sup>a</sup> Includes quantities for which expenditures were made under military funds for direct forces support as follows: soybeans, 584,000 bushels.

sources support as follows: soy beans, 284,000 bushels.

4 Agricultural exports excluding Government programs include, in addition to unassisted commercial transactions, shipments of some commodities with governmental assistance in the form of (1) short-term credits, (2) sales of Government-owned commodities at less than domestic market prices, and (3) export payments in cash or in kind.

Less than 500 units.

Adjustment from a previous period.

7 Rulour wheat.

<sup>8</sup> Quantity not reported.

See descriptive statement "Explanatory notes on reports of U.S. exports under specified Government-financed programs," for details on sources and comparability of data.

Source: Trade Statistics Branch, Trade Policy Division, FAS, USDA.



Mr. QUIE. And the second question is this: In every case where you either sold or bartered either for foreign currency or barter were you satisfied that this was in addition to cash sales or do you only say that in case of barter sales?

Mr. PALMBY. I would like to answer "barter" first, Congressman.

In the administration of this program for every offer that is made to us, we have to satisfy ourselves, Is this or is it not in addition to cash sales? Everyone that we have accepted we felt that we had a better reason to believe that it was in addition to—than that it was not in addition to, and this is a hazy area, but in our best opinion the ones that we accepted were and would be in addition to. I would hasten to add immediately that we know and we knew when we accepted them that our reasoning was not foolproof, nor were they 100 percent in addition to. This is what has worried us and, further, this is the basic reason we had to break the countries down by A, B, and C categories, because any commodity going by the barter route to a C country where we have a very poor or no established market, and where their currency position is very bad, we are reasonably well satisfied that this was additional business.

As regards your question on title I, I am away out of my field on that, and I think the best statement I could make on it is that title I transactions are entered into in these countries but prior to their receiving one they must agree to meet our usual marketing requirements.

Mr. QUIE. Suppose one feed grain was being considered under title I or under barter, do you take into consideration a similar feed grain and the opportunities that there are for sales for that feed grain or just on the commodity in which you are dealing as, for instance, comparing corn with barley or wheat with corn as a feed grain, or do you just, like in the case of South Africa, consider the fact that they came here to buy wheat and not take into consideration a similar commodity which they might buy?

Mr. PALMBY. We have followed the criteria, at least, earlier in the year, to attempt to make each grain pretty much stand on its own, but we certainly now know, if we did not before, that grains are so closely related, particularly the coarse grains, that it is basically unsound to consider one without considering all of them.

Further, it is unsound to consider the coarse grains without considering wheat because, certainly, our history indicates that oftentimes wheat, too, can become a major feed crop.

So, summarizing, in answer to your question, again we have done our utmost to show some volume in the barter program and we, at least earlier in the year, attempted to make each grain stand on its own history. We now have come to the conclusion that we must move in the other direction and consider any one feed grain as one of the coarse grains.

Does this answer your question?

Mr. QUIE. Yes, sir.

Mr. BASS. When you move grains, particularly wheat, under Public Law 480, either under title I or under title II of the program, do you move stocks that are owned by the Commodity Credit Corporation or do you move stocks that are under loan?

Mr. PALMBY. Congressman, under title I stocks generally come from the free market. They are not owned by CCC. On title II our CCC stocks are owned outright by CCC.

Mr. BASS. Why would it not be better to move stocks that are owned under title I?

Mr. PALMBY. This is what we did a few years ago, but starting with September of 1956 on wheat, we moved in the other direction of moving wheat from the free market rather than from ours, and following this we have moved in this same area on the coarse grains, on rice and on cotton, and the reason we did that is this: We found that for every bushel we took out of our stocks it simply meant another bushel had to come in from the producer through our back door. So, we thought it better administration and certainly a cheaper and more satisfactory one as regards the producers and all the handlers that we use all of the established channels of trade and let them buy it from the free market because it would keep us from putting a bushel through our inventory which is always a cumbersome and costly thing to do.

Mr. BASS. But, if you moved it out of your stocks you are going to be reducing the cost of storage for a period of time and at the same time someone would not be making a commission on this wheat.

Mr. PALMBY. Congressman, on the surface this may seem right but I am sorry that in practice this is not true. In practice, what happens is this: The minute we move one out we have another bushel that is coming in the back door.

Mr. BASS. Why do you have another bushel coming in the back door? It would come in anyway if they did not need it.

Mr. PALMBY. No, sir; this is not true. If we move it from the free market, the demand is felt on the free market, so that CCC is circumvented and in turn all our administration and all the costs inherent in our handling a bushel of grain is not felt and actually we save money by not doing this.

Mr. BASS. You save money?

Mr. PALMBY. Yes, sir; and in turn the producer gets the advantage of having the demand of the title I program felt on the free market.

Mr. BASS. But under title II you move it out of your own stocks?

Mr. PALMBY. Yes; this is strictly donation.

Mr. BASS. At all times?

Mr. PALMBY. Yes, sir.

Mr. BASS. Who handles these transactions?

Mr. PALMBY. Under title II?

Mr. BASS. Yes, sir.

Mr. UNDERHILL. It is a government-to-government gift with charitable agencies helping with distribution in some cases.

Mr. BASS. Is it government-to-government or charitable agency to charitable agency? In other words, it is not the private broker or anything which is involved in handling these exchanges?

Mr. UNDERHILL. I do not believe there is any sales commission involved, if that is what you mean.

Mr. BASS. There are no sales commissions involved?

Mr. UNDERHILL. No, sir.

Mr. BASS. But sales commissions are involved on those items sold for foreign currencies under title I?



Mr. UNDERHILL. That is right, or perhaps it should be described as profit or loss rather than a commission.

Mr. PALMBY. Under title II, ICA handles it, and this is a straight government-to-government transaction.

Mr. PIRNIE. Will the gentleman yield?

Mr. BASS. Yes, sir.

Mr. PIRNIE. I would like to pursue further the statement that the cost would be the same. How do you reconcile it? It seems to me as though the cost would be less if there is no broker to move the commodities out under title II from the Government warehouse.

Mr. PALMBY. Are you now back on title I or title II?

Mr. BASS. Title I.

Mr. PIRNIE. Title I.

Mr. PALMBY. In other words, straight government-to-government transaction?

Mr. PIRNIE. That is right.

Mr. PALMBY. Well, Congressman, on all our cash transactions all the machinery and all of the know-how in this country, and the representatives in a foreign country, is handled by private trade and so title I is tied to the established channels of trade that we normally recognize in normal markets.

So, we have used the same tools and the same pricing mechanism and the same source of supply; namely, the free market for title I which is a sizable program as we have for cash transactions.

Mr. BASS. The gentleman says "in the normal channels of trade," but you say under title I that we sell to foreign countries when it does not disturb the normal channels of trade.

Mr. PALMBY. But it still comes back to this, as we have long felt, and I certainly feel this very keenly, that the established channels of trade that already are selling in that country and already have a representative there and have their machinery set up here are certainly much better qualified to do this than anybody else I know.

Mr. BASS. Let me ask this question, then: If the commission is paid to a broker in America that we sell for foreign currency to be used in that country, where does he get his commission? I have reference now to the American broker. Who pays that commission?

Mr. PALMBY. I think, Congressman, we have to back up to how the deal first starts. This foreign government is buying, as I understand it, on a bid basis. He buys it from the supplier, the cheapest supplier, be it one competitor or the other, and in turn this supplier in this country—title I, is similar to a cash transaction. He makes a bid and he will supply a commodity at this figure.

If he is the successful bidder, then he is on his own from there on.

Mr. BASS. He does not accept the foreign currency, though?

Mr. PALMBY. No, sir.

Mr. BASS. Who takes care of the exchange and where do the dollars replace the foreign currency?

Mr. PALMBY. Now, you are under title I, and I would like to call on someone else to answer that at this time.

Mr. BASS. All I want to know is if I am a broker and I sell 2 million bushels of wheat to Spain for pesetas to be credited to the American Government's account in Spain, do I get pesetas or dollars?

Mr. GIBB. You will get dollars.

Mr. BASS. Who furnishes the dollars in the transaction?

Mr. GIBB. Public Law 480 is set up exactly the same as if it had been a cash transaction.

Mr. BASS. I understand that.

Mr. GIBB. The American seller will get a letter of credit from his bank and the CCC issues a letter of commitment and the CCC pays dollars to that bank.

Mr. BASS. In other words, we pay the commission in dollars but we receive payment in foreign currency?

Mr. GIBB. That is right.

Mr. BASS. For that reason alone I could see where there would be a vast savings in the transaction if it were government-to-government under title I of the program. That is the very thing that I was getting to originally—that the title I program is for selling in foreign currencies, foreign currencies which in most cases are soft currencies, and we know that.

If we are paying hard dollars as the commission and the broker who receives a commission is making this transaction if it could be handled by the CCC in selling stocks that are on hand and owned by the CCC, I certainly can see where a vast savings of dollars could be had yearly on this proposition.

Is this not true?

Mr. PALMBY. No; I do not think it is true.

Mr. BASS. How could it be otherwise when we are paying dollars for soft foreign currencies for the commission in handling these transactions?

The CHAIRMAN. Let me interrupt, Mr. Bass, to ask a question which I think is pertinent to what you have in mind:

Do you have any way of determining the margin of profit involved in any of these transactions? As he points out, according to these figures I have here, this government participates in this title I program to the extent of almost \$60 million. I assume that they bought the commodities at one price, probably as low as they could buy them, and they sold them at a higher price.

Do you have any way of knowing how much profit is involved in any of these transactions?

Mr. PALMBY. Mr. Chairman, again, I do not mean to hedge on your question—

The CHAIRMAN. I do not mean to single out Anderson-Clayton—

Mr. BASS. This happens with all brokers.

Mr. PALMBY. I think, Mr. Chairman, the best answer I can give you is "ordinarily, no; we do not."

I am sure though we could trace through a few specific transactions to arrive at what was the margin.

The CHAIRMAN. And, of course, the same thing I assume is true with reference to the Cargill transaction? There is no way to tell what is involved there?

Mr. PALMBY. It is virtually impossible.

The CHAIRMAN. That is what I was afraid your answer would be. I asked the GAO representative the other day the same question and he had no way of determining the profit. Still, we hear all this testimony about tremendous profits which someone is making. Of course, I assume they are making profits, but unfortunately you have no way of determining what the profit is.



Mr. BASS. This is true of every one of the exchanges they are operating. We are paying the hard currency for negotiated sales for soft currencies all over the world.

For instance, in Spain we have been getting 42 pesetas for a dollar when the actual exchange value has been 60 all the way through. This is one of the countries where we have been doing quite a bit of business, and even basing it on the exchange rate, it would amount to something like 28 percent, I believe it is, where we have been losing in this one country. So, I think it deserves a great deal of consideration as to whether we can operate this title I program country-to-country instead of from commission agent to commission agent.

Mr. PALMBY. One thing should be said, Congressman, in defense of what we are doing, and that is, in all of these programs—title I or cash or barter—there are always some functions which people in the market place perform. Those functions are going to be performed whether Government does it or private people do it.

The CHAIRMAN. Furthermore, Congress directed that you operate through normal trade channels.

Mr. PALMBY. Right.

The CHAIRMAN. We shall have to adjourn, and I want to thank you and your associates for being here.

We shall reconvene at 2 o'clock, and the first witness will be Mr. Price Feuquay, Mr. Carl C. Farrington, and then R. L. Patterson, who I understand has an engagement with the Department of Agriculture.

Mr. JOHNSON. Just one question before we adjourn. We have here at our desks statistical information with regard to the cost of storage. Is it your intention to have this made a part of the record?

The CHAIRMAN. It probably should be. We shall wait and put it in the record later, including other information we have asked for. We shall stand adjourned until 2 o'clock.

(Whereupon, at 12:16 p.m., the committee adjourned to reconvene at 2 p.m., of the same day.)

#### AFTERNOON SESSION

The CHAIRMAN. The committee will please be in order.

Mr. Feuquay, will you come forward?

Mr. FEUQUAY. Mr. Chairman, I have with me Mr. William F. Brooks, president of the National Grain Trade Council.

The CHAIRMAN. We are glad to have you gentlemen with us. We will be very glad to hear you.

#### STATEMENT OF PRICE FEUQUAY, CHAIRMAN OF THE BOARD, NATIONAL GRAIN TRADE COUNCIL

Mr. FEUQUAY. My name is Price Feuquay. My home is in Enid, Okla., where I am in the grain business operating the Feuquay Elevator Co. This company has a terminal elevator in Enid and 12 country elevators at various points in Oklahoma.

As chairman of the National Grain Trade Council I wish to thank the committee for this opportunity to present to you the council's views on Public Law 480 and on bills to extend and amend Public Law 480.

A list of the council's members is attached and made a part of my statement. You will note that the National Grain Trade Council's members are 30 organized grain exchanges and 6 national associations in the grain industry.

Before discussing Public Law 480 and bills to amend Public Law 480 which are being considered by your committee, I wish to discuss the background and operations of two Government programs under which the grain industry is operating. These programs can be described as efforts to use U.S.-produced grain to move into export a greater volume of U.S.-produced surplus grain. I will discuss these programs as an independent grain merchant and warehouseman; as a representative of established grain firms in the Southwest, as typified by membership in the Enid Board of Trade, and as chairman of the National Grain Trade Council.

In late 1955 and early 1956, Department officials and Members of Congress were considering a National Grain Trade Council recommendation that exports of grain be promoted by Commodity Credit Corporation through export subsidies which might be made by payment in kind, in order that Government stocks be used to aid in exporting surpluses.

The National Grain Trade Council had recommended that all grain exported except that supplied to exporters as a subsidy in kind, be drawn from free market supplies. The council stated that this program would broaden the market for free grain; would give producers a greater income in the market place; and would, in all probability, reduce or eliminate the volume of Commodity Credit Corporation's takeover.

The council, in recommending this program, stated that sales of Government stocks of grain for export were made at world prices, well below loan levels, and that because of these sales, grain producers came to depend upon the loan program as their most satisfactory market. This resulted in a funneling of a vast proportion of grain products into and out of Government stocks.

The council further represented in May of 1956:

Under the present program, Government stocks increase and Government costs of handling and storing are increased, not decreased. Under them producers suffer and a stage is set where the Government adopts in effect state trading procedures depriving grain producers of the chance to obtain in the marketplace a price approaching parity.

If the Government withdraws its stocks of wheat from sale for export, exporters and others will become wheat buyers in the market, as distinct from wheat buyers from the Government. This will tend to bring about a market price approaching parity and result in a market price at or better than the loan level. Under these circumstances, producers may obtain parity in the marketplace and little if any wheat will go under loan.

Under present procedures, with the Government present each day as a willing seller for export, there is little or no incentive for grain firms to assume inventory risks. These risks are carried by the Government at the expense of the taxpayer and to the detriment of the farmer and the farm program. At no additional expense to the Government and to benefit farmers and the farm program, while providing for a gradual and orderly disposition of Government stocks through barter and relief operations and subsidy obligations, a subsidy, computed as now under the IWA to reflect the difference between the world price of wheat and the domestic market price should be placed in operation.

Such a program can be instituted under existing law. The charter of Commodity Credit Corporation, the Agricultural Trade Development Act, and the basic support law appear to grant adequate authority to the Department to make



a subsidy available to aid in exporting agricultural commodities for which support programs exist and as to which there is a surplus.

To make a subsidy available will assure maximum use of the usual and customary facilities and channels of private trade and remove the threat of state trading which increases each day under present programs. That these results can be accomplished while permitting producers a chance to obtain a parity price in the marketplace, a cash or in kind subsidy procedure for wheat should be made available as of July 1 and for coarse grains as of that date or some later date.

In July 1956, the Department announced that:

Effective September 4, 1956, all wheat export programs will be continued, with emphasis on handling through normal trade channels. Special Government aids will also be continued, but direct export assistance will be extended in the form of wheat from CCC stocks rather than in cash payments. CCC stocks of wheat will also be used in carrying out barter contracts and providing supplies for domestic and foreign donation programs.

Beginning September 4, CCC will discontinue sales at special prices for export under the International Wheat Agreement, and the special CCC program for export outside the IWA. CCC stocks of wheat will continue to be available under barter contracts and in payment of export subsidies at a price based on the world market. For all other purposes it will be available only at the higher of 105 percent of the current price support level plus carrying charges on the domestic market on an unrestricted use basis.

Exporters will purchase wheat supplies for export under these programs primarily through normal commercial channels in the free market.

In April 1958 the Department announced that subsidy-in-kind export programs would be inaugurated for the coarse grains with the program for corn effective May 5, 1958, and with the program for barley, grain sorghums, oats, and rye effective on July 1, 1958.

Under the subsidy-in-kind export program for wheat, export subsidies are determined and announced each day by the Department of Agriculture. This procedure is the same as that followed since 1949 under the International Wheat Agreement. Under the subsidy-in-kind export program for coarse grains, exporters each day submit bids for an export subsidy. These bids are accepted or rejected on the day submitted.

I shall discuss the operation of the payment-in-kind or subsidy-in-kind programs and their effect in our Oklahoma-Texas area of operations. This comes under the jurisdiction of the Dallas CSS Regional Office and is affected by the export movement through the gulf ports. This is the area that led the way in building grain storage, making it possible for the price support programs to function without the operation at any time of Government-owned storage bins in either Oklahoma or Texas and at the same time provided storage space for the reconcentration of CCC-owned stocks from storage deficiency areas for ultimate exporting. Today, as a result of the successful operation of the PIK programs, we face the realization that we are overbuilt on storage facilities in this area, with the resultant problem to the trade of the costs of maintaining and paying for unneeded storage facilities.

Notwithstanding this fact, my associates and colleagues in the old established grain trade, join me in urging your continued support of these payment-in-kind grain export programs. We hope that they will not be disrupted by legislative enactment.

With the advent of these programs we have had a revival of competitive export bidding for grains in the interior and close to the producer. Space that was formerly occupied by Government-owned

stocks at the ports has become available to the smaller export firms and others who wish to stockpile grain in anticipation of or for completion of export sales. This permits small firms and firms without large gathering facilities to compete successfully with the large export firms for their supplies and this competitive situation has provided a continuing daily market for the producer by providing first buyers and interior terminal grain merchants such as ourselves, who maintain a daily market for the producers' grains.

This was not true when practically all export stocks were supplied by the Government. The competitive bidding for those stocks did not inure to the direct benefit of the producers because as grain buyers we faced days of market, mill, and export inactivity when it would be difficult or impossible to find an outlet without a sacrifice in price. For the past  $2\frac{1}{4}$  years we have been able to reflect the benefits of the present competitive situation in our daily relations with the producers by reduced margins and higher prices to the point of redeeming a much larger percentage of his loans than in the past.

We see the Government benefit by reduced overall storage costs, reduced demurrage and other transportation costs at the ports. We see the full responsibility for quality deliveries to the importer vested in the export firm which now must originate three-fourths, or thereabouts, of its wheat sales from non-Government stocks from the interior, with the remaining one-fourth supplied by way of the POIK certificates being delivered to an exporter on track at the ports under CCC loading orders to the interior. We see the grain exporter developing, maintaining, and properly supplying more markets abroad in a more efficient and economical manner than can be done by a Government agency.

We know of no congestion or of inventory control problems by Commodity Credit Corporation of their stocks in the interior as was contemplated by some of the regional area directors at the inception of these programs. To the contrary, we have been advised by the Dallas office that as of July 9, they have been tendered 51,350,000 bushels of space by the trade during and since the current wheat harvest in the Oklahoma-Texas area. To this we can add new storage facilities of 39 million bushels of "firm pending" and 26 million bushels of "estimated pending" for their approval under the Uniform Grain Storage Agreement contracts. This is an estimated total space of 115,350,000 bushels as of November 1 plus disappearance into domestic and export consumption and less what may be used for the oncoming grain sorghum harvest.

At regular quarterly meetings of the directors of the National Grain Trade Council we have received reports from all our market members of increased trading activities both in cash and futures, as a result of the subsidy-in-kind programs. During the past year the market price for coarse grains reached and at time exceeded the loan value. Interior markets at, for instance, St. Louis, Mo.; Peoria, Ill.; Milwaukee, Wis.; Indianapolis, Ind.; Omaha, Nebr.; Toledo, Ohio; St. Joseph, Mo.; Salina, Kans., felt for the first time in many years the impact of the export demand for these grains. Producers of coarse grains tributary to these markets benefited, as had wheat and sorghum producers in the Oklahoma-Texas area.



It is our opinion and the recommendation of the National Grain Trade Council that Public Law 480 be extended for at least the calendar year 1960. It is our opinion and the National Grain Trade Council recommends that no barter amendments to Public Law 480, such as are contained in the bills H.R. 5139, H.R. 6410, H.R. 6552, and H.R. 7983 be adopted by the Congress. To adopt the compulsory barter requirements of those bills would, in our opinion, diminish, if not eliminate, the effectiveness of the subsidy-in-kind export programs. If this were to happen grain producers would suffer and costs to the Government would increase.

As a taxpayer, it seems to me that the mandatory barter provisions of these bills circumvent the usual method of seeking appropriations and then making purchases. As a taxpayer and as one who is familiar with the operations of the Commodity Credit Corporation, it is my opinion that that agency of the Government should not become a trading and purchasing agency in the field of international trade for other Government agencies.

Attached is a memorandum showing percentage figures relevant to the operation of the PIK programs. I regret that I could not locate records on file for a comparable period prior to 1956 which would have made possible specific comparisons. The endeavor here is to show figures for the time period of PIK operation that are representative of our Texas-Oklahoma area. This we have done by using figures submitted by the Oklahoma State ACP office and those from the largest warehouseman in this area, the Union Equity Cooperative Exchange with its 50,300,000 bushels of storage capacity, and from the Feuquay Elevator Co. with its 1,400,000 bushels of capacity which is certainly one of the smallest terminals and from one of our typical country elevators.

I call your attention to the large farm loan and country station redemption percentages during the life of these programs regardless of the size of the crop. This can be attributed to the competitive situation for truck grain at the ports. It is of interest to note the small percentage of warehouse receipts issued to date by the Union Equity and ourselves, respectively 6 percent and 9 percent some 30 to 45 days after harvesting an estimated wheat crop for the State of Oklahoma of 86,051,000 bushels which is the sixth in size for the State's history of wheat production and 74 percent of our record crop of 115 million bushels last year.

In the three commercial positions listed we point out the very favorable percentages of total volume handled that was merchandized, not passed into CCC ownership. The unavailability of past records leaves us to the mercy of our memories of the years of deficiency in this field; but as grain merchants we can assure you that our memories stand out sharp and clear upon this subject.

We like what we see in these figures. The restoration of a critical and substantial part of the grain business to the established trade which has always justified its existence by performing a sound, economic service. As an independent grain merchant and warehouseman, and as a spokesman for the established grain trade in the Southwest and as chairman of the National Grain Trade Council, I respectfully urge your continued support of these subsidy-in-kind grain export programs rather than proposals which tend to foster state-to-state trading.

(The matter referred to is as follows:)

	1956-57	1957-58	1958-59	1959-60
Oklahoma wheat crop (bushels).....	67,168,000	43,025,000	115,440,000	<sup>1</sup> 86,051,000
Percent size of previous year crop.....	<sup>2</sup> 278	64	268	<sup>1</sup> 74
Total farm loans <sup>3</sup> .....	883,237	337,571	2,097,218	( <sup>4</sup> )
CCC takeover.....	204,559	46,821	<sup>1</sup> 275,000	( <sup>4</sup> )
Percent of crop under farm loan.....	1.3	0.78	1.8	( <sup>4</sup> )
Percent takeover.....	23.2	13.9	13.1	( <sup>4</sup> )
Percent redeemed.....	76.8	86.1	86.9	( <sup>4</sup> )
Union Equity: <sup>5</sup>				
Percent of receipts under loan.....	16.0	4.5	26.0	6.0
Percent takeover.....	45.0	8.0	76.0	-----
Percent merchandised.....	92.0	73.0	77.0	-----
Percent redeemed.....	55.0	92.0	24.0	-----
Feuquay—Terminal: <sup>6</sup>				
Percent of receipts under loan.....	26.8	10.6	20.0	9.0
Percent takeover.....	47.0	26.0	74.0	-----
Percent merchandised.....	87.4	97.2	85.0	-----
Percent redeemed.....	53.0	74.0	26.0	-----
Feuquay—Jefferson, Okla.: <sup>7</sup>				
Percent of receipts under loan.....	56.2	16.1	51.9	19.0
Percent takeover.....	54.6	0	55.1	-----
Percent merchandised.....	69.3	83.8	55.0	-----
Percent redeemed.....	45.4	100.0	44.9	-----

<sup>1</sup> Estimated.<sup>2</sup> 1955 Oklahoma crop 24,160,000 bushels.<sup>3</sup> Source: State ASC office.<sup>4</sup> Not available.<sup>5</sup> Union Equity capacity in Enid, 50,300,000 bushels.<sup>6</sup> Feuquay capacity in Enid, 1,400,000 bushels.<sup>7</sup> Country station capacity, 300,000 bushels.

## ROSTER OF MEMBERS, NATIONAL GRAIN TRADE COUNCIL

American Feed Manufacturers Association, Inc., Chicago, Ill.  
 America Seed Trade Association, Chicago, Ill.  
 Barley and Malt Institute, Chicago, Ill.  
 Grain & Feed Dealers National Association, Washington, D.C.  
 North American Export Grain Association, Inc., New York, N.Y.  
 Terminal Elevator Grain Merchants' Association, Kansas City, Mo.  
 Amarillo Grain Exchange, Texas  
 Baltimore Chamber of Commerce, Maryland  
 Buffalo Corn Exchange, New York  
 Cedar Rapids Chamber of Commerce, Iowa  
 Denver Grain Exchange Association, Colorado  
 Des Moines Grain Exchange, Iowa  
 Duluth Board of Trade, Minnesota  
 Enid Board of Trade, Oklahoma  
 Fort Worth Grain Exchange, Texas  
 Indianapolis Board of Trade, Indiana  
 Lincoln Grain Exchange, Nebraska  
 Los Angeles Grain Exchange, California  
 Lubbock Grain Exchange, Texas  
 Memphis Board of Trade, Tennessee  
 Milwaukee Grain Exchange, Wisconsin  
 Minneapolis Grain Exchange, Minnesota  
 New Orleans Board of Trade, Ltd., Louisiana  
 New York Produce Exchange, New York  
 Omaha Grain Exchange, Nebraska  
 Peoria Board of Trade, Illinois  
 Philadelphia Commercial Exchange, Pennsylvania  
 Portland Grain Exchange, Oregon  
 St. Louis Merchants' Exchange, Missouri  
 St. Joseph Grain Exchange, Missouri  
 Salina Board of Trade, Kansas  
 San Francisco Grain Exchange, California  
 Seattle Grain Exchange, Washington  
 Sioux City Grain Exchange, Iowa  
 Stockton Grain Exchange, California  
 Toledo Board of Trade, Ohio



The CHAIRMAN. We thank you very much, Mr. Feuquay, for your appearance and for your statement.

Do I understand that you are in the grain trade business yourself?

Mr. FEUQUAY. I have a background of some 40 years myself in the grain business and my family before that for another 15 or 20 years; yes, sir.

The CHAIRMAN. You store Government-owned wheat and CCC wheat in some of your warehouses?

Mr. FEUQUAY. We operate these country elevators and deal directly with the producer. We also merchandise grain and we act as buyers for flour mills and we do store CCC-owned grain.

We have to take over the loans.

The CHAIRMAN. Do you favor extension of Public Law 480 for 1 year?

Mr. FEUQUAY. I believe my thought on that was for at least a minimum of 1 year. I did not intend to pin that down.

The CHAIRMAN. Have you had any occasion to believe that any of the barter transactions have interfered with normal commerce?

Mr. FEUQUAY. As a country operator, as an interior operator, I could only answer that by saying that I have to judge my position from the day-by-day demand for wheat.

As I pointed out in this statement, we have had a daily demand from exporting firms. I could not honestly say, as an interior operator, that I could point to any specific instance where a barter transaction has interfered with the trade.

The CHAIRMAN. Have you engaged in any barter transactions yourself?

Mr. FEUQUAY. No, sir. We are not in the export business.

The CHAIRMAN. But you sell to exporters?

Mr. FEUQUAY. Yes.

The CHAIRMAN. The Government stores in your warehouse?

Mr. FEUQUAY. Yes.

The CHAIRMAN. How much wheat do you have stored now? Do you know?

Mr. FEUQUAY. In our elevator at the present time, 400,000 bushels. It is something a little over 600,000 bushels of Government-owned wheat. Is that what you mean?

The CHAIRMAN. Yes.

Mr. FEUQUAY. Yes.

The CHAIRMAN. How much wheat do you have under Government loan?

Mr. FEUQUAY. As I say, the figure I referred to here is 9 percent of our total receipts in the current crop and that is something less than 100,000 bushels.

We have not quite reached the 100,000-bushel figure.

The CHAIRMAN. You have that under Government loan?

Mr. FEUQUAY. Yes, sir; under Government loan.

The CHAIRMAN. These organizations you represent share your views, I suppose?

Mr. FEUQUAY. Yes, sir.

The CHAIRMAN. And authorize you to speak?

Mr. FEUQUAY. Yes, sir.

The CHAIRMAN. Do you know a firm by the name of C. B. Fox, Grain Exporters, of New Orleans?

Mr. FEUQUAY. Yes, sir. I receive their bids quite often.

### STATEMENT OF WILLIAM F. BROOKS, PRESIDENT, NATIONAL GRAIN TRADE COUNCIL

The CHAIRMAN. You are William F. Brooks?

Mr. BROOKS. Yes, sir.

The CHAIRMAN. I just had someone hand me during the recess a letter from the National Grain Trade Council, Folger Building, Washington, D.C., in which this statement is made:

It is our opinion that this mandatory barter requirement would be expensive to the Government, harmful to the grain producers and damaging to all segments of the grain industry, for under the proposal little or no opportunity would exist to participate continuously in purchasing, assembling, warehousing, and selling a large share of the Nation's grain production.

That is a quotation from what appears to be an official communication.

Mr. BROOKS. That is a weekly newsletter sent out pretty nearly every week.

The CHAIRMAN. Do you prepare the letter?

Mr. BROOKS. Yes, sir.

The CHAIRMAN. There is another statement:

Under Public Law 480 through GR-345 and GR-368, the subsidy-in-kind export programs, Government stocks, except for limited purposes, cannot be sold. As a result, the full impact of export demand is reflected in the domestic market. Grain producers obtain in the open market a price approaching, or better than, the loan value. The Government realizes savings and all segments of the grain industry have an opportunity to participate in purchasing, assembling, warehousing, and selling, a great share in the Nation's grain production.

Do you mean to suggest that all segments of the grain industry have not had an opportunity to participate in purchasing assembling, warehousing, and selling of surplus commodities?

Mr. BROOKS. The observations there are based upon experience that existed prior to 1956 when the Government was the monopoly seller of wheat and coarse grains for export.

The CHAIRMAN. This letter is dated July 10, 1959.

Mr. BROOKS. That is correct, sir.

I am suggesting that if you have mandatory barter provisions which have to be complied with prior to there being any title I operation, mandatory barter provision taking precedence to the extent the grain would move under the \$350 million minimum, other transactions would stop pending completion of those transactions.

The CHAIRMAN. You do not have reference to the bill I introduced to emphasize the importance of barter and emphasize the necessity of our moving these commodities into world markets? How else could you have a mandatory barter program if you permitted all these other things to happen before you had the barter?

Mr. BROOKS. That is the point of the letter, Mr. Cooley.

It is our opinion that mandatory barter with a prior status——

The CHAIRMAN. Here is a copy of a letter handed to me on the stationery of C. B. Fox, Grain Exporters, New Orleans, addressed to me, dated July 14——



Mr. BROOKS. I have the letter.

The CHAIRMAN. It starts out addressed to William F. Brooks, National Grain Trade Council. It starts:

DEAR BILL:

You asked for it so here it is.

In your opinion the mandatory barter requirements in Cooley's bill would be expensive to the Government, harmful to the grain producers, and damaging to all segments of the industry. That is pure and unadulterated bunkum. Those in the industry who have been feeding so long and so well at the Government trough by collecting millions of dollars more than grain storage is worth naturally oppose any deviation from their cut and dried method of business, but those of us who must live by their wits welcome something different.

There is no doubt but that barter has increased the quantity of agricultural commodities exported from the United States \* \* \*

Is that from a reputable concern?

Mr. BROOKS. Mr. Fox is a gentleman whose opinion I regard very highly.

The CHAIRMAN. He does not agree with you though?

Mr. BROOKS. No, sir; he does not, nor I with him.

The CHAIRMAN. He said it is a lot of bunkum. Here is another thing he says:

\* \* \* Sure there is deserved criticism of certain barter transactions, but let those who approve them explain to the Cooley committee why they gave \$8 million for corn to Belgium in exchange for industrial diamonds and approved barley to an overbought United Kingdom when these were aid countries.

No program will be independent and the administration of it. The barter program, if properly administered, is a good system for selling additional agricultural commodities abroad without being accused of dumping and there would be no large discounts available to exporters if the CCC were clever in their purchases of the stockpiling material.

You see how difficult it is for this committee to decide these questions when heading up this organization you say that barter is bad and here Mr. Fox says it is good.

Mr. BROOKS. Mr. Cooley, may I interrupt?

We do not say barter is bad.

If you recall that part of Mr. Feuquay's statement setting forth the representation we made in 1956, we said, "Shut off sales of stocks of the Commodity Credit grains except for barter and other special programs."

I think we may have enumerated some of the special programs.

The CHAIRMAN. I know, but in this letter from Mr. Fox he says that mandatory barter requirements would be expensive to the Government, harmful to the grain producers, and damaging to all segments of the grain industry.

Mr. BROOKS. The key word in that sentence is "mandatory."

The CHAIRMAN. Yes. We talked about mandatory barter when we last passed this extension of Public Law 480 and discussed it thoroughly. We had open hearings on it and I had the impression, and I still have, that Congress wanted to expand the barter program.

Certainly no one wants to displace dollar sales. Certainly no one wants to disrupt normal trade channels. We have guarded against that in the law itself.

We do not want to offend our friends in the world and so we included a provision that our officials would collaborate with the officials of the other countries.

Apparently we had a program that flourished and under that program we have gotten rid of a billion dollars worth of surplus commodities and received in exchange for those commodities strategic materials which witnesses this morning told us were worth more now than at the time we acquired them.

Our sole interest in this matter is to dispose of the surpluses.

As all of you know, they have been accumulating since 1953 and we have about three times as much invested in surplus commodities as we had in January 1953.

I do not believe we will ever get rid of these surpluses if we do not do something.

Mr. BROOKS. I do not believe we will get rid of them overnight, either.

The CHAIRMAN. That is not what I am talking about. We are adding to the surplus problem every year. It is becoming more aggravated. Now we have \$3.5 billion in wheat and goodness knows what we will have invested a year from now when the corn crop comes in.

You point out, Mr. Feuquay, there is abundant storage available now, and yet the storage costs continue high. The witnesses tell us that there is nothing they can do about it. I talked to Secretary Benson about it and others have talked to him. You heard the testimony this morning. Apparently our people are without any power to lower the cost. You know it and I know it, they could lower the cost on your storage and you would not move a single bushel of wheat out of your warehouse. In other words, you are then at the mercy of the Government. If they want to cut your storage they can.

Mr. FEUQUAY. Certainly.

The CHAIRMAN. They can do it with regard to every cotton warehouse in the country.

Mr. FEUQUAY. Yes. I do not have to sign the U.G.S.A. contract.

The CHAIRMAN. That is right.

Mr. FEUQUAY. We have provided this space to make this program work at rates, Mr. Cooley, which enable us to redeliver these stocks to the Government in a guaranteed No. 1 condition.

The CHAIRMAN. I am not complaining of you, as a businessman, getting all you can for storage. It seems to me that there should be a time when you could readjust these rates. If I were a businessman and had a warehouse, and I had it filled with Government cotton and wheat, I would not be eager to see it bartered away. It is a natural interest that you have as a businessman.

Mr. FEUQUAY. That is right.

Along those lines, I would like to be permitted to comment a little further, that in my opinion there has been an unnecessary amount of loose talk about the profits in the grain storage situation. There have never been any comments made as to the responsibility that there is in those costs. Sure, as you quoted this morning, there have been advertisements of the steel building people saying storage can be built for this or that figure. That is not the experience of us in the grain business who have been in it a good number of years and who maintain the type of facilities that should be maintained to properly take care of a Government-owned piece of property.

The CHAIRMAN. You heard the testimony this morning to the effect that storage could be built from 30 cents to \$2.



Mr. FEUQUAY. That is right. It costs something over \$1 a bushel. I just finished building an elevator and it cost us better than \$1 a bushel to build it, and that is in one of the cheaper construction cost areas. I am speaking of the standard type of elevator. I am not talking about something we used to think of as being temporary storage. I am not considering that. I am speaking now about a fast loading house, a house that can load out for the Government if they order a No. 1 hard protein wheat.

I feel this, and my figures will show this, the overall storage costs have been drastically reduced, the overall costs.

If you will take a look at the table that I submitted with my statement you can see the farm loan take-over percentages. From 67.8 percent to 86.9 percent have been redeemed by the trade, moves into commercial channels and did not cost the Government any further storage. Storage stopped as we redeemed it.

You can follow those figures on down into the commercial operation, the Union Equity, our terminal house, and our country house, and we see merchandising figures there in the Union Equity of 92 percent, 73 percent and 77 percent. As I stated in my presentation none of us keep records beyond 5 years, except perhaps our canceled vouchers, but I would like to be able to show a period prior to the beginning of the PIK program, the percentage then passed into Uncle Sam's hands was more like the percentages that I show as being kept out of the hands of the Government today.

Mr. JOHNSON. Are you talking about the chart in the back?

Mr. FEUQUAY. Yes.

Mr. BROOKS. Yes, the table attached.

Mr. POAGE. Mr. Feuquay, I wonder if you could tell us since no one has told us—and we are not trying to pry into your individual figures—what is the normal rate of profit on this Government grain storage?

Mr. FEUQUAY. Our operations are overlapping.

Mr. POAGE. I know that they are overlapping. I am not asking you what the Feuquay grain profits are, but take the industry overall, what do you expect to make on Government storage? Do you expect to make 5 percent or 25 percent? Nobody has given us any testimony on it.

Mr. FEUQUAY. Maybe I am deviating a bit, but I will try to answer that question in this manner: Before we had the support price programs, and I was operating these same type facilities in those days, we used to anticipate, or figured that if we had 6 months' full storage occupancy; in other words, if we could keep the facilities 50 percent filled we could assure ourselves a profitable year.

Now, sure, we have empty storage space now. I think that is a healthy situation, not just because it has been implied here that it would provide a lever for the Government to beat us down on storage rates, because as Mr. Palmby pointed out this morning, after all we are still operating under rates established in negotiations in 1955, and our costs have gone up tremendously in our operations since 1955.

So there is some empty storage space and I am speaking now for the established trade, I am not talking about the people who may have come in the last couple or three years, who have come into your country and mine, expecting to see that storage filled 12 months out of the year. I think it is a healthy situation we have empty space rather

than to contemplate anything that would continue more building of storage space in the Southwest.

Mr. POAGE. I think that it would be very helpful if we had some kind of figures here. Please understand, I am not pressing you to give us any of your own figures. I can understand a man does not want to do that. You have told us that it costs anywhere from 30 cents to \$2 to build a grain storage and that you were building it at approximately \$1.

Mr. FEUQUAY. That is right.

Mr. POAGE. I would say maybe for the upright cement silo, with the loading equipment and the drying equipment, that is possibly the average cost.

Mr. FEUQUAY. I think so.

Mr. POAGE. About \$1 per bushel.

Mr. FEUQUAY. In the Southwest area.

Mr. POAGE. What does it cost you to handle that grain each year?

Mr. FEUQUAY. Our operating costs—I would be happy to furnish you with figures.

Mr. POAGE. I do not want your operating costs. I would like to know what the Southwest operation costs.

Mr. FEUQUAY. I am not trying to evade your question. I would be happy to answer it. I think that I see what you are getting at.

Mr. POAGE. I am assuming you are not in the trading business.

Mr. FEUQUAY. But I am in the trading business. I emphasize that. We want to stay in the trading business.

Mr. POAGE. I understand. You do not build Government storage to get in the trading business? You were in the trading business before the Government had any storage business.

Mr. FEUQUAY. And in the farm storage business.

Mr. POAGE. Yes, in the farm storage business, but any extra space that you built for the Government we will say cost you \$1 a bushel to build it.

Mr. FEUQUAY. If we built a standard type.

Mr. POAGE. That is what I am talking about. I know that you can build flat storage for 15 cents. That does not include your loading facilities and it does not include your drying facilities. I understand that.

Mr. FEUQUAY. And it does not include the loss that a man may take if he delivers lower grade grain.

Mr. POAGE. Of course I understand that. You can build storage for 15 cents. It is not the type of storage that you want to operate and you are not going to operate that. I assume that you are paying \$1 for your storage.

Mr. FEUQUAY. Yes.

Mr. POAGE. What does it cost you to operate that storage, just the storage part?

Mr. FEUQUAY. I cannot take up that particular phase of our business and set it over here by itself because our grain is commingled; our operation is interlocked four ways. We receive from the farmer with a handling charge. We depend upon switching tonnage in making our sales in our merchandising. We depend on our merchandising profits. We also depend, and I frankly admit it—although under the present U.S. grain standards the grades are so



tight that the percent of profit does not exist that did a few years ago, we do hope to make some small profit though not as much as implied this morning—on upgrading the grain, by mixing it with others, which is a perfectly natural, legal, ethical practice for us to do. We do not get rich off of that, but I cannot separate those four phases of our business into any one operation and say that the storage alone cost so much, or the merchandising of the grain cost so much. I cannot do it. Our industry, our trade, our operation, is too interlocking.

I think for a small firm we make one of the most complete audits that it is possible to make, and it would be physically impossible for me to take our audit and separate our various operations to determine the cost of that particular operation. I cannot do it.

Mr. POAGE. Now, down in my country, and the same thing is true in Oklahoma, there are grain storage facilities at every railroad switch.

Mr. FEUQUAY. Yes.

Mr. POAGE. Now, I do not know a man in the grain storage business that I consider a rascal. I just do not know one.

Mr. FEUQUAY. I do not either. I am proud of the grain business.

Mr. POAGE. I am sure that there are some. There are some in Congress, they are everywhere, and there are certainly some in the grain storage business, but I do not happen to know any of them. I know some very fine men in the grain storage business, and I think they are operating perfectly honestly, but I think the public is fast coming to the conclusion, erroneously, but nevertheless coming to the conclusion that they are all a bunch of thieves. Please understand I am not making any such charge, but the public is coming to that conclusion.

One of the reasons it is coming to that conclusion is because nobody can show us, or will show us, and I am not charging that they could show us, figures that place us on any firm ground in saying, "Look, they are not getting away with unreasonable profits because here is what it is costing."

We have sat here for 6 months trying to find out approximately what it costs, and there has not been a witness that has come here that could tell us any more than you are telling us what it costs, and you cannot tell me that you are doing \$1 billion worth of business with the U.S. Government and nobody has any idea whether you are making a profit or losing money.

Mr. FEUQUAY. We can submit a cost figure to show what it costs us to handle a bushel of grain.

Mr. POAGE. That is what we would like to see.

Mr. FEUQUAY. But you pinned it down to storage.

Mr. POAGE. Yes. That is all the Government is paying for. The Government is not paying for anything but storage, is it?

Mr. FEUQUAY. That is right. There are a few other things.

Mr. POAGE. The Government pays in and out charges.

Mr. FEUQUAY. In and out charges and storage.

Mr. POAGE. There ought to be some way of determining what that is costing the Government. I am not charging that you are getting one penny too much, Mr. Feuguay. I am not suggesting that there is anything wrong, but I do know that there is a widespread belief that there is something wrong. I would like to try to show the public. I do

not want them to think that the U.S. Government is sitting here and deliberately allowing somebody to rob it, and I do not want them to think that you are robbing them, but unless somebody gives us some figures——

Mr. FEUQUAY. That is what I meant by "loose talk." There has been too much loose talk and writings——

Mr. POAGE. That is right.

Mr. FEUQUAY. To make sensational news stories along that subject. I agree with you, the general public thinks that the grain storage business is some sort of a gravy train and everybody wants in. That is why we are having empty space at the present time.

Mr. PIRNIE. I believe that the witness said prior to the entry of the Government into this warehousing of grain, or storage of grain, that he was engaged in that business.

Mr. FEUQUAY. Yes.

Mr. PIRNIE. Did you not at that time have a pretty good idea of what your costs were?

Mr. FEUQUAY. Congressman, I will have to answer that in the same way. I was in the same type of business. My statement was, at that time, in anticipation of an operating budget for the coming year we would hope to earn 6 months' storage. We would hope to merchandise so many bushels. We would hope to be able to switch tonnage in our merchandising operations for an additional profit. We took it in for storage, we commingled it, and we merchandised it.

Mr. PIRNIE. You are quoting the Government a rate.

Mr. FEUQUAY. That is right.

Mr. PIRNIE. And you are predicating it on a certain amount of activity and responsibility.

Mr. FEUQUAY. That is right.

Mr. PIRNIE. It is those responsibilities that we are discussing. You must know what the cost of those is.

Mr. FEUQUAY. Yes. I will answer that. In the trade's negotiations of the last uniform grain storage contract in 1956 we negotiated the rate that is in existence today as being a reasonable rate which would at the same time allow us a reasonable profit.

Mr. PIRNIE. What was the percentage of that profit? What do you call reasonable? What did you call reasonable at that time?

Mr. FEUQUAY. Well, there we get into——

Mr. PIRNIE. It seems to me that there we get into the blind alley.

Mr. FEUQUAY. We get into a complication. To quote a percentage figure in relation to dollars in handling our business, the grainman does not mean the same as it would to any other merchant.

Mr. POAGE. Give it to us in bushels. How much profit is there per bushel to handle it? We know what we are paying.

Mr. FEUQUAY. Yes. In our merchandising operation——

Mr. PIRNIE. We are talking about storage.

Mr. FEUQUAY. We are very happy to contemplate a cent and a half a bushel profit to buy and sell grain. It costs us another cent and a half a bushel to put that grain through that elevator. We know that, which is the receiving charge we negotiated under the present USGA contract.

Mr. POAGE. Leaving the receiving charge out because we know that that can be figured separately, you get 16½ cents a bushel——

Mr. FEUQUAY. If it is there for 12 months.



Mr. POAGE. And if it is less than 12 months you get a fraction thereof.

Mr. FEUQUAY. We kid ourselves if we figure on a profit based upon 12 months' occupancy. There must be an out and in movement of it ahead of crops, so you never have 12 months.

Mr. POAGE. Assume that you get 9 months. That is 50 percent longer than you were getting out of the commercial trade before the Government came into the picture. Government grain stays with you longer than normal commercial grain.

Mr. FEUQUAY. No. When I made up these figures here I sold wheat last year to some milling companies and the sale was made at a certain figure to stay in storage, and I believe that I could go back to at least one mill that I had some operations with and I think perhaps I made more storage earning off of that particular mill.

Mr. POAGE. You just told us, Mr. Feuquay, that before the Government came into the picture you figured that if you could keep 6 months' occupancy, you were doing real well and you could make money on 6 months' storage.

Mr. FEUQUAY. And the merchandising and the others.

Mr. POAGE. All right. Now then, the Government is averaging 9 months. You did say that the Government storage was averaging about 9 months.

Mr. FEUQUAY. That is what you figure because you have a loading out movement ahead of a new crop, and then there is some time lag in there before it is actually filled back up again.

Mr. POAGE. If I had 75 percent occupancy I could figure that I could make money at a little lower rate than if I had 50 percent occupancy.

Mr. FEUQUAY. That is right.

Mr. POAGE. So I figure that the Government storage would not cost quite as much. You have just been building new storage and it is costing you about \$1 a bushel for the storage with the loading and the facilities. You built that because you needed it to take care of both the Government storage and your commercial storage which you have to take care of, too. You would not need it if you had no Government storage.

Mr. FEUQUAY. I cannot agree with you. We built that because we did not have adequate facilities. That is at a country point. We did not have adequate facilities to handle the producers' grain. We did not build it for Government storage occupancy. In fact, we have 9 percent, or something of that sort, of our total capacity under the loan program now. We cannot sit there and operate that elevator based entirely on that storage rate. I want to make myself clear, I did make the statement, before the present loan program, in setting up a budget for our operations we contemplated being full for half the year, or you can put it the other way around, if you want. That was when the grain trade was merchandising 100 percent of whatever grain we took in. It did not flow through our hands into a Government agency and then out of that Government agency.

Mr. POAGE. You had to make some profit on merchandising the product in order to pay your total operations?

Mr. FEUQUAY. That is right. When the support price programs come into the picture, down goes our merchandising and everything

comes into storage, so storage costs did have to be adjusted to offset other costs and keep us alive and to encourage the trade to provide the facilities that were needed for the support program. There had to be an upward adjustment in the storage costs.

Mr. POAGE. Mr. Feuquay, there are a whole lot of people who have been building storage and there are some still doing it. I hope that they will let up on it.

Mr. FEUQUAY. We hope to publicize these figures.

Mr. POAGE. There are a lot still building storage. Those people, of course, are not merchandising grain.

Mr. FEUQUAY. No.

Mr. POAGE. They will have no return upon their investment except what the U.S. Government pays them.

Mr. FEUQUAY. That is right.

Mr. POAGE. There are a lot who do not take in any farmers' grain, are there not?

Mr. FEUQUAY. Yes. They do not perform an agricultural service, or a service to the producer.

Mr. POAGE. They do nothing except handle Government grain?

Mr. FEUQUAY. That is right. They built that simply as storage.

Mr. POAGE. They felt that they could make a profit when they were building it. You think they are going to make a profit?

Mr. FEUQUAY. Should I answer that question in my capacity as chairman of the National Grain Trade Council?

Mr. POAGE. Your probably know more about it than we.

Mr. FEUQUAY. I believe that we have storage space built in your area, and in mine, and considering the volume of storage being built and in what used to be the deficiency storage areas—Kansas, Missouri, Iowa, and Nebraska—I have my doubts that some of these being built today will ever have any Government grain in them. I realize that is a pretty pessimistic and pretty broad statement.

Mr. POAGE. Assume that you built one of these storage facilities and you get Government grain for 9 months out of the year, or get grain to keep your facilities at 75 percent occupancy, will you make money?

Mr. FEUQUAY. Yes.

Mr. POAGE. You will?

Mr. FEUQUAY. Yes. That is, they will be able to retire their investment.

Mr. POAGE. In what period of time will they write that off?

Mr. FEUQUAY. I would have to sort of give you the average situation, but I do not think any of them could hope to pay them off in less than 10 years—10 to 15 years. Ours are set up on a 30-year depreciation schedule.

Mr. POAGE. It has been our understanding, and it is the understanding of 99.75 percent of those who have been building this kind of storage right now, that their competitors have paid off in about 3 years. Do you know of any instances where anybody has paid off in 3 years?

Mr. FEUQUAY. I do not.

Mr. POAGE. What about 5?

Mr. FEUQUAY. Under the occupancy guarantee program that we had a few years ago, yes. I think that some of those plants would



come pretty close being paid off in 5 years—a 5-year amortization.

Mr. POAGE. And you do not think it could be done at the present time?

Mr. BREEDING. They do not have that program today.

Mr. FEUQUAY. No.

Mr. BROOKS. Neither the 5-year amortization, nor the guaranteed program. Neither one of them.

Mr. POAGE. You do not believe anybody could build grain storage in the Southwest today and under normal operating conditions pay for the storage in 5 years?

Mr. FEUQUAY. No. When they ask me that question and I answer negatively, they still go home and build more storage.

Mr. PIRNIE. I would like to go back to that statement about upping the storage costs to make up for the merchandising profit. Is that the general practice?

Mr. FEUQUAY. That is a theory that I expressed as a basis for negotiating a contract at a time when we faced what did develop as the absolute, but we did not have the merchandising of grains we had always enjoyed in the past. That was done by the Government.

Mr. PIRNIE. Did you not have storage as such?

Mr. FEUQUAY. Oh, my, yes. The farmer has always stored some part of his wheat crop.

Mr. PIRNIE. Why is it such a difficult problem to arrive at the cost of storage?

Mr. FEUQUAY. If I just took this bin here [indicating] and set it aside and said, "All right, I will not operate that elevator except to put grain in and out," I could answer your question very easily.

Mr. PIRNIE. You arrived at it mentally in order to submit the bid.

Mr. FEUQUAY. We did not bid for it, no. It is a negotiated contract.

Mr. PIRNIE. We are only quarreling about language. In order to submit a figure which you would accept under negotiated payment for storage charges you must have had some idea. You know at what level you are prepared to negotiate.

Mr. FEUQUAY. No, I cannot simplify it to that extent, and I am on the negotiating committee. I could not conscientiously sit down here and say that I know just what it is going to cost me to store grain.

Mr. PIRNIE. Do you want the committee to understand that you would negotiate anything that involves so much in dollars and cents without knowing whether it carried a profit or not?

Mr. FEUQUAY. I buy wheat every day from the producer without knowing whether it carries a profit or not.

Mr. PIRNIE. That is because of a certain other factor, but that is not anything as static as storage. There may be other things with regard to merchandising. Do you mean, as experienced as you gentlemen are in this business of providing storage and being as well acquainted as you are with the cost of construction, with the period of amortization and the services that are expected to be performed, that you cannot make a reasonable calculation as to what that costs?

Mr. FEUQUAY. The first calculation that I have to make, Congressman—and all of us will have to make it in negotiating a new contract—is how long is this Government-stored grain going to stay with us. I say other factors enter into it, the merchandising risk.

Mr. PIRNIE. You approximate that, you arrive at your negotiated figures, so you must have an idea of what is an average period. You know.

Mr. FEUQUAY. That does not mean that it will stay there. We can assume this and it would only be an assumption. We could assume that if the grain stays in storage with us for some given period of time we would have some profit, or that a percent of our overall profit would be attributable to that storage earning. When we negotiate the contract it is not a part of the contract that the grain be left with us for any specific period of time.

Mr. PIRNIE. From experience it has been over a reasonable length of time.

Mr. FEUQUAY. Yes, under tremendously varying conditions. Today, our percentage of occupied capacity is down, way down from what it was 2 years ago.

Mr. PIRNIE. I would like to make this point perfectly clear to the witness, that there is truth in Mr. Poage's statement that the storage costs have been dramatized to the Nation to the extent that somebody is going to have to come up with an answer, and I am sure those of us on the committee thought that some facts would develop as a result of this hearing. Apparently today we cannot gain any impression as to whether there are factors that are going to work in favor of the Government, whether the amortization schedules have been somewhat excessive so now the rate can be reduced, or whether anything can be done to save the Government charges on this volume.

Mr. FEUQUAY. With the successful operation of the PIK programs, in fairness to the warehousemen, the rates might have to be increased because these figures show that we are not carrying the grain the length of time we formerly carried it in past years.

Mr. PIRNIE. You certainly have not had any figures to indicate what has been the experience during the past 4 or 5 years when you have had a substantial volume.

Mr. FEUQUAY. The Terminal Elevator Grain Merchants Association is a member of the National Grain Trade Council. We, at the present time, and through that association, are conducting a survey to determine operation costs, and to bring those operation costs over the entire United States up to some figure that will give us some basis for negotiating the next contract, if and when it is asked for.

Mr. PIRNIE. Do you want the committee to feel you did not have any basis to act upon when you negotiated these others?

Mr. BROOKS. If I may interrupt, the grain warehousing industry is regarded in nearly all the 48 States as a public utility. From State to State the statutes vary as to what can, or may be, charged. The State of Minnesota, for example, has legislatively established handling, receiving, loading out, and warehousing charges. You cannot exceed this. In every State they have a requirement that you cannot discriminate between depositors as to rate, terms, or conditions.

Kansas has a very strict warehousing law, for instance. The States of Oklahoma and Texas have less stringent warehousing acts.

You start out with a myriad of statutes, some of them setting forth specific rates beyond which you cannot go. All of them require that there be no discrimination.



The uniform grain storage agreement commencing back, I think, in 1941 or 1938, was a vehicle that the Federal Government used to provide uniform treatment of its grain and uniform rates within areas for such grains as were received and held by public warehouses, each one operating under a different warehouse law, depending upon which State he was in. These agreements have been negotiated from time to time, I think in 1948, 1954, and 1955. Each time they have been renegotiated the terminal elevator industry has brought up to date a survey of costs, using, I believe, 1948 as a base period, showing what has happened to the cost of materials, equipment, labor, and other things during the intervening period from the prior negotiation. These are cost figures obtained from members of the industry by an independent auditing firm, and it is on the basis of those figures that an attempt is made to renegotiate the agreement, looking ahead for next year, or 2 years hence.

The last time it was renegotiated, the storage agreement figures was in fact reduced from the prior contract. There has never been an increase in the handling charge for either country or terminal elevators, according to my recollection, since 1946. In other words, the cost of bringing grain in, whether it be the farmers' grain or the grain from anyone else, has remained constant, and loading out has remained constant. There was an increase in the rate in the sense that in 1954 it looked as though there would be a tremendous amount of grain carried over, and there was plugged in then, I believe, what was referred to as an anniversary charge to compensate warehousemen for the loss of a loading-out charge which in ordinary practice they would receive within a year or 15 months. This was eliminated.

In 1956, after renegotiation, as the result of calculations put together by the department, they demonstrated in announcing the new terms and conditions that on the basis of 12 months' storage the Government in fact would be paying less under the agreement now in effect than they had been paying under the agreement that was in effect prior to 1956. The grain now has to stay in storage, depending upon the area and depending upon the commodity, whether it be wheat, perhaps a different rate for corn and a different rate for barley, in excess of 18 months, or 20 months before a warehouseman can today earn what he would have earned before in a period of 12 months and 1 day. So the rate has not increased under the uniform grain storage agreement.

Mr. PIRNIE. According to your testimony now, at the time that you were fixing these rates——

Mr. BROOKS. Negotiating these rates.

Mr. PIRNIE. You fixed them as a result of negotiations?

Mr. BROOKS. Yes.

Mr. PIRNIE. You did have costs.

Mr. BROOKS. We did have a cost study.

Mr. PIRNIE. Was not that Mr. Poage's question?

Mr. BROOKS. No. It is not a cost study per unit of storage, Mr. Pirnie. This is a study indicating costs as of a base date, we will try 1948, and then bringing those items of cost up to date, to see whether they have increased or decreased. There has been an attempt to weight them, labor being weighted so much; the material being weighted so much, and power being weighted so much, and with the

advent of the Food and Drug Administration and the requirements for sanitation, a new item entered into the picture where you would have to go through the need to keep the grain in a different condition.

The CHAIRMAN. How else could you make your determination except on a per unit basis?

Mr. BROOKS. The per unit basis, as Mr. Feuquay tried to explain, in the grain industry, is very difficult to come on. The reason is these people are grain merchants. Essentially, they are buyers and sellers of grain. They buy for their own account and they sell for their own account. They warehouse grain if by looking ahead they feel that they can obtain carrying charges for the grain. If they anticipate a demand for 6 months they will contemplate storing this if it be their own. If a producer contemplates that he can earn as much as it is going to cost him to store by keeping it in storage and selling for a nickel or 7 cents at a later date, he will do that. It is not possible to allocate in this business certain costs to storage alone as distinct from merchandising.

The CHAIRMAN. You just said a moment ago that you were building storage that cost \$1.

Mr. BROOKS. The cost of construction.

The CHAIRMAN. \$1 a bushel.

Mr. BROOKS. The cost of construction.

The CHAIRMAN. That is on a per unit basis.

Mr. BROOKS. He is using this storage facility not only to store producer's grain, but to store grain owned by others, including the Government, and using it for storing his own grain that he intends to keep.

The CHAIRMAN. It does not make any difference whose grain he stores. It does not make any difference who owns the grain. He builds a warehouse and he figures it out on the basis of \$1 a bushel to build the storage. I thought that was what Mr. Feuquay was driving at.

Mr. POAGE. May I see if anyone can give us an answer? We had Mr. Burger before the committee two months ago. We asked Mr. Burger what it cost to build storage and to operate storage. He said that he did not know, yet he was paying out nearly \$1 billion a year for storage. He said he did not have any idea. Those were the words that he used, that he did not have any idea what it cost per unit to provide that storage. He said that that was not his business, that we had better ask the grain trade what it cost for they would be the only people who would know. Frankly, I think it is his business to know, but since he denied any knowledge of it, and since we have the grain trade here with us today, why, I thought it would be appropriate to ask the grain trade what it costs.

Mr. FEUQUAY. We can give you cost figures for handling grain but we cannot break it down just for storage unless you take away all of our operations and force us to be doing nothing but warehousing.

Mr. POAGE. Mr. Feuquay, we can do all those things, and we ask just what it costs and that has not anything in the world to do with how you keep your costs. I am asking you what your actual costs are, what you paid money out for, after the U.S. Government put a bushel of wheat, or 1 million bushels of wheat in your storage. Then just what are the items of cost that occur to you until the Govern-



ment takes it out. I am not asking you how much you recoup. I am not asking you what profit you make. I am asking you what it actually costs you for that grain to stay in your warehouse.

Mr. FEUQUAY. Just storage alone?

Mr. POAGE. That is all that I am talking about.

Mr. FEUQUAY. I cannot answer that question. I do not think that there is a grain merchant who can.

Mr. JOHNSON. What do you have to do to the grain the year that you have it in there? Do you have to rotate it so often?

Mr. FEUQUAY. Yes, and refumigate it.

Mr. POAGE. Cannot you tell us what it costs to fumigate and what it costs to rotate?

Mr. FEUQUAY. Yes, I can give you our operational costs, but I cannot say that this 1½ cents a bushel was spent on the storage of grain and had nothing to do with the grain that I own over in another bin.

Mr. POAGE. You do not do the same thing to both of them?

Mr. FEUQUAY. Sure; certainly.

Mr. POAGE. If you do, then you have to spend it all for storage whether you sell anything or not. There are a great many people in the storage business that are not in the merchandising side of it. I wonder if we could get hold of some one who does not do a merchandising business so that we could find what it costs to store it.

Mr. FEUQUAY. Let me suggest that you get somebody who has been in it for 10 or 15 years and not somebody who has been in it for 2 years, and then have them give it to you on the basis of the commercial operation.

Mr. POAGE. I wonder if we could find anybody who has been in it 10 or 15 years who has just been storing it. I can find a lot of people down my way who have been storing it for the past 3 or 4 years.

Mr. FEUQUAY. That is true, and you cannot depend upon figures that salesmen give you on what it costs to store grain because their business is selling the building.

The CHAIRMAN. I cannot see how the Government representatives can intelligently make a contract involving the expenditure of huge sums of money without someone representing the Government knowing what the reasonable cost of the facility should be. You say that you do not know what it costs. Mr. Burger said that he does not know. Everybody seems to agree that the storage charges are too high.

Mr. FEUQUAY. They may not be.

The CHAIRMAN. I did not expect you to agree because you are in the business.

Mr. BROOKS. Let the record show that.

Mr. JOHNSON. When Mr. Palmby was before the committee this morning he said that he thought the grain people were going—

Mr. POAGE. He said he thought the cotton people had reduced their rate.

Mr. FEUQUAY. It was the cotton people that he referred to.

Mr. SMITH. I am sorry that I was not here to hear the testimony. I was down where they are trying to determine whether they are going to have inspection on the Great Lakes seaway.

I would like to say this at this time—I am sick and tired of the Congressmen taking all the heat about this excess charge for the

storage of grain. In my personal, frank, and candid opinion, a lot of our trouble today is with the warehousemen of this country because they are the ones controlling the program. I can take you over to my office and show you the newspapers coming in from my district, and every one of my county newspapers has an advertisement in it from the local elevator saying, "Vote yes on the referendum."

When you start merchandising and selling your grain out of one end of the elevator and storing it in another you are going to commingle grain sometime.

Mr. FEUQUAY. We are entitled to commingle grain. We have the right to commingle grain under the USGA.

Mr. SMITH. That is just what I am talking about.

Mr. FEUQUAY. And under the Kansas law, too, we have the right.

Mr. SMITH. I understand that. But the warehousemen are the ones who are the biggest beneficiaries of all of this Government program on wheat. That is my personal opinion. Some time I would like to air this matter thoroughly because I am convinced one of our big problems is the warehouseman.

The CHAIRMAN. Do you want to ask him anything about the mixing of wheat?

Mr. SMITH. He just admitted that they had wheat in one end of the elevator and send it out the other.

Mr. BROOKS. The law of the State of Kansas permits that. And the uniform grain storage permits it. The agreement permits it.

Mr. SMITH. The Government is the one that gets the wheat that is of low grade because that is where you make your money, in your elevators.

Mr. FEUQUAY. No, it is not. I have to disagree with that statement.

Mr. SMITH. Mr. Brooks, you are familiar with the Chicago Board of Trade?

Mr. BROOKS. I used to be more familiar than I am now. Go ahead.

Mr. SMITH. What about the number of bushels of wheat that are going into Chicago at the present time? Are they up or down?

Mr. BROOKS. I have no idea.

Mr. SMITH. Well, as a matter of fact, Chicago is becoming a rather second-rate grain city and is not that the reason why the board of trade out there wants to keep all of that Government stored wheat out there, so they can get these terrific charges? They are not selling it. It is piled up out there.

Mr. BROOKS. I do not know that it is piled up.

Mr. FEUQUAY. You have a lot more piled up in Salina, Kans., than you have in Chicago.

Mr. SMITH. That is range wheat we have out there.

Mr. BROOKS. Chicago is a market for wheat.

Mr. FEUQUAY. You know that the warehousemen did not write this support price law.

Mr. SMITH. But you are supporting it. You are the biggest lobbyists in the United States.

Mr. BROOKS. Mr. Smith, as far as I am concerned and my organization, we are not engaging in any lobbying activities to my knowledge.

The CHAIRMAN. All right.

Mr. Stubblefield wanted to ask a question.



Mr. STUBBLEFIELD. You mentioned the fact that elevators in Minnesota were a public utility. How does their storage charge compare with charges for Government surplus?

Mr. FEUQUAY. They are the same, I believe, Congressman.

Mr. BROOKS. Minnesota rates are slightly higher.

Mr. SMITH. I want to be fair to Mr. Brooks. I think the basic reason why Chicago is piling up its grain and not getting rid of it is because of the discriminatory freight rates.

Mr. BROOKS. That is alleged to be one of the causes why some of this does not move in certain directions.

The CHAIRMAN. Thank you, gentlemen, very much.

I will now call on Mr. Carl C. Farrington and then I will call on Mr. R. F. Patterson.

Mr. Farrington, will you come forward, please?

We are glad to have you. You may go ahead with your statement, Mr. Farrington.

**STATEMENT OF CARL C. FARRINGTON, VICE PRESIDENT AND MANAGER, GRAIN DIVISION, ARCHER-DANIELS-MIDLAND CO.**

Mr. FARRINGTON. Thank you, Mr. Chairman and members of the committee for this opportunity to appear before you.

My name is Carl C. Farrington. I am a vice president and manager of the grain division of Archer-Daniels-Midland Co. with headquarters in Minneapolis, Minn. I am appearing here today as the chairman and spokesman for the Grain Marketing Committee, a nine-member group which has served in recent years as a recognized consulting body representing the U.S. commercial grain trade to the Department of Agriculture and Commodity Credit Corporation. The members of this committee were selected by the following organizations: The National Grain Trade Council, the Grain & Feed Dealers National Association, the National Federation of Grain Cooperatives, the National Federation of Cash Grain Commission Merchants Associations, the Minneapolis Grain Exchange, the Chicago Board of Trade, the Kansas City Board of Trade, the North American Grain Export Association and the Terminal Elevator Grain Merchants' Association. These organizations and their member organizations and markets represent all segments of grain marketing, storage, handling and distribution.

We intend, in our expressions before this committee, to describe briefly the functions of the commercial grain trade, to sketch the mechanics under which U.S. grain is now exported, and to analyze the use of barter in international grain trading, both as it has been used in the past and as its use is contemplated in H.R. 7983, H.R. 5139, H.R. 6410 and H.R. 6552, under consideration by this committee.

As spokesman for a major U.S. industry engaged in purchasing, handling, processing, and merchandising of grains, our first interest necessarily is with the commercial impact of U.S. trade programs rather than with their significance as political tools. Our greatest knowledge is of the procurement of grain in the countryside, its movement to terminal collection points, its conditioning and storage while awaiting consumer demand, its value as established by trading in cash and futures markets, its dependence on skilled grain merchants and

experienced transportation experts for low-cost and efficient movement, and finally its sale by the grain trade to one or another of thousands of domestic or foreign consumers or processors.

Our industry must, for purely competitive reasons, maintain the closest possible contact with the American farmer, keeping abreast of changing trends in production, levels of farm income, movements to diversify or specialize, swings from production of one crop to another, availability and acceptance of improved seeds, fertilizers, machinery, and so forth.

In the same way and for the same reasons the grain trade is knowledgeable of the requirements of domestic consumers and the markets and market potentials in foreign countries. Thus we feel we are well equipped to speak of the significance of any particular legislation to any part of the total grain economy.

The ideal international trading situation is, in our opinion, one of completely free interchange in which the sellers sell and the buyers buy independently in large volume, and each according to his need. It is also a situation in which there is no participation or interference whatever by Government. We recognize, however, that under our present crop support program this is impossible in the trading of grains for most domestic grain prices are supported well above prices in world markets. When prices here at home fall below Government loan levels, grain is not, for the most part, sold in the free market but instead is defaulted to the Government. If any particular grain, the price of which is held above world levels by Government price supports, is to be exported, it must be offered at a reduced price competitive with similar grain from other countries, and our Government must absorb the difference. Thus, all rules of free trade to the contrary, our Government must involve itself at least to the extent of paying export subsidies, or taking an equivalent loss on its books, if so much as a single bushel is to leave our shores. This role can be dominating and destructive, and has often been so. Or, if undertaken with wisdom and discretion—as for the most part it has been by Commodity Credit Corporation in the past few years—it can minimize damage to the economy and can allow grain trading to approximate, at least, the free and competitive ideal.

Legislation effecting exporting of farm commodities should recognize that Government merchandising or other disposal of grain is necessarily in competition with private grain merchandising efforts which is debilitating to the private economy, and should be at least minimized and at best eliminated. If the dual aims of export programs are to export large amounts of grain and to stimulate our own and the overseas economies involved, these aims can best be accomplished within the established, self-regulating channels of normal commerce.

This consideration, we are sorry to say, was almost wholly unrecognized by U.S. grain export planners prior to 1956. The goal, up to that time, was neither to constructively increase grain exports nor to broaden and extend patterns of normal trading, but instead was predicated on the disposal of Government surplus stocks by channeling them at almost any cost into export. The advantage of this approach is that it is simple, easy to understand, and amazingly enough, politically palatable. Then as now, if Government ownership and



storage of grain surpluses is burdensome and costly to the taxpayers—and certainly it is—let the Government sell it, swap it, or give it away, and there's an end to it. Export totals can then be shown as proof-positive that something is being done. No need to mention that this "something" is grossly distorting to free marketing machinery here at home and in numerous cases has served to estrange the Government and citizens of grain exporting abroad.

Nevertheless, prior to 1956, it was the case that export demand, whether great or small exerted absolutely no stimulation on free grain markets within the United States and not only failed to result in higher income for farmers, but actively tended to depress grain prices. Farmers faced a situation in which every bushel of grain exported from Government stocks, no matter how well it looked as a statistic, was a bushel that would not be exported from current farm production. Thus free market prices remained below the loan, and for every bushel exported at least 1 bushel, and probably more than 1, was forthwith defaulted to the Government and added to the grain stockpile.

At the same time, in order to control and direct all phases of export activity, Government administrators deemed it necessary to bypass almost completely the marketing machinery of the commercial grain trade. The cost-saving efficiencies of competitive handling and transportation were lost. The cash and futures markets at grain exchanges at Chicago, Minneapolis, Kansas City and elsewhere were not utilized. The merchandising experts of the trade, familiar as they were with oversea markets and availability of low-cost interior transportation, were either transferred to other jobs or turned out of the industry altogether. Grain firms, instead of accomplishing the entire movement from countryside to foreign consumer were permitted only to purchase grain from Government stocks at seaboard and, after no more than a slight flurry of paper-shuffling, to ship it to the foreign buyer. The necessary subsidy was not paid directly to anyone, but was absorbed by the Government in the low price set for sale to exporters. In one area alone, that of interior transportation, the unnecessary cost to the U.S. taxpayer was enormous.

This picture of grain export, we repeat, is not a picture of things as they are today. It is now understood by most knowledgeable persons in Government that the effect of exporting exclusively from Government stocks is more harmful than beneficial. It is also understood, at least in those circles familiar with business operation, that there is no surer way of perpetuating forever a costly farm program than to allow Government to take over piecemeal the various functions of grain handling—among them the export function—and to allow the appropriate private machinery to grow rusty and useless.

At present, though very appreciable quantities of grain are still being exported from Government stockpiles, by far the largest part is drawn from the free market. The change, which we have mentioned as beginning in the fall of 1956, was introduced by CCC's subsidy-in-kind program for wheat, officially known as GR-345. This program was urgently requested by the commercial grain trade. When finally formulated by CCC it was unanimously acclaimed a major step toward returning wheat export to traditional channels.

Under the wheat export program grain firms, to satisfy orders from

foreign buyers, are once again able to go to the countryside, bid against each other for free market stocks, pay considerably more healthy price, move their purchases in the most economical and expeditious way to an exporting coast and load on vessels. Only at this point in the marketing chain does Government come into the picture, to reimburse the exporter for the difference between the domestic price at which he buys his supplies and the world price at which he must sell them. Under the old system, as we have noted, the subsidy was "built-in" at the outset. Under the new, the Government hands over to the exporter certificates called "scrip," equal in value to the price difference and redeemable only in grain from Government stocks. Thus total exports of wheat, which on an average is supported to one-fourth more than the world price, are drawn roughly to three-fourths from the free market and to one-fourth as subsidy, from surplus stockpiles. This is a long way from a perfect situation, but certainly it is an enormous improvement.

Roughly a year ago the subsidy in kind technique was embodied in a similar, but considerably simpler, subsidy in kind program for the coarse grains, namely, corn, oats barley, rye, and grain sorghums. The mechanics of the new program, especially in the awarding of subsidies, are much less time and effort consuming than those still in effect for wheat. Also improved is the relative impact of the program on the free market, for on an average the coarse grains are supported at levels less out of line with world markets. Thus the proportion drawn directly from the farm is greater, and the part taken from Government stocks is less, than under the wheat plan.

The enormous importance of these two subsidy-in-kind programs is brought home when one examines export totals achieved before and after the programs were adopted. In the crop years of 1953-54 and 1954-55—both years preceding the wheat programs—we exported respectively 183.6 and 227.2 millions of bushels of wheat. In the 1955-56 crop year, with the new subsidy program operating only during the last 4 months, exports shot upward to 295.3 million bushels. In the three subsequent crop years we have never failed to exceed presubsidy totals, but have exported respectively 474.9, 328 and 361 millions of bushels of wheat. Exports of coarse grains, in the 5 crop years preceding their subsidy-in-kind program, were as low as 129.2 million bushels in 1953-54 and were never higher than 339.4 million bushels in 1957-58. But in 1958-59, with the new program in effect, coarse grain exports jumped to an amazing 454.5 million bushels. It is worth noting that since 1956, when the successes of the subsidy-in-kind approach first became apparent, CCC has wisely seen fit to decrease with each passing year the role played in export by barter. In 1956 some 203 million bushels of all grains were disposed of by the barter route. The following year saw only 186.2 million bushels bartered and this total was cut even further in fiscal 1958-59 to 28.6 million bushels. These figures suggest that the less the barter, the higher the export record.

Through present subsidy programs for wheat and coarse grains have increased their flow into world commerce and have brought us closer to a free market approximation than for many years, there still remains a considerable amount of export that bypasses commercial channels almost entirely and it not felt at all in farm prices.



In simplest form, it is fair to say that whatever exports are paid for with free dollars, dollars loaned to foreign governments or local currencies guaranteed under title I of Public Law 480 or by the International Cooperation Administration, those exports move through one or the other of the subsidy-in-kind programs. In contrast, grain received as subsidy, grain bartered for strategic materials, grain given as emergency grants to foreign countries or as donations to U.S. or UN relief agencies, grain shipped abroad under the CCC credit program, all those exports continue to come entirely from Government stocks, thus failing to improve the free market and continuing to bypass the commercial trade.

In this category, barter is, in our opinion, generally the least desirable and the most dangerous. To be sure, it is possessed of the political advantages mentioned earlier. Taxpayers are told we have grain we want to get rid of and other nations have metals and other materials ostensibly needed to supply our strategic stockpiles. It then seems reasonable that a simple "swap" will serve both needs, leave everyone happy and cause all things to work out. In fact, however, it "all works out" about as disadvantageously to domestic and world economies as can be imagined.

We have described how grain used in barter, like any grain exported solely from Government stocks, bypasses both the workings of the commercial trade and the marketplace of the farmer. Exporting firms do play the major role—and it is a difficult role indeed—in locating and setting up workable barter contracts. But their physical participation, which properly should extend all the way from the countryside to the ultimate consumer, is limited in the case of barter to simply loading the ships at dockside. Many firms consider this privilege more painful than rewarding and participate in barter only because they feel they must. Their justification is simply that their business is to export grain, and they could not survive for long if they refused exporting opportunities, however distasteful they may be. But barter opportunities are nonetheless frustrating and destructive to every participant.

Mr. JOHNSON. It would seem to me your statement is because there is no profit in the bartering arrangement; that is why you don't like it. You admit it right there. You do not get all these overcharges where you sell it under title I.

How much do you get out of a bushel of grain that is bartered?

Mr. FARRINGTON. I am sure that would vary with every transaction, Mr. Congressman.

Mr. JOHNSON. What would be the most you would get out of a bushel of grain that is bartered?

Mr. FARRINGTON. I couldn't say. We are not engaged directly in the handling of barter transactions in my own company. We have had some knowledge of it and we certainly see the effects in the marketplace when some of these barter deals go through, but we have not handled any barter deals directly ourselves.

The CHAIRMAN. How do you justify this statement that Government administrators deem it necessary to bypass almost completely the marketing machinery of the commercial grain trade?

That is on page 4 of your statement and page 8, and you reiterate that by saying that you have described how grains are used in barter,

how grain exported solely from Government stocks bypasses the marketing place of the farmer.

That cannot be true because the law requires these transactions to go through normal trade channels.

Mr. FARRINGTON. But it also requires that the grain used for barter come from Government stocks. The Government turns over that stock at the seaboard.

The CHAIRMAN. But the Government releases the stock, as I understand it, to the businessman who has promoted the transaction.

Mr. FARRINGTON. But at the seaboard.

The CHAIRMAN. What do you mean at the seaboard?

Mr. FARRINGTON. At the point of export.

The CHAIRMAN. What difference does it make? The man picks it up and sells it.

Mr. FARRINGTON. We have not had the opportunity of handling the entire transaction from the countryside.

The CHAIRMAN. Who takes it out of the warehouse?

Mr. FARRINGTON. The Government orders it out.

The CHAIRMAN. Don't you load it out?

Mr. FARRINGTON. Yes, sir.

The CHAIRMAN. You are paid for that, are you not?

Mr. FARRINGTON. Yes, sir.

The CHAIRMAN. You are paid when you receive it and you are paid for storage on it.

Mr. FARRINGTON. Yes, sir; that is right.

The CHAIRMAN. Are you complaining because you do not get something else out of it?

What else do you want to get out of it? If the Government pays you to put the grain in, take it out and keep it, what else would you expect out of it?

Mr. FARRINGTON. The effect of the subsidy-in-kind programs is that the grain stays in private trade channels at all stages and we take the risks all the way through. We move it by the most economical means.

The CHAIRMAN. You are paid for every risk you assume.

Mr. FARRINGTON. No, sir. We are not paid for risk. We sometimes win, we sometimes lose.

The CHAIRMAN. What do you mean win and lose?

Mr. FARRINGTON. Where we are handling grain for our own account.

The CHAIRMAN. I am not talking about handling grain for your own account. I am talking about handling Government grain. They pay you to receive it, to take it out, and to keep it. What else would a business man expect?

Mr. FARRINGTON. We are talking of two different systems. One is where the Government moves it and there, yes, they pay for it.

The CHAIRMAN. The Government does not physically move the grain.

Mr. FARRINGTON. They order it out. They direct it.

The CHAIRMAN. Businessmen handle it.

Mr. FARRINGTON. Yes.

The CHAIRMAN. You make the statement in a public hearing. I will have to inquire from the administrators as to whether or not they have bypassed commercial trade. I haven't heard of a single instance.



Mr. FARRINGTON. They bypass the workings of the marketing machinery. They haven't physically bypassed the trade.

The CHAIRMAN. They what?

Mr. FARRINGTON. They haven't necessarily physically bypassed the normal channel of trade.

The CHAIRMAN. How have they bypassed it?

Mr. FARRINGTON. They bypass the workings of the marketplace. They have taken the full risk and full responsibility for moving that grain to an export position and at that point turned it back to the trade.

The CHAIRMAN. What is wrong with that?

Mr. FARRINGTON. It is much more economical and much more satisfactory throughout, if the trade has the entire operation for its own account.

The CHAIRMAN. What your statement amounts to is an indictment of the administrators of the program?

Mr. FARRINGTON. No, sir.

The CHAIRMAN. What is it?

Mr. FARRINGTON. Our plea is to continue the handling of as much as possible of the grain exporting business in the channels of trade and by the private enterprise system.

The CHAIRMAN. Our laws direct the administrators to do that. I thought the administrators were doing that. You tell us they are not.

Mr. FARRINGTON. When the Government takes possession of grain at a country elevator, directs it to a terminal elevator, stores it there for a while, then orders it out and moves it to an export position, that is vastly different from the trade carrying on all of those operations for its own account.

I might say it is much more expensive to have the Government do that.

The CHAIRMAN. You say the administrators are doing it in the most expensive way. That is an indictment.

Mr. FARRINGTON. We want them to have an opportunity to keep it in private trade channels.

The CHAIRMAN. You want the administrators to have an opportunity when the law directs them to put it in private trade?

Mr. FARRINGTON. Not on the title II and title III operations, sir.

The CHAIRMAN. I did not know the Government went into the transport business or anything of that kind. I thought the Government executed agreements, and consummated transactions through businessmen.

Mr. FARRINGTON. They direct where it shall be sent and pay the transportation.

The CHAIRMAN. Certainly. They have a right to approve the barter transactions. How else could you operate if you did not have somebody representing the Government's interests? You do not want to barter anything out of your warehouse and have your warehouse empty. That is natural business instinct.

Mr. FARRINGTON. That isn't the point.

The CHAIRMAN. What is the point then, you are not making as much out of the Government-owned wheat as you would out of privately owned wheat? That is what you are saying.

Mr. FARRINGTON. Sometimes we make less, sometimes we make more. At least we have the risk of making more or less.

The CHAIRMAN. You said a moment ago that the Government assumed all the risk of transporting and putting it to portside for over-sea shipment.

Mr. FARRINGTON. They do on the barter grain and title II grain.

The CHAIRMAN. You have no responsibility then. If the Government assumes full responsibility, certainly that does not leave you with responsibility.

Mr. FARRINGTON. Well, except while it is in our care, while we are storing it.

The CHAIRMAN. You have been paid for it and paid well for it.

Mr. FARRINGTON. That is right.

The CHAIRMAN. You are not striking for higher rates, are you?

Mr. FARRINGTON. We are striking for handling more of it through the private trade.

The CHAIRMAN. I will call an administrator back and see who is handling it. I thought it was all handled by private individuals.

All right. Go ahead with your statement.

Mr. FARRINGTON. In the first place, CCC, which has acquired considerable knowledge of grain in the past 30 years, finds itself in the market for ferrochrome, manganese, diamonds, and other commodities far outside of its experience. Foreign merchants of these materials, who would much prefer to sell for cash and be done with it, in many cases boost their prices to exorbitant levels. At the same time the overseas recipient of the grain, recognizing that this country is desirous of completing the transaction, refuses to make his purchase at the world market price but insists on—and receives—a liberal discount from the U.S. exporter. Our own grain companies, who, if anything, know less about strategic materials than does CCC, find themselves trying to organize one-way, two-way, and sometimes even four- and five-way barter that ultimately will enable them to export a few cargoes of grain. They are able to do the business, offering the grain at considerable discount, only because of the overprice our Government has paid for the strategic material. Oftentimes this overprice may be hard to detect, but when we recall that many materials in international trade are monopolistically sold and priced, and when we understand that any sale made to the U.S. strategic stockpile is a sale over and above all normal expectations, we will discern that even a bargain price may contain a very large and very flexible margin of profit.

The CHAIRMAN. Let me interrupt you there again. That looks like it is another indictment of the Administrator.

You say they are able to do this, move the grain at a considerable discount, only because of the overprice our Government has paid for these strategic materials.

That is an indictment of those who are buying the materials. You cannot attribute that to the Members of Congress or to the legislation.

They are bypassing private trade channels, buying materials at an overprice to the Government and selling the grain at considerable discount.

Mr. JOHNSON. Mr. Chairman, as I understood Mr. Palmby's statement this morning, I thought he stated before they took strategic materials they contacted the Department and had them check on the prices to see whether they were paying exorbitant prices.



Did you hear that testimony this morning?

Mr. HEIMBURGER. Mr. Chairman.

The CHAIRMAN. Mr. Counsel.

Mr. HEIMBURGER. I think if Mr. Farrington has any evidence of actual overpricing of these materials which were bought under the barter program this evidence should be brought to the attention of the committee, because very careful machinery has been set up by the Government to see that they do not pay too large a price for these materials which come in.

It is my understanding that the price at which the strategic and other materials taken in a barter program are paid for with surplus commodities is a price which is set by, or at least approved by, the experts in the General Services Administration, who are the best experts in our Government in this field.

Do you have any actual evidence of overpricing of these materials being received, Mr. Farrington?

Mr. FARRINGTON. I am sure the men in Commodity Credit and the other agencies are doing the best that they can. I do know that the barter funds are generally available at a discount, or that the barter commodities, grains, are generally available in the grain trade at a discount.

Sometimes it is 3 percent, sometimes it is 5 percent. I have heard of cases as high as 17 or even 20 percent.

There is some slack there.

Mr. HEIMBURGER. Hasn't all that occurred, Mr. Farrington—and it should be very understandable to you, understanding the grain trade—since the restriction on where the surplus commodities can be sold have been put in effect by the Department of Agriculture?

We had hearings on the barter program ever since it was established and uniformly the testimony has been that prior to the time that the Department of Agriculture restricted the countries into which bartered commodities could move that the discounts which were paid for handling grain, or other commodities, were the simple normal trade commissions of 1 to 2 percent.

This has been testified to by every witness who has been asked a question before this committee, including Mr. Berger, Mr. McLain, and the Director of the Barter Division. None of them told the committee they had heard of discounts or commissions larger than that before the restrictions were placed on the program. Naturally when an exporter has a limited market into which he must sell a commodity within a given length of time, he is going to ask a higher commission in order to move that commodity, is he not?

Mr. FARRINGTON. But he knows what those restrictions are at the time he makes the deal.

Mr. HEIMBURGER. Of course, and he asks for a commission that may run as high as 10 or 15 percent because he knows that it may be very difficult to move *x* million bushels of wheat into the United Kingdom in competition with all other wheat within 60 days and to assume that risk he wants and gets a high commission, but all that has occurred since the restrictions were put into effect and because of those restrictions.

There was no such commissions as that paid during the barter program as it existed prior to May 1957.

That is all, Mr. Chairman.

The CHAIRMAN. Before you proceed with the statement, I just want to say again that this is the first real indictment of the administrators that I have heard, and even though you indict them in your document, you still say off the record that you think they are doing a good job as administrators. Either they are doing a good job or they are not. If you are going to make the charge that they are bypassing all trade channels and proper businessmen and paying too much for materials they acquire, it seems you ought to be able to give us some evidence or withdraw it, one.

Mr. SMITH. Mr. Chairman, it seems what the gentleman is saying is that he is talking about that this is a natural result of a guided economy rather than a free enterprise economy.

Mr. FARRINGTON. That is the large part of it, yes.

The CHAIRMAN. Now you make another statement that:

Oftentimes this overprice may be hard to detect, but when we recall that many materials in international trade are monopolistically sold and priced, and when we understand that any sale made to the U.S. strategic stockpile is a sale over and above all normal expectations, we will discern that even a bargain price may contain a very large and very flexible margin of profit.

You just guessed without asking the GAO if they had any way to determine the profits that were being made on the embargo transactions. The man told me no. I asked Mr. Palmby this morning, if he had any way of determining the profits and he said "No." You content yourself by making an indictment. If anybody anywhere knows anything that is rotten or evil or unholy about these transactions that is exactly what our committee wants to hear. I do not think it is fair to the administrators to indict them without some proof.

That is all. You may go ahead with your statement.

Mr. FARRINGTON. We would not pretend to evaluate the importance of America's strategic stockpile, or to pass judgment on claims that we have infinitely more strategic materials than we need. It is the case, however, that under barter arrangements we lump together and treat as one, two entirely separate commercial needs. Thus, when pressure is great to dispose by barter of surplus farm commodities, pressure is also great to acquire strategic materials with very little regard for real need.

The CHAIRMAN. There is another indictment of the Department. The President of the United States establishes the need and publishes a strategic materials list. Yet you stand here with very little regard for the commodities being acquired.

That is all. Go ahead.

Mr. FARRINGTON. Some economists estimate that our present stockpile of minerals and other strategic and critical materials—a stockpile valued at some \$8.2 billion—is now at least twice as large as it properly should be. We have been led to understand that we have enough tungsten, for example, to last for 26 years even at the full consumption level that would be required by all-out war. If this is so, we have done no more than exchange one costly surplus for another.

Mr. HEIMBURGER. Mr. Chairman.

The CHAIRMAN. Mr. Counsel.

Mr. HEIMBURGER. You cite tungsten here. How much tungsten has been acquired under the barter program?



Mr. FARRINGTON. I do not know.

Mr. HEIMBURGER. It is my understanding none has been. May I ask Mr. Rawlings, who is in the room at the present time. Mr. Rawlings, has tungsten been acquired under the barter program?

Mr. RAWLINGS. No, sir; we have not.

Mr. HEIMBURGER. No tungsten at all?

Mr. RAWLINGS. No, sir.

Mr. HEIMBURGER. Thank you.

The CHAIRMAN. Go ahead with your statement.

Mr. FARRINGTON. The reasonable approach, we believe, is clearly to separate strategic materials from the problem of U.S. grain disposal, and to consider each matter on its own merits. Thus if our Government decides it has particular strategic needs, let it buy outright whatever is necessary and charge the cost to the appropriate budget. In the same way, if Congress and the public decide that increased support of grain exports is desirable, let programs be devised that will be beneficial to the farmer's market and will enable exports to move by the most economical means from farm to foreign consumer through commercial channels. Government grain stockpiles would be reduced in part by direct removal through subsidies and in larger part by reduction of annual takeover from farmers.

It must be thoroughly understood that export of any particular quantity of grain from the free market results in reduction of the Government grain stockpile just as surely as if export came from the stockpile itself. For U.S. grain production must be considered as a whole, with only two avenues available to it.

It must either be consumed, domestically or by export, or it must be taken over by the Government. If exports are from Government stocks, greater amounts of grain must be acquired from farmers. If exports are from the free market, total acquisitions by Government are less.

Examination of wheat production, exports, and Government acquisitions for the past 6 crop years supports this conclusion. In the 2 years prior to 1956, when all exports were required to come from Government stocks, CCC was forced to take over 37 percent of total wheat production in 1953-54 and 46 percent of production in 1954-55.

In the 1955-56 crop year, with the subsidy in kind program enabling exports to come from the free markets, CCC acquisitions fell to 28 percent. In 1956-57 they amounted to only 15 percent.

Mr. JOHNSON. Does that mean we only overproduced 15 percent in that year?

Mr. FARRINGTON. It doesn't mean that, sir.

Mr. JOHNSON. We must have got rid of all the wheat produced but 15 percent in that particular crop year.

Mr. FARRINGTON. No. That does not follow. That merely means that less of it had to go into and then come out of Government hands.

Mr. JOHNSON. Fifteen percent went in in 1956 and 1957? Is that what you mean?

Mr. FARRINGTON. That was finally acquired or taken over by the Government.

Mr. JOHNSON. The rest is either in private storage or sold?

Mr. FARRINGTON. Transferred and at the same time some was taken out of Government stocks during that year so it would be something less than the 15 percent that was actually added to the stockpile.

In 1957-58 they were 16 percent. And even last year, when wheat production rose to a record high of more than 1.4 billion bushels, CCC takeovers were held to only 31 percent of the total.

Feed grains, despite their short history under a subsidy in kind program, appear to be showing a similar pattern. The 5 crop years from 1953-54 through 1957-58 have shown a steady increase in total feed grain production from a 4.7 billion bushels to more than 5.7 billion. At the same time, CCC's acquisitions have increased from 427 million bushels in 1953-54 to a whopping 868 million bushels in 1957-58. Feed grain production for the most recent crop year, the 1958-59 year, set an alltime record of 6.4 billion bushels. But, despite this total, acquisitions for the first 11 months of the year, the most recent figures available, show a takeover of only 551 million bushels. This improved condition can only be attributed to the vigor of the farmers' free market and to the supplying of export needs from that market. Today, with Government loan levels lower and less attractive to farmers than ever before, it is imperative that the free market be given every encouragement if the income of farmers—for whom the entire farm program has been devised—is to remain adequate.

The importance of these programs in improving farm prices and reducing the takeover of grain by CCC is shown by the following statements from the "Feed Situation" reports published by the Department of Agriculture. In January 1959 this statement appeared:

Some of the strength in prices of feed grains, especially for barley and sorghum grain, has resulted from the large exports of grain from commercial channels under the payment-in-kind program.

In May 1959 this statement appeared:

Reductions in quantities of barley and sorghum grain going under price support in spite of larger 1958 production appear to be partly the result of increased domestic use and export. But it also reflects the influence of the payment-in-kind export program.

If we have made clear the benefits of export from the free market rather than from Government stock—namely, stronger grain prices to farmers and less grain takeover by CCC—then we have also dispelled any thought that our position on barter may be dictated by our concern for continued storage of Government grain in our elevators. We do store surplus grain, and in very great quantity. But to the extent that it is loaded out of our elevators and exported for barter in lieu of a free market export, to that same extent new Government grain is received and placed in storage. We lose nothing whatever on the storage side of the ledger. Our loss, and the Government's loss and the farmer's loss is on the merchandising side alone. For we are convinced that more is accomplished by export from the free market than is done under the barter system, and with far less distress to the grain economy.

We say more is accomplished. Yet some will tell you no, that barter results in greater total exports than could take place otherwise. They admit that in years past this might not have been so, for countless examples show that bartered grain has invaded cash markets serviced by ourselves and friendly grain-producing nations. But, they



will say, Government today requires "proof of additionality." That is, proof that the barter of grain will be "in addition to" dollar sales rather than "instead of," before it grants contract approval.

But the additionality of barter, in our opinion, cannot be proved. It cannot be proved because it does not exist. Assume, for example, that West Germany has ferrochrome admissible to our strategic stockpile and that a barter is arranged to exchange U.S. soybeans. The question of additionality is answered by a statement by the German importer that he will accept an offer of soybeans from Manchuria if the barter is not approved. We have no real proof that such an offer has been made, but we accept his statement as sufficient, nevertheless, and the barter contract is undertaken. But, assuming that the Manchurian beans were actually offered, what then becomes of them? They do not disappear. They are not magically removed from the scene. Instead, they will be offered to Holland, or Belgium, or Norway, or some other customer of the free world, and they will be offered at a price sufficiently attractive to be sold, in competition with sales by ourselves.

In exactly the same way barley is bartered to England in exchange for refined Bolivian tin, or diamonds are received from Belgium in exchange for bartered corn. Other grains and other materials are involved in barter with Norway, Sweden, South Africa, and others. In each case additionality is said to be proved. But in each case the recipient of the grain is a dollar customer of the United States that would have purchased the grain in the world market if the barter had not taken place. And in each case the foreign producer that would have made the sale, be it a friendly country or a country behind the Iron Curtain, will remain in the market with its corn, barley, or whatever, and eventually will dispose of it. Where is the so-called additionality?

This does not mean that the United States is not now shipping grain in excess of normal exports by ourselves and other members of the free world. On the contrary, both title I of Public Law 480 and the International Cooperation Administration require that exports to be financed by our Government be exports that will not replace dollar sales or disrupt usual grain marketings. In consequence, Public Law 480 and ICA agreements are not made with dollar customers, but instead they go to India, Pakistan, Greece, Turkey, Spain, Yugoslavia, and other nations unable to make dollar purchases without our assistance. With these countries, and even with some very few countries involved in barter, additionality would seem to be a fact. But in the great majority of barter transactions, arranged as they are with countries who are traditional dollar buyers, who produce valuable materials for the world market and who are denied access to our Public Law 480 and ICA financing, the proof of additionality is patently impossible.

If the additionality of barter exports could be proved; that is, if grain exported under barter were truly in addition to our regular exports, to that extent we would have no objection. If, for example, a recent barter with Ghana is actually an additional export, then we endorse it heartily. If barter could be arranged with India, thereby reducing the amount of Public Law 480 financing required by that country, we would also approve. But India has shown no serious

inclination to involve herself in barter and Ghana has bartered only to a trifling extent, while virtually all our other barter business has been at the expense of dollar sales, which have slid since 1952 from some \$3½ billion for all U.S. farm products to roughly \$2¼ billion today.

At the moment, the portion of U.S. exports accounted for by barter equals only about 3 percent of the total. But as domestic surpluses continue to grow, the likelihood of increased Government financing and control of exports will almost certainly grow with it. This means larger budgets, higher taxes, and increasing risks to attack from irate voters. The temptation to increase barter, because of its undeniable political attractiveness, will undoubtedly be great. H.R. 7983, urging as it does a greatly accelerated barter program, is only one indication of this temptation. But to the extent that the taxpayer is deceived, and to the extent that barter, rather than normal trade is expanded, to that extent we will pay for our shortsightedness many times over in reduction of farmers' prices, further loss of dollar exports, inhibition of the commercial grain trade, and expansion of government-to-government trading.

What is needed and what we recommend is a continuation and expansion of programs which will encourage dollar and foreign currency trading or otherwise draw export supplies from the farmers market such as is done under the grain subsidy in kind programs. This procedure and objective should be spelled out clearly in legislation and in CCC directives.

Exactly the opposite tendency is noted in H.R. 7983. Public Law 480 at present would restrict the use of barter to safeguard usual marketing, to insure that it does not replace cash sales and to insure that it does not disrupt world prices of agricultural commodities. The proposed amendment would eliminate all these restrictions and presumably allow barter to proceed without regard for the consequences.

The proposed amendment also would increase to an enormous extent the range of products and materials for which barter contracts might be made. At present, CCC's materials imports are restricted to "such strategic or other materials of which the United States does not domestically produce its requirements."

The proposed amendment would extend this range to any materials included in the strategic stockpile whether or not they are produced in this country, and further would include any materials, goods, or equipment "important to the economy" and "including but not limited" to various defense needs. Thus it would appear that virtually anything could be imported for use by any branch of Government, whether or not detrimental to U.S. industry, labor, and agriculture.

Most damaging of all, if our evaluation of the barter principle is correct, is the extent to which H.R. 7983 and companion bills would expand the use of this technique. Even the present nominal use of barter, involving in grains alone some \$49 million at world grain market prices, is far too great. The proposed amendment, by directing the "Secretary of Agriculture to endeavor to consummate barter agreements at a rate of not less than \$350 million, for each fiscal year," would multiply an already undesirable program. Further, by urging that barter be given priority over other types of Public Law 480



financing, the amendment could result in blocking completely export sales from the free market until its \$350 million were achieved. And even that extreme goal might not be the end, for the phrase "not less than \$350 million" suggests that totals might be built up indefinitely.

Passage of H.R. 7983, H.R. 5139, H.R. 6410, and H.R. 6552 in their present form in our opinion would result in irrevocable harm. It would sacrifice many years of slow and considered progress in the area of grain export programing, and would leave all economic groups concerned much the worse for its use.

That completes my statement, sir.

The CHAIRMAN. You realize, I assume, the implications involved when you made this statement:

Thus, it would appear that virtually anything that would be imported for use by any branch of the Government, whether or not detrimental to U.S. industry, labor, and agriculture \* \* \*.

Do you have something to justify that statement?

Mr. FARRINGTON. This amendment would remove the restrictions that now exist in those respects.

The CHAIRMAN. No, it does not say that. It says, if you quoted from the bill directly and you have these words in quotation, "goods important to the economy and further included but not limited to various defense needs."

Those needs are determined by an interagency board or commission, are they not?

There is no one bureaucrat in the Government who can go out and import something not needed in our economy.

Mr. FARRINGTON. The present law has some very definite restrictions as to what you can do. Many of those restrictions would be removed by H.R. 7983.

The CHAIRMAN. I thought you quoted from H.R. 7983.

Mr. FARRINGTON. No.

The CHAIRMAN. You said H.R. 7983.

Here is what the bill provides:

Strategic and other materials, goods, or equipment important to the economy or security programs of the United States as designated by the Secretary.

You just picked out what you wanted to pick out and quoted it but you did not quote the sense of the statement.

\* \* \* included but not limited to those requested by the Atomic Energy Commission, Department of Defense, and the Office of Civil and Defense Mobilization.

Do you have any complaint with that language?

Mr. FARRINGTON. It is much broader than the language in the present law, as I understand it, Mr. Chairman.

The CHAIRMAN. That is the very purpose of the language, to broaden it with the determination and the designation to be made by the Secretary.

Mr. FARRINGTON. The Secretary of Agriculture.

The CHAIRMAN. The request comes from the Atomic Energy Commission, the Department of Defense, or the Office of Civil and Defense Mobilization. You just object to barter? That is all it means, does it not?

Mr. FARRINGTON. We object to barter that substitutes barter for cash trading.

The CHAIRMAN. Is this the first time you have made the complaint against this?

Mr. FARRINGTON. No, sir.

The CHAIRMAN. To whom have you complained before now?

Mr. FARRINGTON. We have indicated this to the Department of Agriculture.

The CHAIRMAN. Did you do that while they were bartering away a billion dollars worth of the surplus commodities we did not need and want?

Mr. FARRINGTON. No. The occasion was some barter deals. I believe it was the Belgium corn-diamond deal that we felt was not adding significantly to grain exports and was supplanting cash trade.

The CHAIRMAN. When was that?

Mr. FARRINGTON. Several months ago.

The CHAIRMAN. You objected to the transaction?

Mr. FARRINGTON. We felt that that transaction seriously cut into the cash trading and into the operations under the subsidy-in-kind programs.

The CHAIRMAN. What happened to the proposal?

Mr. FARRINGTON. It was approved. It had already been approved.

The CHAIRMAN. It was already approved before you complained about it?

Mr. FARRINGTON. Before we knew about it.

The CHAIRMAN. We have asked this question of every witness who has been here and I will ask you: Do you have any evidence to the effect that any of these barter transactions have displaced dollar transactions? If so, name the transactions.

Mr. FARRINGTON. On this well-known corn-diamond deal, when it became known, the prices in the market dropped and I am quite confident that the exporters used some of the barter grain in filling sales that were already made or would have been filled from free market stocks.

I do have personal knowledge of one case. One of the few cases that I know of, my own company was involved where a sale had already been consummated for dollars and then an exporter offered to handle it under a barter arrangement and use some of its barter funds at a discount, so it was handled that way.

The CHAIRMAN. Can you identify that transaction so we can investigate it with the Department?

Mr. FARRINGTON. I do not think I should disclose an individual company operation.

The CHAIRMAN. Why not?

Will there be anything wrong in your telling us about it? That is all public information, I thought.

I did not know there was anything secret about these transactions.

I think we have asked them to give us a list of all of them.

Mr. FARRINGTON. I am sure you have the overall barter deals. This was just one small part of the barter deal and I do not know what the overall barter deal was, but I do know that we had a sale for cash dollars and an exporter wanted to use up some of his barter funds.

The CHAIRMAN. You tell us that you, yourself, know of one transaction which displaced the market in a dollar sale, and you refuse to give us the name of the exporter?



Mr. FARRINGTON. There was nothing improper about the transaction. They had the barter funds and it covered the country of destination and the commodity we wanted to export.

The CHAIRMAN. The Administrator should never have closed that transaction, never should have consummated the deal if there was a displacement of dollar sales.

Mr. FARRINGTON. The barter deal had been approved long before that. We did not negotiate the barter deal and I have no knowledge of the particular barter deal. I just know that we did utilize some of the barter funds in filling a dollar sale.

Mr. JOHNSON. As I understand the witness, you made a cash sale of corn to the Belgians?

Mr. FARRINGTON. No, it was not corn to Belgium.

Mr. JOHNSON. It was a cash sale, was it not?

Mr. FARRINGTON. Yes, sir.

Mr. JOHNSON. To a buyer in Holland?

Mr. FARRINGTON. No, sir.

Mr. JOHNSON. Did he back out on the deal he made with you?

Mr. FARRINGTON. No, sir.

Mr. JOHNSON. What are the facts?

Mr. FARRINGTON. We had a cash sale to a foreign country and it fitted into the terms of the barter agreement which had already been executed by a grain exporting firm.

Mr. JOHNSON. He got his corn from that particular buyer?

Mr. FARRINGTON. It was not corn.

Mr. JOHNSON. He got the grain, then?

Mr. FARRINGTON. He got the grain and used the funds to buy the grain and then sold the grain back to us and we used the grain to fill our cash sales.

The CHAIRMAN. What year was that?

Mr. FARRINGTON. 1958.

The CHAIRMAN. In 1958, Belgium signed a trade agreement with Hungary under which Belgium acquired corn.

Mr. FARRINGTON. Belgium was not the country involved.

The CHAIRMAN. I thought you said Belgium?

Mr. FARRINGTON. No.

The CHAIRMAN. What country?

Mr. FARRINGTON. I would rather not disclose that.

The CHAIRMAN. I thought you mentioned the Belgian transaction.

Mr. FARRINGTON. I did as an example of one case where the grain trade generally felt that additionality was not involved and that the barter grain was merely being substituted for cash grain—

The CHAIRMAN. You have about four different agreements in the case of Belgium. There was one with Hungary, Poland, Rumania, and one with the U.S.S.R. over a period from 1956 to 1958.

It does not seem that the administration made corn very easily available to Belgium.

That was the corn transaction, was it not?

Mr. FARRINGTON. That is my recollection.

The CHAIRMAN. You represent one of the big companies, do you not? What is your company?

Mr. FARRINGTON. Archer-Daniels-Midland Co.

The CHAIRMAN. Minneapolis?

Mr. FARRINGTON. Yes, sir.

The CHAIRMAN. That company collected over \$6 million in 1958 in storage charges?

Mr. FARRINGTON. We received total payments from the Commodity Credit Corporation for the handling and storing of grain in about that amount; yes, sir.

The CHAIRMAN. To be exact, it was \$6,240,498.56.

To what extent is your warehouse occupied now?

Mr. FARRINGTON. We have many elevators.

The CHAIRMAN. All filled?

Mr. FARRINGTON. No, sir. They are not all filled.

The CHAIRMAN. To what extent are they occupied?

Mr. FARRINGTON. I imagine, overall, about 70 or 80 percent.

The CHAIRMAN. How much Government storage are you providing?

Mr. FARRINGTON. We operate 80 million bushels of grain capacity. I would guess that the Government stocks would be between 30 and 35 million.

The CHAIRMAN. 30 and 35 million bushels of grain?

Mr. FARRINGTON. Yes, sir.

The CHAIRMAN. You said in your statement, frankly, that you had not lost anything on any of these transactions because of the storage costs involved.

Mr. FARRINGTON. No, I said that our opposition to barter was not predicated upon the fact that we might lose storage.

The CHAIRMAN. You said you had not lost any, did you not? You lost nothing on the storage side of the ledger. What you are complaining about is you have not been able to make other profits out of handling Government trading?

Mr. FARRINGTON. No, sir; that is not it.

The CHAIRMAN. What are you complaining about?

Mr. FARRINGTON. The statement there was that, by moving grain out of the free market, and through the free market, the amount of grain we store for the Government is not——

The CHAIRMAN. In your very next sentence, you say:

\*\*\* The Government's loss and the farmers' loss is on the merchandising side alone.

You all complained because you are not permitted to merchandise this Government grain as you would privately owned grain?

Mr. FARRINGTON. I am not. We are making a plea to continue to the maximum extent possible the merchandising of grain through private trade channels, rather than taking it out of Government stocks.

The CHAIRMAN. How are you ever going to get rid of the stocks if you do not take them out of the warehouses and sell on the market somewhere?

Mr. FARRINGTON. The only way you can get rid of Government stocks is to cut the production below the consumption levels.

The CHAIRMAN. We tried that and the President did not like it and Mr. Benson did not like it. He vetoed the bill.

That means we will keep it indefinitely.

Mr. FARRINGTON. As long as production exceeds off-take, distribution, then the stocks will stay there.



The CHAIRMAN. That is what we understood and was the situation that required a 25 percent reduction in wheat. We sent a bill to the White House. It passed both Houses of Congress and the President vetoed it.

If I sum up your statement, your complaint is that you are not permitted to make some money out of the handling of grain over and above the normal costs for receiving it and checking it out and storing it and protecting it?

Mr. FARRINGTON. We are not here to complain. We are making a plea for the continuation of the maximum utilization of trade facilities and trade know-how.

The CHAIRMAN. I am for that.

Mr. FARRINGTON. In moving grain from the farmer to the ultimate consumer.

Mr. JOHNSON. Would you approve the barter program if it were handled the same as it is under title I?

You people went out and bought it on the open market and furnished it to the man for strategic materials?

Mr. FARRINGTON. That would certainly be an improvement, yes.

Mr. JOHNSON. He said that he would not object to the barter program if the farmers went out and bought grain and furnished it to the exporter and furnished them strategic materials; am I right?

Mr. FARRINGTON. I said that would be an improvement over taking it out of Government stocks; yes, sir.

The CHAIRMAN. Thank you very much.

Mr. FARRINGTON. Thank you.

Mr. BROOKS. Thank you, Mr. Cooley.

Mr. POAGE. We have one more witness, gentlemen, and I want to ask you to be brief.

Mr. BREEDING. Mr. Chairman, I would like to introduce to you Mr. R. L. Patterson of Oxford, Kans. He is a farmer-wheat grower, who is chairman of the Kansas Wheat Commission.

I would like for you to hear him and I am sure that you want to hear his comments with regard to Public Law 480.

Mr. POAGE. We are glad to have you, Mr. Patterson.

#### **STATEMENT OF R. L. PATTERSON, KANSAS WHEAT COMMISSION**

Mr. PATTERSON. Mr. Chairman, if I might make a statement before I go into my written statement, Mr. Hope testified before this committee a few days ago, and in reading his testimony I noted that he brought forth practically all of the activities that the several State commissions under the Great Plains Wheat Market Development Association were doing. So, I have condensed my own statement down to the findings we have back of this that we would like to present to you.

Mr. POAGE. We are glad to have your statement.

Mr. PATTERSON. My name is R. L. Patterson. I am a wheat and small grains grower, along with alfalfa. My home is at Oxford, Sumner County, Kans.

First I wish to thank this committee for the opportunity to appear before you as a wheat grower and on behalf of the Kansas Wheat Commission.

The Kansas Wheat Commission along with Nebraska and Colorado, through the Great Plains Wheat Market Development Association, and the Foreign Agriculture Service, are putting forth every effort to develop markets and increase wheat uses the world over. In this market development work we are associated with Public Law 480 in our activities in foreign lands, of which I wish to speak.

First I want to say Public Law 480 is one of the finest instruments we have, whereby we can help our friends and neighbors in other lands to help themselves, and at the same time help relieve our oversupply of food. I hope this committee and Congress can see fit to renew Public Law 480, and for a longer period than 1 year at a time. In order to achieve the desired results it should be renewed for a 5-year period, so agreements can be entered into between countries, whereby we can furnish an allotted amount of wheat each year so they can gradually improve their diet year by year, instead of an improved diet this year and none next year. This leads to disorder and will not build good relations.

Next let us look at what is referred to by the press and the public as our huge surplus of food. To me this is not a correct reference and should be referred to as a blessed supply of food, as there cannot be a surplus as long as so many people need food in the world. This stock of food we have will be used one of two ways, as an evil surplus, or a blessed supply. If we keep it stored under high carrying charges and do not make every effort to get it to people in need, then it will be an evil surplus. Proverbs 11:26 says, "He that withholdeth corn, the people shall curse him; but blessing shall be upon the head of him that selleth it." Then if we get this food where needed, it will be a blessed supply.

In our stock of food the greater part is wheat, which is the staff of life. At this time we have 2 billion bushels. The greatest blessing any nation in the world has. I feel this is no accident we have this, as God supplies food for people who honor, trust, and obey him. This our Nation stands for, so we are blessed with the equipment to promote peace, good will, and love in the world. He also knows, we know, there are millions of people in need, so we have an obligation to God and these people.

In our market development activities I spent 6 weeks in 6 countries in South America. When you live with these people and see their need of a better diet then you realize the great good we can do with our blessed supply. There is a need in the world of friendly nations for more wheat than we have to spare, if we can arrange the economy so they can secure it. Also when you see the Communist forces working like bees in these countries you feel our obligation more than ever. As we feel the unrest everywhere, we will need friends, and neighbors if we are to remain a great Nation. There is no better way to make a friend than to help him help himself when he is in need.

I will venture to say there is not a person in this room, but what has sometime in his life been lifted up by someone helping him help himself, or he would not be where he is today. This also applies to our great Nation as we were helped in our younger days, so it is our turn now.

Our Nation is founded upon freedom, and the cornerstone of our Constitution is our faith in God. Even our coins say, "In God We



Trust," so if we are to remain a great Nation we must be true to our flag we are flying and keep this trust and faith in God and use our blessed supply for the needy of the world.

As I look back in history at the great nations of time, I am unable to find a single nation that neglected God and remained great. I am proud of our Nation and its great leadership in the world, and I want those stars and stripes to be flying as the great nation leader of the world, for years to come. I feel we have this opportunity now to show the world we do trust in God, and prove it by using our blessed supply to improve the diet of those in need. To do this we will need to use all methods, as currencies, barter, and long-time loans, as the case may be.

Where there is a will, that is pleasing to God, there is a way, so this can be done. In a country that can send monkeys in a missile thousands of miles and return them alive, it can overcome whatever economic problem is in the way.

The Foreign Agriculture Service is doing a wonderful work in helping our foreign friends by the use of Public Law 480 and can do a great deal more if we can get these few changes.

The Kansas Wheat Commission is dedicated to put forth every effort, that is just, honest, and honorable, to promote markets and uses for wheat, both at home and abroad. Our President has stated, "We should use our large stocks of agriculture products as food for peace." With all of us working together and some improvements in Public Law 480 this can and will be done.

May God's wisdom be with you in your decisions.

Mr. POAGE. We are very much obliged to you, Mr. Patterson. I notice on page 3 you say that the Foreign Agriculture Service is doing a fine work. You suggest that we have a longer program than we have at the present time and I thoroughly agree with that.

Mr. BREEDING. Will you give us, Mr. Patterson, the reason why we should continue this Public Law 480 program for 5 years? We have been let to believe that the Department of Agriculture thinks it should be continued for 1 year. You suggest 5. Tell us why.

Mr. PATTERSON. In our activities in these countries and in dealing with these people we find them very hesitant to enter into an agreement whereby we move wheat on a 1-year basis. In the first place, by the time that we get the law revised and the machinery in action 3 months of the year have moved away. By the time we can get all of the agreements drawn up and started into action there is another 2 or 3 months gone, so we only have 6 or 7 months left.

Each country gave us the information that if they at any time increased diet of their people and then had to cut it off within a year they would be inviting a revolution, but if they could go to a period of 5 years whereby they could increase the diet the first year and gradually bring it up that would be of great interest to them.

Mr. POAGE. That seems perfectly sound to me. I introduced my bill on that basis, that the nation should have some assurance and if we do not give it to them they cannot make very effective use of what we do give.

Mr. SHORT. Have I understood the Great Plains Wheat Market Development Association right in that they advocate the two-price system?

Mr. PATTERSON. The Great Plains Wheat Market Development Association are not in that category of the program. The Great Plains are strictly on a market development program.

The National Association of Wheat Growers, yes, they are recommending it.

Mr. SHORT. Are the two organizations pretty closely related?

Mr. PATTERSON. No. They are two different activities entirely. The National Association of Wheat Growers is comprised of the wheat-growers, I believe, of 10 States in the wheat area. They make up the National Association of Wheat Growers. The Great Plains Wheat Development Association is at the present time made up of Kansas, Nebraska, and Colorado Wheat Commissions and their sole activity is for the market promotion and other uses of wheat both at home and abroad.

Mr. SHORT. I had the belief that the people associated with the National Associated Wheat Growers were quite closely related to the Great Plains Wheat Association. What would happen to our Public Law 480 program in the event that we adopted a two-price system?

Mr. PATTERSON. I will just have to give you a surmise. I am chairman of the Kansas Wheat Commission and it is a political subsidiary of the State and we cannot go into activities of legislation.

Mr. SHORT. I understand.

Mr. PATTERSON. The people that comprise the offices of the Great Plains Market Development Association are former people that were working with the National Association of Wheat Growers who did believe in the two-price system. What would happen to Public Law 480? I think that is a long way in the future with the supply of wheat we have.

Mr. SHORT. That is right. But if you are going to assume that some time in the future we are going to adopt the two-price system you would also assume we would dispose of the Government stocks we have which would materially change the workings of Public Law 480?

Mr. PATTERSON. It would. It might do away with the need for Public Law 480.

Mr. GATHINGS. I was interested in that part of your statement that had to do with your trip to South America. I wonder if you would elaborate on your trip down there and who accompanied you, and what organization, if any, you represented. I believe you said that you were a member of the Kansas Wheat Commission. Did they send you, or sponsor the trip to South America?

Mr. PATTERSON. This trip was a survey team and it was composed of two people from Kansas, of which I was one, and two from Nebraska, and Mr. Raymond Vickery, the Director of the Foreign Agricultural Service. We were down there to survey the possibilities of the use of Public Law 480 and moving wheat into that country.

Mr. GATHINGS. Are those wheat-eating countries?

Mr. PATTERSON. Oh, yes. We visited Colombia, Peru, Brazil, Argentina, Chile, and Ecuador.

Mr. GATHINGS. When you got to Ecuador and Chile, Argentina and Brazil, whom did you talk to? I just wonder how you proceeded.

Mr. PATTERSON. The itinerary was set up by the attaché within the country and our first contacts were with government people, those



connected with agriculture in those countries. Our next contact was with the farmers, the wheatgrowers, and the wheatgrower organizations, the bakers, the millers, all the people connected with the wheat industry, except in Argentina. We did not think that we were going to do much with Argentina and that was more or less a goodwill visit. We visited government officials and bankers and the wheat-grower organizations. That is as far as we went.

Mr. GATHINGS. The picture that you bring back is that they were preferring a longer time arrangement whereby they would be assured of getting wheat the first year, the second year, and the third year instead of 1 year.

Mr. PATTERSON. That was the information we got in every country we were in. The difficulties that they have is in feeding their people. That is the trouble. They are trying to become self-sufficient, and in my opinion most of them never will be, especially in wheat. They might in some other commodities.

We said to one group of people, the farmers, the poor class of people, that need this help, "Has CARE ever approached you people to give some assistance along that line, or some of these other programs?" They said, "Do you mean that organization that gives commodities?" We said, "That is it exactly." They said, "No, sir, and it would not do any good if they did approach us. We will not take a gift. We feel that there is always a responsibility connected with a gift, and we want to pay what is right for what we get. We do not have U.S. dollars. We will have to figure out some other type of accounting."

We also found out that some of this other relief down there, especially in Brazil and Colombia, under the charitable institutions, was running into grief on those things. We came back from those countries believing that we cannot give this food to those people.

Mr. GATHINGS. They might want it under title I of Public Law 480.

Mr. PATTERSON. Some way so that they could work it. I do not have the answer now to tell you how to do this. I think that every nation would be a different problem. We would have to sit down with them. I am convinced that in these several countries there is a need for our wheat, more than we can supply throughout these countries. In fact, we had a team over here from India consisting of two Government food people and two other administrative people and I asked them one night sitting in the hotel before they left, "How much wheat can you people use?"

The leader of the team said, "500 million bushels a year." I said, "You would not have to twist our arm too hard to get us to furnish you some wheat." He said, "You asked me how much we need. It is not that simple. We do not have the funds to pay for it, but we could use that much wheat per year."

Mr. GATHINGS. That is a fourth of the total we would have at the conclusion of this crop year.

Mr. PATTERSON. In my estimation we could do more by market development work in these countries. One thing we are going to have to do, and we are working at it, we are going to have to send a better product there.

Mr. GATHINGS. Are you a member of the organization that Mr. Hope is president of?

Mr. PATTERSON. That is right.

Mr. GATHINGS. That seems to be a very fine organization. It is doing splendid work.

Mr. PATTERSON. We do not see any other way to come out from under the ailment that the wheat is in now. We have to find a way. I have not spent enough time in these countries to know all the answers.

Another thing, a majority of these countries want to use some of the funds back for their own economic development, but under our 1-year program they cannot accomplish, or even set up a program that can get underway to do that.

Another thing they always come up with is this—can you give us any assurance that your Congress will see fit to renew this next year? We know that they have renewed it for several years, but are you sure they will renew it for next year? That is the \$64 question.

Mr. STUBBLEFIELD. How do you think we compete with Argentine wheat? How does Kansas compete with Argentine wheat?

Mr. PATTERSON. It was just as good as Kansas wheat. It was good wheat. The wheat that the other countries raise is a soft type of wheat and low in quality, low protein. If they get a nine protein they think they are right well. They have a lot of five protein.

Mr. SHORT. Is this Argentina?

Mr. PATTERSON. No. Argentina has good wheat. I am talking about the other countries, Colombia, Brazil, and Chile.

Mr. SHORT. Do all those countries produce wheat?

Mr. PATTERSON. They are all trying to get self-sufficient. The government officials told us in every country that if they get half self-sufficient and maintain it they will be doing marvelously. Most of the wheat in all of those countries, outside of Argentina, is grown in a territory where the average rainfall is 50 inches or more a year.

Mr. STUBBLEFIELD. How does Kansas wheat compete in South America with Argentina wheat? The proximity of the countries down there would seem to preclude that.

Mr. PATTERSON. We could compete if we could get Kansas wheat down there. We never saw any wheat that was Kansas wheat while we were there. The fact of the matter is, we were very discouraged over the U.S. wheat we saw everywhere in South America. We have spent our lifetime in Kansas improving quality and varieties and getting a good grade of wheat, and then to go and find a U.S. wheat being received down there with a lot of trash, dirt, and chaff in it, discouraged us.

Mr. POAGE. I had exactly the same experience in South America. I visited down there some years ago and found that our wheat had a very bad name with regard to quality. Not the protein content, but the way that it was delivered. We had a very bad name. Nobody thought that we ever cleaned wheat and nobody thought we ever delivered what was sold.

What has been your observation of the practice of warehousemen that was expressed here this afternoon—and I think the gentleman who made the statement stated nothing except the facts of the warehousemen business—that it is a common practice to mix wheat and to



make a profit on the mixing and to upgrade the product and come out and sell something more than you took in. You have to take away from somebody when you do that, do you not?

Mr. PATTERSON. We found, Mr. Congressman, that blending was used to an extent. We have to do that in our country. There is no question about it. Our mills do not buy on grade, they buy on specifications and it takes a blend to get it. But the thing that we predominantly found in South America was that they want high protein wheat because theirs is low, so that they can blend and bring theirs up. We invariably found a tremendous amount of shrunken and shriveled kernals. They carry high protein as a general rule and that has been blended in to bring up the protein.

The one thing that made us terrifically bitter down there was that we found maize consistently blended in every bit of the wheat. I will say this, we have met with a lot of groups since then and I believe that at this time the maize is not being blended into the wheat that we ship. They faithfully promised that they would not, and the last report that we have received say that it is not being done.

Mr. POAGE. Whose fault is that? Is that the fault of the terminal elevators at the port, or does it happen before the grain moves to the ports?

Mr. PATTERSON. I am trying to do this in Kansas, and I say that we must start to clean up with me at home. I must bring my wheat into my elevator just as clean and nice and pure as I can. I presume that it would not be done with all farmers, I grant you. But this has to come to pass. Somebody is going to get hurt, but it has to be done because everywhere we went we found Canadian wheat, and they would show us their records and their books where they were buying more Canadian wheat than they had been. It was costing from 4 to 8 cents a bushel more to get Canadian wheat than it was to get U.S. wheat, but they were finding out in their overall production of flour—they did not have to clean out any trash—it was proving to be the cheapest wheat in the end.

Mr. POAGE. How can you induce the farmer to bring you clean wheat to the elevator if the elevator turns around and mixes the wheat in such a manner? The farmer gains nothing by bringing in clean wheat. How will you ever get the farmers to bring you clean wheat?

Mr. PATTERSON. It is sort of like when you pay a dollar to some mission, you have performed your deed and the other man will have to stand it. I think that we are getting them to do that pretty well. There is a small local elevator about 200 yards from my house and I have done a lot of visiting there this harvest, and the elevator man told me after the harvest was over this year he had the nicest wheat brought in this time he ever had. We held some meetings on this to let the people know that the people in foreign lands have to eat this product that we bring in. The serious part of it is that a lot of these countries do not have cleaning devices, they do not wash their wheat. They buy it like we do potatoes and beans and they grind it themselves and they grind whatever is in it, and that is what they have to eat. It makes you sick at your stomach to know that you have good wheat back home and you see that.

Mr. POAGE. I am trying to determine where the fault is. Does it lie with the farmer or with the trade?

Mr. PATTERSON. I think that it lies all the way along the line.

Mr. SHORT. When a farmer takes a load of wheat to an elevator—and at least this is true in my country—he gets paid for what he brings in. If you have maize in your wheat you do not get paid for it. You are docked accordingly, so the farmer gets paid for what he brings in. In practically every instance before the wheat leaves the house the wheat is run over a cleaning apparatus and cleaned of all such foreign material, and that foreign material is sold to some feeder and never leaves that point. I just cannot quite understand this. I certainly do not mean to imply that you have said something that is not true. We hear that story all the time, the mixture of the grains sent to foreign countries. Is it because of the specifications under which the grain is purchased? Do they allow people to mix a certain amount of foreign material, be it maize, barley, or oats? Is there something wrong with the specifications?

Mr. PATTERSON. Our grading standards permit some tolerances.

Mr. SHORT. Ours are a little more liberal than in Canada?

Mr. PATTERSON. There is no comparison in them.

Mr. SHORT. "Liberal" is an understatement.

Mr. PATTERSON. Oh, yes. The first requirement in Canada is that the wheat must be recleaned. I went up to Edmonton a year ago and they took us through their terminal. We saw wheat coming in. It was coming in at the rate of about 400 cars a day, and on the second floor of that terminal were two large cleaners. This wheat is dumped out of the car and it goes into the cleaners. That is the first place that it goes.

Mr. SHORT. They do clean it in our country.

Mr. PATTERSON. Seldom does a country elevator reclean.

Mr. SHORT. I am not familiar with the other areas.

Mr. PATTERSON. They all do it. In Canada the cleanings that come from the wheat—and they were cleaning it fairly close—goes out of that spout from the cleaner up to the top floor of the terminal to hammer mills, and that goes into feed, and the producer, the farmer, loses the cleaning. He loses the difference between the feed price and the wheat price and 1 pound. They say that they lose 1 pound per bushel that they cannot account for when this happens. This that they were cleaning there that day was cleaned out about 4 percent.

Mr. SHORT. Is it a normal practice or an unusual practice in this country for a terminal facility to have cleaning facilities such as they have in that elevator in Canada?

Mr. PATTERSON. It is a very, very unusual practice for wheat to ever be recleaned in this country except maybe a requirement on a mill specification.

Mr. SHORT. Is it normal practice in this country—and I think perhaps you answered the question before—for the grain to move from the country elevators to the terminal elevators in the identical condition it is received at the country elevators?

Mr. PATTERSON. Oh, yes.

Mr. SHORT. I would like to get back to the question asked by Mr. Stubblefield. Argentina is a wheat exporting country. You said a few moments ago that they produced essentially the same quality of wheat that they do in Canada.

Mr. PATTERSON. Yes.



Mr. SHORT. I cannot quite understand how we could hope to compete with Argentina or Chile on account of the distance involved. Is it merely a matter of our Public Law 480 program?

Mr. PATTERSON. That is one of the main points. Then another thing, the Communists are dealing entirely with Argentina and they were in an effort to get all the Argentine wheat they could for steel. They were bartering that we have been hearing about. They were sending steel into Argentina in shiploads. I saw a lot out there that would cover 20 acres that had steel bars on it from 4 to 12 inches square as high as you could stack them, with a crane.

Mr. SHORT. What are the Communist countries doing with the wheat?

Mr. PATTERSON. In Brazil we ran into a man who was trying to merchandize wheat from Hungary to the Brazilians. We were in a position to have pretty good information to know that Hungary did not have any wheat to sell or spare.

Mr. POAGE. Has it not been true in South America, let us say, up until last year that Argentina has not been an exporting nation for 10 or 12 years? Argentina has actually imported substantial amounts of wheat from the United States in the past 10 or 12 years due to the manipulation of the currency down there under the Peron regime. Nobody could go down there and stay in business. They actually imported wheat.

Mr. PATTERSON. When we were in Brazil their Government informed us that they had 500,000 tons of wheat paid for in Argentina; that is, under a multilateral agreement. They traded them fruit and bananas.

Mr. POAGE. And coffee.

Mr. PATTERSON. When we got down to Argentina the government officials down there told us that that was correct, that Brazil did have that amount paid for, but that they had not delivered it and that there was no guarantee that they were going to deliver it right away because they were not sure about their crop and they had some commitments to make for the steel. Then we found out in talking to the wheatgrower organizations down there that unless something changes under their program there are not going to be exports for very long because under the program the wheatgrower was receiving from 48 to 51 cents a bushel for his wheat. They have a five-way approach to a program that I would not endeavor to explain to you. It is too complicated for me, but anyhow he gets around \$2.90 a bushel out of his farm, but by the time it goes through the process of all these programs—and the money exchange enters into it—and he has to deliver it to the dock, he was getting 48 to 51 cents American money per bushel.

Mr. BREEDING. I would like to go back to the India situation. In this country of India we have generated and accumulated huge surpluses of Public Law 480 funds. As far as the barter system in India is concerned, we send over many boatloads of wheat, yet we cannot barter because they do not have strategic materials at the seashore. Our boats go over with a load of wheat and come back empty. We still have this buildup of Public Law 480 funds. What can we do to work out a solution? If India could use 500 million bushels of wheat a year, certainly that would take up all of the surpluses that we

could grow in this country. How would you work out the solution?

Mr. PATTERSON. My feeling is that we need to send a negotiating party, and I might elaborate on that a bit because I did talk with this Indian leader on that. I asked him if he thought that it was possible that we could come to some economic understanding or agreement whereby this could be worked out, and he said that he did not see why we could not. He said that "there is one thing that I have noted in your country on my visit there—it is your Christianity." He said, "It is different from ours, but I am proud of it." And he said, "Anybody you send to negotiate this will have to be a Christian individual because I believe that all food particles are the blessings of God."

He said, "If you send a team over here strictly for a financial agreement you won't get through to first base." He said, "This will have to go to Mr. Nehru." I said, "People of our caliber could not get in to see Mr. Nehru."

He said, "Yes, you can, because I will take you in."

I think, if we would send two or three over there for that purpose, something can be accomplished from it. I am not in position now to give details on it. I would like to bring to your attention, if I might, again, there has been a Ford Foundation group went to India. They are back now. Mr. Webber of Kansas State University was one of them.

That is how I happen to have the information. I believe there were 12 or 14 of them. The Indian Government requested them when they got there to make a survey in any way they wanted to and tell them how they could feed their people.

Mr. BREEDING. Obviously, it cannot be done with dollar sales, which we are more or less interested in.

Mr. PATTERSON. I think it could lead to dollar sales, but not today nor tomorrow nor 5 years from now.

The CHAIRMAN. It could lead to dollar sales if we adopt Mr. Poage's idea and the idea you advocate of making long-term commitments.

Mr. PATTERSON. Yes.

Mr. POAGE. Then giving them a long time in which to pay.

Mr. PATTERSON. It would take a long time for the amount they want because this report of this committee comes back and says, after they increase their irrigation to its limit and their fertilizer enterprise to its limit and use all the land that is available for production of foods, that will take until 1965 to accomplish, they will still be short a billion bushel of good grains a year.

That is wheat and rice.

Mr. BREEDING. I know that statement is true because Mrs. Breeding just returned from India and she told me exactly those same words.

Mr. PATTERSON. I might say, folks, I am concerned about this. I sat out here in Kansas and had little idea of what Communist activity is until I got into some of these countries and saw it. I am concerned. As I stated in my statement, we feel we are dedicated to leave not one stone unturned in an honest, upright, just way, in an endeavor to promote these markets in these foreign countries and feed these people.



The CHAIRMAN. I would like to have unanimous consent to insert in the record the communications that I referred to this morning when Mr. William F. Brooks was testifying before the committee.

(The information referred to is as follows:)

C. B. Fox Co.,  
New Orleans, July 14, 1959.

MR. WILLIAM F. BROOKS,  
National Grain Trade Council,  
Washington, D.C.

DEAR BILL: You asked for it, so here it is:

Your opinion that the mandatory barter requirements in Cooley's bill "would be expensive to the Government, harmful to the grain producers, and damaging to all segments of the grain industry" is pure and unadulterated buncombe. Those in the grain industry who have been feeding so long and so well at the Government trough by collecting millions of dollars more than grain storage is worth naturally oppose any deviation from their cut and dried methods of business, but those who must live by their wits welcome something different, and there is no question that barter has increased the quantity of agricultural commodities exported from the United States.

Surely there is deserved criticism of certain barter transactions, but let those who approved them explain to the Cooley committee why they gave \$8 million for corn to Belgium in exchange for industrial diamonds and approved barley to an overbought United Kingdom, when these were A countries. No program will be any better than the administration of it. The barter program, if properly administered, is a good system for selling additional agricultural commodities abroad without being accused of dumping, and there would be no large discounts available to exporters if the CCC were clever in their purchases of the stockpiling materials.

Sincerely yours,

W. B. Fox.

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#### NEWSLETTER

NATIONAL GRAIN TRADE COUNCIL,  
Washington, D.C., July 10, 1959.

#### PUBLIC LAW 480, AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT— FOOD FOR PEACE

Public Law 480, the Agricultural Trade Development and Assistance Act of 1954 will, unless extended, terminate on December 31, 1959. A number of bills to extend this public law have been introduced. Hearings on the extension of this public law will commence next week, July 14, before the House and Senate Committees on Agriculture.

The Senate Committee on Foreign Relations has conducted hearings on a bill, S. 1711. This bill, introduced by Senator Humphrey for himself, and 16 other members of the Senate, would amend Public Law 480 and change its title to that of International Food for Peace Act of 1959. This bill falls within the jurisdiction of the Foreign Relations Committee. The bill provides for the appointment, by the President, of a Peace Food Administrator. Public Law 480 is administered by the Secretary of Agriculture.

The objective of S. 1711 is to make stocks of U.S. food and fiber available to underfed, undernourished and ill-clothed peoples of underdeveloped countries, on a volume of \$2 billion a year in soft currencies. Under the proposal, U.S. produced food and fiber might be stockpiled and stored abroad and long-term commitments to supply food and fiber for periods up to 10 years would be authorized.

In connection with this and other food-for-peace proposals, study of a paper "The Role of Wheat in Improving Nutritional Status and Labor Productivity in Lesser Developed Countries" prepared by Dr. Helen Farnsworth, economist and professor, Food Research Institute, Standard University, is recommended. In her paper Dr. Farnsworth draws a number of conclusions. Among these are "the available evidence, critically examined, does not support the presumption that there are hundreds of millions or even tens of millions of seriously under-

nourished people in the world health and labor productivity would be markedly improved by the consumption of additional grain", "if there is any substance to the hope for large future exports of American wheat, it must presumably be found not in proposals to 'feed the undernourished masses of the world' but in marked downward adjustment of American import barriers, and in wise, internationally coordinated and supported plans for economic development of the low income countries"; and "for the more distant future, the hope for American export wheat lies in the expansion of unsubsidized, low-priced, commercial sales of wheat, produced at low cost by efficient American farmers left free to manage their crop plantings and marketings as they wish."

Under Public Law 480, through GR-345 and GR-368, the "subsidy in kind export programs, Government stocks, except for limited purposes, cannot be sold. As a result, the full impact of export demand is reflected in the domestic market. \* \* \* grain producers obtain in the open market a price approaching or better than the loan value. \* \* \* the Government realizes savings. \* \* \* and all segments of the grain industry have an opportunity to participate in purchasing, assembling, warehousing, and selling a great share of the Nation's grain production."

Government stocks are available for barter transactions and credit transactions under Public Law 480. Under present law the executive branch retains some discretion as to whether barter transactions should be approved.

A bill, H.R. 7983, introduced by Congressman Cooley, would extend Public Law 480 to December 31, 1960. This bill would, however, substantially amend Public Law 480 by requiring that at least \$350 million of barter transactions be consummated before any other Public Law 480 transactions could be developed. This proposal eliminates any discretion as to whether barter transactions should be approved.

Since stocks of Government commodities and not open market supplies must be delivered in satisfaction of barter transactions, this proposal would bring to a halt or greatly impair operations under GR-345 and GR-368. In our opinion this mandatory barter requirement would be expensive to the Government, harmful to grain producers, and damaging to all segments of the grain industry, for under the proposal little or no opportunity would exist to participate continuously in purchasing, assembling, warehousing, and selling a large share of the Nation's grain production.

We would appreciate having your views on Mr. Cooley's mandatory barter proposal.

#### JULY 1 CROP ESTIMATES

USDA shows, as of July 1, an indicated corn crop of about 4.25 billion; farm stocks of old crop corn at approximately 1.1 billion. Soybeans, an acreage of about 22 million, down from last year, with the biggest acreage cuts showing up in Minnesota and Iowa; farm stocks of beans at about 35.4 million bushels.

Mr. POAGE. Without objection the committee will stand adjourned until 10 o'clock tomorrow morning.

(Whereupon, at 5:20 p.m., the committee adjourned, to reconvene at 10 a.m. Wednesday, July 22, 1959.)





## EXTENSION OF PUBLIC LAW 480

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THURSDAY, JULY 22, 1959

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, D.C.*

The committee met, pursuant to recess, at 10:15 a.m., in room 1310, New House Office Building, Washington, D.C., Hon. Harold D. Cooley (chairman) presiding.

The CHAIRMAN. The committee will be in order.

We are delighted to have with us this morning Mr. Jim Patton, president of the National Farmers Union. We will be very glad to hear you and your associates now, Mr. Patton.

Mr. PATTON. Thank you, Mr. Chairman.

### STATEMENT OF JAMES G. PATTON, PRESIDENT, NATIONAL FARMERS UNION, ACCOMPANIED BY REUBEN JOHNSON

Mr. Chairman, I have with me this morning my associate, Reuben Johnson, who handles this division of our work. We have Mr. Baker sitting in back in case any questions come up on domestic matters.

The CHAIRMAN. We will be very glad to have Mr. Baker join you when you desire.

Mr. PATTON. Thank you.

Mr. Chairman, I am grateful for this opportunity to present the views of National Farmers Union on an expanded program to use our great abundance of food and fiber.

The committee is to be commended for the thorough review that it is making at this significant time in the operation of the Public Law 480 program.

We in Farmers Union are proud of our history of support for the program.

Commodity Credit Corporation investment would be half again as large today in the absence of such authority as provided in Public Law 480. Farm income would probably be substantially less and the problems brought on by starving people in the underdeveloped part of the world would most certainly have weakened our position as leader of the free world.

In spite of the fact that our food and fiber abundance has served our interest and objectives both domestically and overseas, agriculture is severely criticized for its overproduction and "huge government-owned surpluses."

To make up for loss in income farmers are working harder. Productivity on the farm has gone up at a faster rate than it has in industry. Farmers work longer hours for less than half as much income per capita as people who live in town.



As the committee knows, National Farmers Union has consistently advocated a workable means of production control operated in conjunction with firm, fair levels of price support. I shall not go into detail because I have stated our position previously before the committee. I believe, however, that such a program continues to offer a realistic and practical solution to the price and income problems of farmers.

Even if greater control of output was in the hands of farmers, there would continue to be a need for programs to augment demand such as Public Law 480. I do not believe that it should be necessary to create conditions of scarcity to enable farmers to earn a fair and reasonable return for their labor.

Public Law 480 has provided the United States with the means of getting food to hungry people. It is widely supported by the public generally and almost universally supported by farmers. But there are still mixed views regarding the purpose and objectives of the program.

The testimony of National Farmers Union in 1954 was headed "Use Food To Win Peace." There were others who honestly believed that the only justification for the law was that of surplus disposal and market development.

The question of surplus disposal versus food for peace is largely academic. There is no question of the value of the program in the light of our foreign policy objectives. Through it we have prevented power-mad communistic leaders from using nakedness and hunger as cold war weapons of tyranny and imperialism. We have planned uses for local currency as follows: \$1.8 billion in loans to recipient countries; \$1 billion to pay U.S. obligations in other nations; \$308 million for military procurement; \$233 million in grants for economic development; \$224 million in loans to private business under Cooley amendment; \$52 million for market development; \$44 million to purchase goods abroad for underdeveloped nations; \$29 million to help finance international educational exchange; and other uses which serve our interest as a Nation.

I respectfully submit, Mr. Chairman, that insofar as the function of the program today is concerned, policy has been determined.

We are using our food and fiber to promote economic cooperation and development in the underdeveloped nations of the free world as well as in other ways that serve the foreign policy objectives of the United States. The question before us now is not one of determination of policy but one of determination of how best to operate the Public Law 480 program in future years.

In spite of the progress that has been made in the constructive use of our food and fiber, Commodity Credit Corporation investment in food and fiber stocks totals \$8.9 billion.

Farm production in the United States continues to be in excess of consumer demand. Our population is expanding, but at a lesser rate than agricultural output. Another large grain crop will be harvested this year. The corn crop is estimated at 4.2 billion bushels, an increase of 400 million bushels over last year. Prices of those farm commodities that increased by small margins during 1958 are dropping again. As the feed grains supply increases, livestock prices will be threatened. We have already witnessed a crisis among producers of poultry and eggs.

I don't want to dwell on the problem of production in excess of commercial market requirements. The point is that in determining the future of the Public Law 480 program, we can be assured of more agricultural production than can be sold in commercial channels at prices fair and equitable to producers. Even if our food and fiber stocks were half what they are now, however, interests of U.S. agriculture would be best served if we used them in needy nations to further economic development and cooperation, thus opening the door to more commercial markets as goals of political freedom and stability are attained.

The most significant decision with respect to the extension of Public Law 480 appears to revolve around whether the program shall continue to be operated year by year, or whether authority will be provided to make greater potential use in economic development projects where assurance of continuity is essential. All of those who have made studies of the Public Law 480 program, including John Davis on behalf of the State Department, have recommended long-term commitments of food and fiber to recipient nations. The central element, for example, in Congressman Poage's bill, H.R. 2420, is that of long-term lending of food and fiber.

Other food exporting nations have an interest in the ways in which we use our valuable food and fiber supplies. As the committee of the House of Representatives which wrote the original Public Law 480 and the amendments to it, I know that you are aware of the interest of other exporting nations.

In recent weeks it has been my privilege to attend a meeting of the executive committee of the International Federation of Agricultural Producers held at Copenhagen, Denmark, and to travel in the Philippines, New Zealand, Australia, Japan, and Korea on behalf of this international organization of farmers which I have the honor to serve. I have discussed many different problems of farmers with leaders of farm organizations from all parts of the free world. I fully subscribe to the efforts that are being made to assure that uses under Public Law 480 not be substituted for our own commercial sales or for that part of the commercial market that has historically and traditionally been supplied by other exporting nations. I would be remiss in my responsibility to the farmers in the United States, however, if I did not underline the great need that exists in underdeveloped nations where no commercial market exists at all. Farm leaders in other nations appreciate the need of underdeveloped nations for food and fiber and there is common ground within the International Federation of Agricultural Producers on this point.

Our food and fiber can be used in ways that will increase the earning capacity of the people in the underdeveloped areas of the world and, in the process, their living standards without injuring established commercial markets. Greater use of food and fiber to promote education and economic development will help rather than hurt commercial markets, especially future markets, serving the interest of the United States and other exporting nations as well.

As important as I consider this aspect of Public Law 480, I am convinced that there are even bigger stakes involved. The building of a firm social, economic, and political foundation in underdeveloped nations of the free world is of the greatest urgency and impor-



tance. An official of our State Department recently said that U.S. dollar aid under the mutual security program would be needed for 50 years. If our dollars will be needed for such a period to help assure democracy and freedom, we are justified in projecting a food-for-peace program further into the future.

Without detailed discussion, I should like to make several suggestions for extending and expanding the food for peace program under Public Law 480.

(1) It is significant that most of the bills before the committee embody the principle of long-range planning. As I have indicated, the justification for dollar aid to needy nations for up to 50 years would apply equally to food and fiber. If there will be a need for dollar aid for economic development there will be a need for food and fiber to help meet cost of local material and labor. Therefore, a good case can be made for removing the termination date in titles I and II.

Public Law 480 would be strengthened if provisions of bills before the committee which provide for long-term loans should be added as title IV. I refer specifically to H.R. 2420 introduced by Congressman Poage and to section 401 of the food for peace bills introduced by members of the committee, Congressman Lester Johnson and Congressman George McGovern.

These bills authorize use of agricultural commodities to assist economic development in friendly nations by assuring a continuing and stable supply of food and fiber on long-term credit during periods when development projects are underway. By so doing, the resources and manpower of such nations may be more effectively used.

In addition to wheat, rice, nonfat dried milk, cotton, feed grains, and tobacco, other agricultural commodities as may be available may be loaned. Shipments are authorized over a 10-year period with repayment and interest beginning with the date of the last delivery in the 10-year period. Repayment may be made by the recipient country over a 40-year period, beginning with the date of the last delivery, and may be made in dollars, in services, or in strategic or other material not produced domestically in sufficient amounts to fulfill requirements. Interest is fixed at  $2\frac{1}{2}$  percent.

(2) Measuring our food and fiber stocks against the opportunities for constructive use in underdeveloped areas leads me to the conclusion that titles I and II authorizations should be substantially increased. I recommend a minimum of \$3 billion in a letter earlier this year to the Senate majority leader. I set the amount at double the current title I authorization out of the firm conviction that having reached this maximum authorization, additional quantities of food should be put to constructive use.

(3) Active consideration is now being given provisions of bills before you for establishing food reserves in recipient nations. Additional quantities of food used in this manner will, as far as farm interest in the United States is concerned, have the same net effect as an increase in the title I authorization. I urge your approval of section 501 in H.R. 6526 and H.R. 6530.

(4) The amendment proposed in testimony of Mr. Clarence Miller, under which grants may be made under title II for economic development work projects, is to be commended. We urge greater use of the voluntary agencies in developing local interest in work projects to relieve unemployment and famine.

Also, we feel that the authorization for grants to meet famine conditions should be set at not less than \$250 million annually as provided in H.R. 6526 and H.R. 6530.

(5) To overcome some of the problems which arise between agencies of the Government over the details of administering Public Law 480, it is proposed in H.R. 6526 and H.R. 6530 that there is an Administrator established who would report directly to the President. We believe there is merit to this proposal and urge your careful consideration. You will recall the valuable overall direction given to food utilization by a similar procedure during World War II.

To assist in the administration of an expanded program of food for peace, we believe also that it would be helpful to provide for a committee of distinguished citizens to serve in an advisory committee, something like the Marshall Plan Advisory Committee.

(6) We fully support the work being done at the present time by CARE, CROP, and the other groups and religious organizations represented in the American Council of Voluntary Agencies for Foreign Service, Inc. We urge that all possible means be used to expand the use of food and fiber in the activities sponsored and operated by them.

(7) We urge that Public Law 480 be amended to authorize expenditure of local currencies owned by the United States (a) in the financing of technicians and other personnel of the United Nations specialized agencies whose work is related to relieving chronic hunger and malnutrition and (b) in activities of the "Free the World From Hunger" campaign of the Food and Agriculture Organization of the United Nations.

(8) The Department of Agriculture continues to reject a substantial number of barter contracts submitted for their approval. We fully support the review of the barter program being made by the committee to determine its proper role in the Public Law 480 program.

(9) It is almost inconceivable that economic growth and expansion can take place where 90 percent of the people cannot read nor write, where sickness is prevalent, and where children are needed at home for work required for sustenance. We therefore believe that in your deliberations attention should be given to all possible means of using food and fiber to build schools and to further universal free systems of general and vocational education.

(10) To help bridge the gap between present unilateral and bilateral action in programing food and fiber into needy areas of the world under concessional terms and the means to a workable multilateral approach along the lines of an international food and raw materials reserve bank, we urge you to give consideration to making food available for use through United Nations by its specialized agencies.

I am an advocate, as members of the committee know, of greater multilateral effort in making food and fiber available to needy areas on concessional terms.

I believe that this approach is the solution to present as well as future controversy between exporting nations regarding concessional sales, and loans and grants of food.

One of the problems that an international food and raw materials reserve or an international development corporation could cope with that cannot be adequately dealt with in bilateral operations is the prob-



lem of distribution in recipient countries. We know, for example, that hungry people are paying exorbitant prices for food because of the artificial scarcity conditions which are imposed on the market when ample supplies are in fact available. This as well as other problems such as the protection of legitimate commercial markets could be better handled under multilateral arrangements.

I appreciate your courtesy and I will be glad to answer any questions that you have on any of the suggestions submitted for your consideration that I am capable of answering.

The CHAIRMAN. We thank you very much, Mr. Patton, for your very competent and constructive statement.

I think you know that Public Law 480 and the programs pursuant thereto have been more or less universally popular.

Mr. PATTON. Yes, sir.

The CHAIRMAN. I don't know any Members of Congress who are opposed to them. I think just about everybody is in favor of this law and the extension of the law, and I have said before that I think the programs that have been operated have been remarkably free from criticism.

Do you know of any criticism of the program other than the constructive suggestions that you have offered? I mean by that, we heard yesterday for the first time somewhat of an indictment of the barter program or the administration of that program, but I pointed out to the witness that as chairman of the committee I had received no such complaints. Have you in your travels around the world received any complaints or do you have anything to report to us?

Mr. PATTON. No; I have not, Mr. Chairman. I have been surprised at the minimum amount of criticism I have heard by representatives from other exporting countries. I think in the main the program has been handled in such a fashion that it has minimized criticism.

I have had both conferences and individual discussions with our Canadian counterparts in the farm organization field and I must say there is a very minimum of criticism and it doesn't relate so much to Public Law 480 as it does the Commodity Problems Committee that operates as a subcommittee of the FAO.

The CHAIRMAN. We had one criticism yesterday of a transaction with Belgium, I think, which we were told actually did displace a dollar transaction. But we will explore that further and have Mr. Palmby come back and give us the information.

I do know, and I am sure you do, that welfare organizations like CARE and other church organizations are anxious to do everything possible to expand that program. And I will tell you that I agree with the views that you have expressed with reference to long-term commitments. Mr. Poage has a bill before the committee which you referred to which will provide long-term benefits. Unfortunately those in charge of administering the program seem to oppose long-term commitments to undeveloped nations.

I think Mr. Benson said they made some commitments for 2 years, and perhaps one or two for 3 years, but you advocate making them for as long as 10 years, and I think that is the date fixed in Mr. Poage's bill; isn't it?

Mr. PATTON. That is right.

The CHAIRMAN. I don't think there is any doubt that we are going to have a surplus program with us for many years to come. The

Secretary's main objection to making long-term commitments was that we might find ourselves in a situation where it would be necessary for us to go out into the open market and buy up crops to deliver pursuant to the agreement.

Certainly that can be taken care of by a provision in the contract that will provide that in such a situation we would be relieved of any further responsibility to deliver.

I think that is a matter for the lawyers to take care of.

Are there any questions?

Mr. PATTON. Mr. Chairman, may I comment on your statement?

The CHAIRMAN. Yes, sir.

Mr. PATTON. I have a very strong feeling that we should be in a position to make long-term commitments for another reason other than those that I have stated, and that is that I am convinced from what I have learned from some of our own people as well as people from other nations in traveling around that both Communist China and Russia are going to be in this world food market in just a matter of a few years.

As a matter of fact, they are already dabbling around in it and I think we need a food policy, quite aside from any politics involved, that says in effect we are going to use food over a long period of time as an instrument of the free world in the struggle against totalitarian communism the leaders of which can do most anything they want to without regard for the interest of individual citizens.

I was told by one of our people, when I was in Hong Kong that the Chinese already—he is one of our officials who didn't want to be quoted directly in a private conversation—coming into the cotton market and particularly the manufactured textile market and saying something like this: You get the best price you can get anywhere else in the world and we will better that by 15 percent.

Now, of course, we know that they probably have to take it out of the hides of their own people or off the backs of their own people and have to ration them but it nevertheless seems to be a fact of life.

A French correspondent told me in Tokyo much the same kind of a story.

Furthermore, it seems to me, Mr. Chairman, that it is the responsibility of the free world governments to do something about stabilizing the commodity prices in the world. Last year, according to the United Nations report, the loss in price level or loss through price drop in the commodity markets—raw materials market; it includes more than food—was six times as great as all the foreign aid granted by all the countries of the world.

I don't have offhand the statistics but I would guess that probably if you took the Colombo plan as well as the foreign aid that we are granting and the aid that the Germans are putting into the world unilaterally, you would have somewhere in the neighborhood of \$6 billion of aid.

If the drop is six times that amount, it means a drop of \$36 billion.

The CHAIRMAN. You mean in tax income?

Mr. PATTON. In the commodity prices received by primary producers. This loss to primary producers and the continuing instability of the raw material market has a very unstabilizing effect, politically as well as economically, in raw materials countries which are the



underdeveloped countries, really. That the only thing they have to buy foreign exchange with, is basically raw materials, and in many instances it is the different forms of agricultural products.

I maintain that longer term policy in relation to Public Law 480 would help bring stability to the developing—I like to call them developing rather than underdeveloped—the developing countries of the world and at the same time keep our head under the tent, so to speak, rather than letting the Communists get their head under the free world tent via the route of food.

And I understand, I was told on my recent trip by people whom I consider to be reliable, some of our own people, that the Chinese on a three-leg arrangement were getting cotton out of Egypt, and, of course, they are producing some of their own cotton, and using it in turn to a third country, to a developing country as a means of getting their foot in the door.

So I think, Mr. Chairman, that as much as I think of the program from the standpoint of aiding in the stability of American agriculture, I think it is of equally vital importance to the long-term interests of American foreign policy.

The CHAIRMAN. Well, is FAO doing anything at all in that regard?

Mr. PATTON. Well, so far as I know, not in terms of actually being in the distribution of food.

The CHAIRMAN. In other words, that organization is doing nothing to stabilize world prices in the food market, so far as you know?

Mr. PATTON. They are not—of course, they are not authorized, I don't believe, Mr. Chairman, to do anything. They have made lots of studies, but they—

The CHAIRMAN. I don't mean to take any action by treaty, but do you know whether they have any commission or committee that studies the problem of world food market prices?

Mr. PATTON. Yes. They have had a standing committee, Mr. Chairman, of professional people studying.

The CHAIRMAN. Mr. McIntire wants to ask you some questions.

Mr. MCINTIRE. First, Mr. Patton, may I express my appreciation for your statement this morning.

I would like to ask your thoughts in relation to the importance of market development funds from these foreign currencies. The figures which we have before us show that during the life of this program we have developed 1.4 percent of these funds in market development work. I appreciate that in some specific countries that runs much higher and in other countries it is zero, but the average is 1.4.

Would you care to comment on what your opinion is as to whether we are moving along fast enough in this regard or whether more funds should be committed in this area of use?

Mr. PATTON. I may have access but I haven't checked on the figures for individual countries as such. I have the total figure in my prepared statement, Mr. McIntire. But my impression is that in just traveling and visiting with my counterparts in other countries of the world that the market development program has been a very good thing.

I would cite only one example that I know about firsthand, and that is the increase in consumption of wheat and bread in Japan

and areas similar to that which has been very, very dynamic and very challenging.

Mr. McINTIRE. I believe West Germany on poultry and possibly Italy on poultry at this time are two others in this area. There would be others. We are advised that there are now 21 authorized uses for title I money. This generates a good deal of competition at the negotiation table as to what these funds are to be used for.

Do you think it is important that we perhaps strengthen our support or indicate our firm support in this area of market development?

Mr. PATTON. Yes, I do. I think it has two aspects, Mr. McIntire. I have the feeling that the commercial markets of the world are almost always filled, either by our products or someone else's, but the people of the world do not have enough money to buy all the food that they would like to buy, if you take the world as a whole, and particularly the underdeveloped areas.

So you actually have two markets which I will choose to refer to as the commercial market which is always filled, and the other market which I call, for lack of better terminology, the social market which is not filled. The social market obviously does not compete with the commercial market for the simple reason that folks don't have the wherewithal to buy.

But I think the part that market development can play is to insure movement of our products into the market as the social market becomes a commercial market. Because if our various programs succeed, then over the long pull the social market should become smaller and smaller and the commercial market larger and larger. And certainly as we make progress in the world, the market development is an important factor, particularly in a world in which I would say practically every other country other than the United States has a substantial governmental control of foreign trade, either by currency control or direct control or quotas or various types of restrictions.

And in some countries which we consider part of the free world, there is absolute control on the part of the government.

Mr. McINTIRE. You mentioned China on the cotton textile market and offering 15 percent less.

Mr. PATTON. Yes, sir.

Mr. McINTIRE. I was told the other day as an illustration of this instance—I can't support it because it was just commentary—that the Russians were offering goods to Turkey and they were asked the price and said, what would be the equivalent to \$6,000, and the answer was, We can get them for \$2,000. All right. Our price is \$1,900.

Just how do you compete with that kind of competition? In other words, these are generally accepted facts. This is the way they trade. Do we compete by just going in and underbidding them through a funding program at our public expense or just how do you compete with that kind of thing?

Mr. PATTON. Well, I think, Mr. McIntire, that that kind of competition, if you want to call it that, is really cutthroat. It isn't competition. It is economic throatcutting.

Mr. McINTIRE. But that is their technique.

Mr. PATTON. Yes. It is their technique.

Mr. McINTIRE. We are not——



Mr. PATTON. But I feel that the answer to it, Mr. McIntire, for the long pull falls in two fields. One, in increasing the number of international commodity agreements, such as the sugar agreement and wheat agreement and others, to create as nearly as possible an orderly trade and to protect the equality of the market so that the United States, for example, doesn't take all the market away from New Zealand or from Australia, or vice versa, and then the movement into the social areas, as I call it, of substantial quantities of food.

The only regret I have is that we don't have some kind of an arrangement where, as is supported by the Atlantic Congress, not only the United States but the other countries of the free world have a coordinating relationship where we don't get in each other's way, and I think for the long pull that that is the right kind of an answer to the Communist world because such action on the part of the free world would be based on law and order, and moreover, it is right ethically. Over the long pull more cooperation and prior agreement is the thing which will prevail, in my opinion.

But there might be instances where it would be in the public interest to meet them head on by doing obviously what they have to do, which is to take it out of the economy somewhere else. If they lose \$100 million on one deal, they certainly are not so skillful that they don't have to take it out of the economy somewhere else.

Mr. MCINTIRE. Yes, but we can't write off Government bonds as they write them off. We can't demand savings invested in Government bonds and then declare as of 9 o'clock this morning they are just scraps of paper.

Mr. PATTON. No; and I don't think we should. I can conceive there might be a time that we have to meet them as we do on military preparedness and substantially subsidize the efforts, but I don't think that is in lieu, or should replace, orderly or legal or ethical agreements between the free nations of the world.

Mr. MCINTIRE. In connection with these long-term contracts, of which there has been a great deal of discussion, it seems to me it is not completely appropriate to put this in the framework that failing to write these is necessarily on our side of the negotiating table. Failing to write these in many instances, I believe, is due to the fact that there is no desire on the part of the recipient country to make commitments on a longer term basis. So you have got two sides on this table and it doesn't all rest on our side of the table.

Is that a fair observation?

Mr. PATTON. Yes. I think there are instances, and I am told that in certain countries that really need the aid that there are those interests, as there are I suppose everywhere, but there are those interests, particularly processors and handler interests, who are of substantial influence in their respective governments who don't want additional supplies to come in because they have a very nice scarcity situation to deal with.

Now, I can't say that I know that firsthand. I am merely told that by citizens of the nations represented in the International Federation of Agriculture Producers. One of the problems we have had in that organization is to always identify which interests are speaking when we get this question up for debate.

Mr. MCINTIRE. Thank you very much.

The CHAIRMAN. Mr. Poage.

Mr. POAGE. I just wanted to say, Mr. Patton, while I had intended to ask you a few questions, I think you covered practically what I had in mind, and I don't want to take the committee's time. We have lots of other witnesses to hear.

But I do want to review the proposal to make long-term contracts on which people can rely because it is utterly impossible for me to conceive how a developing nation can plan from year to year unless they can know what they can do for something more than 1 year at a time.

I think I am correct in assuming if a nation, particularly one that is quite limited in its resources, makes plans for use of these commodities from the United States and begins using them and then suddenly has the rug pulled out from under it so they are no longer available, they are probably worse off the second year than they were the first.

It seems to me this hand-to-mouth dealing carries with it the possibility of utterly destroying the foreign government, and in many instances the nation along with it. In my mind it is quite important from their standpoint as well as our own and it makes good business sense that we know what we can do from year to year. I can see no merit to the contention that we might find that we were not going to have surpluses sometime in the future.

We are going to be in the market selling agricultural commodities certainly for the next 5 or 10 years. If we find that it is advantageous to us to move commodities that are in surplus now, we might very well find it would be to our advantage to even go out in the market and buy commodities to meet our contractual obligations.

Everybody else makes such contracts. I don't see why the Government can't make such contracts. Even little operators like I am contract something for future delivery. What is wrong with it? When you and I contract to deliver we have to make good. Why should the United States be afraid of an obligation of this kind?

I don't see why the U.S. Government can't contract to deliver. It seems to me that there is nothing wrong with it.

Do you see anything wrong with the idea of the U.S. Government committing itself to deliver commodities that we know the Nation would want to export?

Mr. PATTON. I certainly do not. I want to comment on what you stated with relation to the developing nations of the world. What you do on a 1-year basis frequently is just postponing a certain amount of starvation, and unfortunately you rescue the people who are nearest to starvation. They come first. And you just postpone the trouble.

So far as contracting is concerned, I think we should contract. We should make a firm commitment over a period of years, and furthermore I think that we should have a food policy developed by the Congress of the United States, speaking for the people, which says that we are going to be participating in this effort for an indefinite period of time and that the food policy shall be established, production policies shall be established, from year to year in relation to the supplies available to meet our commitments.



In other words, I can see the time down the road, as dim as it might seem at the present time, where we may need to put a rather substantial drive on increasing certain production. I can conceive that we might need to increase production of wheat and cotton if we really get to rolling in the world. If, for example, Asia were to come to eat as much bread as Japan is now consuming, and she is just beginning to be on her way, as you know, she is the largest customer we have for wheat right now, but if the rest of Asia began to roll in that same fashion, I can see the time down the road where instead of talking about our surpluses we might need to increase our production. And if the Asians come to have just one good solid cotton gown or dress that is really of first quality that they don't have to use for 10 years at a time, I can see where we—and then if you did the extreme thing of finally putting a mattress under them, you would really have to gun production.

But I think as a part of policy, not just as a part of disposing of food—and I don't like the word "dispose" in relation to food—but as a part of policy we ought to say to the yet uncommitted countries of the world that we, the greatest democracy in the world, are willing to commit ourselves for a period of years to help them succeed in making democracy work because they can't do like the Russians can or the Communists in China. A democracy, if it functions as a democracy, and the people have a right to vote, if the people produce a thousand units of whatever it is, then until the people's needs are filled they pretty much have to let them use a thousand units. That is not true in Russia or Communist countries.

They say, "You produce a thousand units. We will ration them. Five hundred of them you can have and the other 500 we use to beat the United States and the free world over the head in economic warfare."

So, as an interest of democracy itself and of maintaining this—and we don't have forever, Mr. Poage, to do it; the decision is going to be made in the next 10 or 15 or 20 years—we ought to be willing, it seems to me, to commit ourselves, and this is more than just a commercial matter. This is the vitality of life, of the free life that we know. I may sound extreme but I really feel that this is a major matter of concern that runs completely beyond agriculture to all the people, not only of the United States but of the free world.

Mr. POAGE. Thank you.

The CHAIRMAN. Thank you.

I have a statement before me which indicates that in some parts of the world the population uses about 2 pounds of cotton a year compared to 206 pounds in the United States. I understand you to say that if we can increase the use of cotton in other countries, we can use all of the cotton we produce.

Mr. PATTON. Yes, sir.

The CHAIRMAN. Any other questions?

Mr. SHORT. Just one question, Mr. Patton. I also come back to the chairman's remarks in this matter of dealing with these undeveloped countries. If this is going to be in the longtime interest of American agriculture, don't we have to look to the day when our foreign country customers are going to be able to pay a price that would be a fair price to our American farmers? At the present time

we subsidize them on everything we sell, even for the commercial demands that you were talking about a little while ago. You have been around the world in some of these undeveloped countries considerably. You have seen what the potential is. Do you think there is any possibility in the not too distant future of those countries being able to pay enough to us so that it would be a fair price to our American farmers without having to be subsidized?

Mr. PATTON. Mr. Congressman, first, let me say that I think we ought to get a fair price.

Mr. SHORT. I think so, too.

Mr. PATTON. And I think everybody agrees that unless it is in the public interest that subsidies as such are not desirable. I am opposed to subsidies per se.

Mr. SHORT. At times, we have to do these things.

Mr. PATTON. Certainly. And furthermore, I feel personally, and my organization supports it—I feel certain that these ought to be loans rather than gifts. I do not think that a gift does anything. In the long term, it seems to me, it will have to be made on a step-up basis. The problem of the American States is that we are in the eyes of the people of the world, the richest people—we are very, very wealthy people. We wake up in the morning taking more things for granted than most people in the world work a lifetime to have. So our problem is to close the poverty gap, as I call it, not by bringing our standard of living down, but by aiding them to bring theirs up. And as they come up, as they are able to industrialize and use less and less manpower in agriculture and more to produce industrial goods, we will have not only a better market, but they can afford to pay a much better price, and more of them can pay a better price and the market demands will be such that we will be able, in my opinion, over a period of years to do that. I cannot predict how long it will be. I think it depends very largely whether or not we and the Atlantic Community, which is the industrial area of the world, are willing to invest sufficient quantity of capital to enable countries like India and developing countries in Africa to meet the challenge which is obviously going on by the forced economies of the Communist countries. I think we ought to get a fair market price. I do not agree with those who think that the American farmer ought to take one price in America and another price somewhere else. I do not know of any manufacturer who does it. He gets a good price. And I am for him getting it.

Mr. SHORT. The part that disturbs me just a little bit and, certainly, I am not an authority on this subject—I have never visited these foreign countries—it seems to me that these undeveloped countries that we are looking to as potential markets for our agricultural products and many other products, if that country is going to start raising its standard of living wherever it is possible, the first thing they will have to do—and there are some countries where it is not possible, I will grant you—wherever it is possible, the first thing they will have to do is to raise their agriculture production. That is the thing they can do the easiest. Every individual in that country can raise a little bit better garden and do a better job of taking care of his food necessities through the food that he raises. As that happens, and our population expands tremendously, we will have a race with their population growth as to whether they are going to



furnish agricultural needs of their country, or whether we will do it. Think of South America, the potential production is terrific. It is undeveloped. We talk about expanding our markets for wheat down there. I, certainly, hope we can. I think we probably can by doing a little promoting in the marketplace.

By the same token, you have to give some thought to how badly that country actually needs the wheat or will need it in years to come, as the country itself develops. I think specifically of Brazil, for instance, which has tremendous areas, an undeveloped country with potentially great production.

The CHAIRMAN. Mr. Gathings.

Mr. GATHINGS. I want to thank you for your statement.

Mr. PATTON. Thank you.

Mr. GATHINGS. I would like to ask you to elaborate a little bit on the degree of the billion dollar suggestion that you made in regard to this, that there should be expanded programs under title I and title II and that \$3 billion should be made available by the committee. I just wondered what part of that \$3 billion you would place in the title I feature of the bill and what part in title II?

Mr. PATTON. I think that the way I would feel about it is that all of it should be in title I.

Mr. GATHINGS. That the \$3 billion be made available for title I, moving our surplus into exports?

Mr. PATTON. For local currency.

Mr. GATHINGS. These uses that are already in the act suffice, don't you think?

Mr. PATTON. Yes; I think we could expand the uses. I think there is enough authority, Mr. Gathings. On the \$3 billion, my reason comes back to the long-term policy question.

Mr. GATHINGS. The long-run policy, I agree, be made available by loan and having it available to these countries when they need them.

Mr. PATTON. Yes, sir.

Mr. GATHINGS. Thank you.

The CHAIRMAN. Thank you very much, Mr. Patton. We are glad you could be with us this morning.

Mr. PATTON. Thank you, Mr. Chairman. I would like to take this opportunity to express my appreciation again for the work of yourself and the wonderful committee work. This to me, is the most outstanding committee in the Congress. Maybe it is because this is my field of specialization.

The CHAIRMAN. We all agree with you on that. [Laughter.]

Mr. PATTON. Thank you very much.

The CHAIRMAN. Our next witness is W. D. Lawson, Sr., Gastonia, N.C., representing the National Cotton Council.

#### STATEMENT OF W. D. LAWSON, SR., NATIONAL COTTON COUNCIL OF AMERICA, GASTONIA, N.C.

Mr. LAWSON. My name is W. D. Lawson. I appreciate this opportunity. I am speaking for the National Cotton Council of America. As you know, the National Cotton Council represents the six primary cotton interest groups—the producers, merchants, ginner, warehousemen, spinners, and cottonseed crushers. The National Cotton

Council has supported the Agricultural Trade Development and Assistance Act, generally known as Public Law 480, since its inception. Approximately 3.5 millions bales of cotton have been authorized for export under title I from July 1954 to date. Additional quantities are expected to be authorized under current funds.

The council also favors the continued use of section 104(a) funds under this act for market development. A separate statement is being submitted on this subject.

The council recommends that Public Law 480 be continued on a temporary basis as an assistance in disposing of agricultural surpluses to those foreign countries which have insufficient dollar exchange to finance their cotton requirements.

H.R. 7983 would accomplish this objective, however, it also contains provisions regarding barter which the council believes are detrimental to the export of American cotton. I will speak only on the barter aspects.

During the fiscal year just ended, the Department of Agriculture estimates about 500,000 bales of cotton moved under barter. According to USDA figures about three-fourths of this cotton was exported to the United Kingdom, South Africa, Belgium, Japan, Canada, Italy, Hong Kong and the Netherlands, all of which have liberalized their import and exchange regulations so that mills can buy any amount of cotton they want from anywhere for dollars.

During the past year barter discounts to cotton merchants by the metal importing firms have ranged from 6 to 20 percent and we have heard of recent offers up to 25 percent. To the extent these discounts are passed on they enable lower prices on U.S. cotton. This may have resulted in a few sales at the moment by making U.S. cotton cheaper than cotton from say Mexico, Brazil or Pakistan. However, other growths have much greater flexibility in selling prices and sellers of these growths have usually found ways and means of meeting the barter price. In the main, the barter program has resulted in a shift of business in American cotton among the various U.S. firms. Since these are complicated transactions, most small firms with low capital and small staffs have not been able to participate and the result has been to shift this business from the small to a few large firms. Expansion of the barter program as proposed would accentuate this shift.

It is obvious that the program has not materially increased U.S. trade since cotton exports this season are going to total less than 3 million bales. Sales of foreign cotton have not been significantly reduced by the barter program since all other exporting countries have sold practically all their exportable cotton this season.

As a matter of fact, the barter program has been another factor that slowed sales of U.S. cotton. The hope for lower prices through barter has caused buyers to hold off purchases and buy only on a hand-to-mouth basis.

Discounts on a transaction basis and not across the board cause great confusion and uncertainty in foreign markets. Immediately upon consummation of a barter transaction, the corresponding cheap price, the word spreads all over the market and regular sales stop as buyers hope for lower prices through the program. We have had many delegations visiting our office with the same hopes or complaints.



It causes unfair competition between mills in the same country and unfair competition between countries.

There is no doubt that price uncertainty has slowed export sales in recent months at a time when foreign countries should have been buying for shipment after August 1 to rebuild stocks. Export sales should be a million to a million and a half bales above the amount needed for consumption just to rebuild stocks to normal levels. If price uncertainty can be eliminated we think stocks will be rebuilt.

Furthermore, the council does not believe that an additional discount of up to 20 percent is warranted over and above the subsidy the Department of Agriculture has established of 8 cents a pound for the 1959-60 season. This 8-cent subsidy should be adequate. An additional subsidy of 3 to 5 cents per pound increases the already serious disadvantage of our domestic mills. A uniform price policy across the board that applies to every buyer in every country alike is much fairer and more orderly. Also an across-the-board subsidy is much fairer to the small shipper who is unable to take part in the barter transactions.

The National Cotton Council assures you that the barter program is not helping U.S. cotton. Its primary benefits accrue to the dealers in and producers of the imported materials. The heavy and perhaps useless cost of those materials should be charged where it belongs and that certainly is not to the cotton program.

The council believes the barter program for cotton is not necessary and should not be continued.

Thank you.

The CHAIRMAN. Thank you, Mr. Lawson. Can you give the committee any information about this 20 percent discount that you referred to as being unwarranted?

Mr. LAWSON. I think there are three principals in the transaction, the metal importer, the CCC, and the cotton exporter. In other words, the metal importer has an approved metal for the stockpile which the CCC will buy at a given price.

Say, he has a million dollars worth of metal that he can sell to CCC. He goes to the cotton exporter and says, "What will you sell me a million dollars worth of cotton for to be exported?"

Then they make a contract. The metal dealer sells the metal to the CCC. The CCC gives him a credit which he in turn gives to the cotton exporter when he buys the cotton from the CCC. The metal man remits the 15 or 17 or 20 percent. That is not a profit to the cotton exporter because he passes that on to the foreign mills to whom he sells because he has to make the U.S. cotton cheaper in order to sell it. This amounts to a discount of 2 or 3 or 4 or 5 cents a pound under the regular price to the foreign buyer.

Those sales are demoralizing the foreign market. If you offer Regular Middling  $15\frac{1}{16}$  export cotton under the subsidy 29 cents, and then through a barter deal, another merchant offers the same quality cotton at 25 or 26 cents, it upsets the whole foreign market.

The CHAIRMAN. I do not recall that I heard any figure as high as 20 or 25 percent.

Mr. LAWSON. Yes, sir. It has been rumored.

The CHAIRMAN. I haven't heard it before.

Mr. LAWSON. We have records of discounts as high as 20 percent. It is rumored that some have been offered at 25 percent.

The CHAIRMAN. In the light of what you have said, if you made an accurate statement, it seems to me that the officials in charge of this program should be able to determine the profits that are being made by those who are in the barter transactions. Of course, they know what they are paying for cotton they buy on the market or from CCC.

Mr. LAWSON. That is right.

The CHAIRMAN. And they know, or they could find out easily, it seems to me, what the trader sells the cotton for.

Mr. LAWSON. The profit is not in the cotton. That is a very small percentage.

The CHAIRMAN. All right. But then it is a profit or not a profit.

Mr. LAWSON. There is a profit in it.

The CHAIRMAN. CCC, ultimately is going to acquire the metal or the strategic materials. It seems to me that those in charge of the program should be able to ascertain at what price the American mill acquired the metal.

Mr. LAWSON. More than that, they could obtain that 20 percent themselves if they paid dollars for it.

The CHAIRMAN. The reason I am asking you that question is it occurred to me that it would be simple for the administration to determine the profit.

We have been trying to find out how much money has been made by these men who have been conducting these barter transactions and to ascertain if there is anything wrong and evil involved. One witness sat in that chair last week and told us that they could not determine the amount of profit. We asked those in charge of the Department of Agriculture how much profit was being made on these transactions, but they could not tell us.

Mr. LAWSON. You have three principals. You have the metal importer, and the CCC, and the cotton exporter. As to cotton exporter, we know what he sells the cotton for. We know he cannot make much money.

The metal importer, certainly, is not paying that discount out of his own principal. I think it is unreasonable to expect him to do that.

Therefore, there is only one place that the profit can come from—that discount. It comes from the price that CCC pays for that metal. That is where it comes from.

The CHAIRMAN. Don't you think that CCC in conducting a business operation of that magnitude should be able to determine how much they are being gypped, if they are being gypped.

Mr. LAWSON. I would not want to comment on that.

The CHAIRMAN. I cannot understand if the cotton merchant buys cotton at 20 percent discount and there is an 8 cents a pound subsidy, why he would not be a great factor in the world market.

Mr. LAWSON. That is exactly what has happened.

The CHAIRMAN. He would not be foolish enough to give the foreign buyer of that cotton all of the advantages involved, would he?

Mr. LAWSON. Mr. Cooley, the barter program has gotten so big that when the metal firms get in the market for cotton for export, they contact many cotton firms and there is competition among the



cotton firms for the business. I think that these cotton firms would be glad to tell you they make a reasonable profit, and that is all.

The CHAIRMAN. The cotton firms make a reasonable profit?

Mr. LAWSON. Yes, sir, but nothing like 20 percent.

The CHAIRMAN. Who would be making the 20 percent? That is what I am trying to find out.

Mr. LAWSON. The foreign cotton buyer, the foreign spinner is the one that gets the advantage. It is passed on to him in the form of cheaper cotton.

The CHAIRMAN. All right. Suppose Mr. Joe Dokes gets into one of these transactions and he buys American cotton and sells it abroad in exchange for some material, and sells that to the CCC. We give him 8 cents a pound subsidy. You say that in addition to that, the Government gives the man a discount of up to 20 percent more?

Mr. LAWSON. Yes, sir; I am saying that.

The CHAIRMAN. All right. Now then, why should that—

Mr. LAWSON. Wait, the Government does not give the discount. The metal importer gives the discount.

The CHAIRMAN. All right.

Mr. LAWSON. It comes out of the Government pocket.

The CHAIRMAN. In other words, the only thing that the cotton merchant gets out of this would be the discount on the barter.

Mr. LAWSON. You mean profit.

The CHAIRMAN. That is not his profit. That is his purchasing figure. He can buy cotton at 8 cents a pound less than the prevailing price on the domestic market.

Mr. LAWSON. Plus the discount.

The CHAIRMAN. Where is the discount?

Mr. LAWSON. It runs from 6 to 20 percent.

The CHAIRMAN. Six to twenty percent?

Mr. LAWSON. Yes.

The CHAIRMAN. Then I understand he gets another discount on the materials that he buys to deliver on the contract.

Mr. LAWSON. That is the 6 to 20 percent.

The CHAIRMAN. What?

Mr. LAWSON. That is the 6 to 20 percent.

The CHAIRMAN. I cannot get it straight. In other words, the discount you are talking about is on the material and not on the cotton.

Mr. LAWSON. Right.

The CHAIRMAN. How many of these transactions are you familiar with that you could tell us what the percentage of profit was? We have been trying here through all of these hearings to get somebody to tell us what these men have been making on these transactions.

Mr. LAWSON. Mr. Cooley, you are not asking what they make on the contract. You are asking what discount they are receiving.

The CHAIRMAN. Yes.

Mr. LAWSON. That is not the profit.

The CHAIRMAN. What is the profit?

Mr. LAWSON. There is a reasonable profit, half a cent, \$21½ a bale, say, something like that—\$5 a bale at the most. But you see, if there is \$1 million of metal bought by the CCC from this importer, and in return for buying \$1 million worth of cotton, the importer of the metal remits to the cotton exporter 10 percent of \$1 million or \$100,000,

then the cotton exporter is figuring on the \$100,000 and reducing his price by so much.

The CHAIRMAN. There is a profit to every person in every transaction, and I assume it would vary.

Mr. LAWSON. That is right.

The CHAIRMAN. There is no standard or uniformity?

Mr. LAWSON. It is competitive. Of course, a cotton man will make as much as he can, but if you have a certain metals company buying, putting an inquiry out to five or six cotton exporting firms, then they all are going to be competing for this business. And the metal people tell them what the discount will be.

The CHAIRMAN. Then we have transactions over and above the normal imports.

Mr. LAWSON. It upsets.

The CHAIRMAN. How does it upset the cotton market?

Mr. LAWSON. It upsets the foreign markets because with prices jumping all over the board whenever these barter transactions come in, the normal price under the subsidy for Strict Middling fifteen-sixteenths landed in Italy would be 29 cents. Then 6,000 bales are offered on a barter deal into Milan, Italy, at 25 cents, which everybody knows is way under the market.

The CHAIRMAN. I know, but you must establish the fact that the barter transaction is over and above their normal imports of our commodities.

Mr. LAWSON. Mr. Chairman, I think under title I that most of these countries that are receiving this barter have been disallowed on account of that. I think they have been taken off.

The CHAIRMAN. Are you participating in any of the barter transaction yourself?

Mr. LAWSON. No, sir; I am too small.

The CHAIRMAN. I mean, are you an exporter of cotton?

Mr. LAWSON. Yes.

The CHAIRMAN. And export cotton in the world markets.

Mr. LAWSON. Yes, sir. But barter is too complicated. It takes a great many people on your staff.

The CHAIRMAN. As to your statement about the complications in the barter transactions, I do not know many people who have sense enough to understand them. They have never been explained to me thoroughly. But it is a fact that somebody knows how to do them.

Mr. LAWSON. No doubt.

The CHAIRMAN. I have people ask me, "How can I get into this business?" I do not know. "Go downtown and see if you can find out," I tell them. "It should be very simple."

Mr. LAWSON. We tried. When we got into it we said, "We haven't got the staff to do it."

The CHAIRMAN. Mr. McIntire.

Mr. McINTIRE. Let me ask a question to see if I am way off track or whether I have an understanding of some aspects of this transaction. You mentioned that the importer of the metals is the exporter of the cotton.

Mr. LAWSON. Is the importer of the metal the exporter of the cotton?

Mr. McINTIRE. Yes.



Mr. LAWSON. No.

Mr. McINTIRE. Then he imports the metal?

Mr. LAWSON. Right.

Mr. McINTIRE. He purchases such as he can acquire.

Mr. LAWSON. Yes.

Mr. McINTIRE. Those purchases must be transferred to Commodity Credit at prices which are considered to be the world market price?

Mr. LAWSON. That is right. They are sold to the CCC.

Mr. McINTIRE. The price at which he purchases the metal is not a price offer over which CCC has any control whatsoever?

Mr. LAWSON. That is true.

Mr. McINTIRE. They can only control the price of the metal at which they are going to turn it into cotton?

Mr. LAWSON. They control the price which they pay for the metal.

Mr. McINTIRE. This importer of metals must keep in touch with the the source of cotton, must he not?

Mr. LAWSON. That is right, because he cannot sell the metals to CCC unless he exports in dollar amount the same amount of cotton.

Mr. McINTIRE. If he is the importer of the metal, then must not he, also, be the actual exporter of the cotton?

Mr. LAWSON. Yes, he can be. It is a contract between the cotton exporter and the metal exporter or importer. The contract is between those two. I guess if you want to say it, he would be.

Mr. McINTIRE. Who sets the price at which that cotton is going to be sold in the recipient country?

Mr. LAWSON. The country itself.

Mr. McINTIRE. What?

Mr. LAWSON. The country itself, the buyers in that country. In other words, you have to offer that cotton. You want to get as high a price as you can. You know what the going price is. You know it has to be under that in order to make the sale. It has to be done in a shorter period of time, in 1 or 2 or 3 days, we will say. So you offer the cotton under the going price in that country.

Mr. McINTIRE. The only place where the margins can be generated is in the purchase of that metal.

Mr. LAWSON. Right. The only place it can come from is the price that CCC pays for it.

Mr. McINTIRE. And the difference between what he buys that metal for and the price CCC pays for it, generates his ability to go out and purchase this cotton for less.

Mr. LAWSON. Yes.

Mr. McINTIRE. How does he convert that price into a lower price?

Mr. LAWSON. He does not do it. It is a question of dollars with CCC. They have to export the same amount of agricultural product in dollars as they purchase in metals.

Mr. McINTIRE. Yes.

Mr. LAWSON. It is just a question of dollars and cents. That is, the export and the import have to be the same identical amount.

Mr. McINTIRE. What I was trying to call attention to is that I recognize you generate the margin by the difference in price of the metals and what CCC pays for it.

Mr. LAWSON. Yes.

Mr. McINTIRE. How does that importer convert that into a discount position where he is underselling the world market, to the recipient country?

Mr. LAWSON. With his discount. In other words, he has evidently obtained a price for his metal over and above what he paid for it. That allows him to give a discount to the cotton exporter.

Mr. JENNINGS. Will you yield for just a moment?

Mr. McINTIRE. Yes.

Mr. JENNINGS. As I understand it, I have a dollar's worth of cotton. You go out and buy a 75-cent watch, and trade that 75-cent watch to me for a dollar's worth of cotton and sell it for 95 cents; you still have made a pretty good profit and upset the market.

Mr. LAWSON. That is right.

Mr. McINTIRE. I can see that all right. Who is the trigger in this?

Mr. LAWSON. Who is what?

Mr. McINTIRE. Who is the trigger in this? Is it the metal dealer?

Mr. LAWSON. The metal dealer.

Mr. McINTIRE. The metal importer is selling cotton cheaper than what he is paying for it for the simple reason that he has a profit on the metal.

Mr. LAWSON. Yes; of course, he buys that cotton from the cotton exporter.

Mr. McINTIRE. He in turn is buying it in the open market or from the CCC.

Mr. LAWSON. Yes.

Mr. LATTI. Didn't you, also, say that the discount to the cotton merchant was 6 to 20 percent, that he buys it from one of these large cotton merchants for 6 to 20 percent less, if he bought a million bales?

Mr. LAWSON. It works that way. He actually gives the discount after the transaction is made with CCC, he sends them a check for the discount on the metal.

Mr. LATTI. So he is working both ends.

Mr. LAWSON. He buys the metal, sells it to CCC and buys the cotton for export.

Mr. LATTI. Gets the discount on the price of the cotton and gets a discount on the price of metal.

Mr. LAWSON. He gives the discount to the buyer. He gives the discount to the cotton exporter. And by this discount, the cotton exporter is able to lower his price under the normal price.

Mr. QUIE. Will you yield?

Mr. LATTI. Yes.

Mr. QUIE. In other words, in order to gain this 20 percent discount, he has to first purchase the metal for a certain price, then sell it to CCC for 20 percent more than he purchased it?

Mr. LAWSON. Yes.

Mr. QUIE. If CCC was not willing to pay that much for the metal, he would not be able to give that big a discount?

Mr. LAWSON. Or if CCC would pay dollars for it, they could get the 20 percent discount themselves.

Mr. QUIE. If they want to purchase it for what he did.

Mr. LAWSON. Or just buy it from him. He gives them 20 percent for dollars.

Mr. QUIE. They give dollars, instead of wheat or a certificate for wheat or whatever the commodity is they give the 20 percent on.



Mr. LAWSON. Whatever the discount is.

Mr. QUIE. One other question. The new provision goes into effect in August.

Mr. LAWSON. Yes.

Mr. QUIE. Does that mean that he, in effect, can get cotton from CCC at 37 cents a pound? He purchases the cotton from CCC and they reimburse him for that 8 cents.

Mr. LAWSON. No. The trouble is, you see, your cost of selling cotton and shipping it abroad are something like, we will say, 5 cents a pound. So actually, it is not a subsidy. It apparently is, because that relative difference is always there. But you might buy a certain grade of cotton, from the CCC and pay 24 cents a pound for it, but when that cotton was sold you would have to get 5 cents a pound more to take care of your charges, like ocean freight and agent's commission, exchange, interest, and warehousing charges.

Mr. QUIE. Then the CCC reimburses?

Mr. LAWSON. They sell the cotton at 24 cents, which they consider is 8 cents under the domestic price.

Mr. QUIE. And then he will have to export it?

Mr. LAWSON. He will have to export it.

Mr. QUIE. Therefore, he would have to reimburse CCC for the 8 cents, if he did not export it?

Mr. LAWSON. Whichever is higher, the domestic market or the 8 cents. If the domestic market is higher, he might sell some more. I mean, that is the penalty clause.

The CHAIRMAN. Thank you very much.

Mr. TEAGUE of California. The statements the chairman made substantiates the impression I have had for a long time, the principal beneficiaries of the barter program, so far as cotton is concerned, are the metal importers and not those of the cotton.

Mr. LAWSON. That is right.

The CHAIRMAN. Well, the fact is, though, Mr. Lawson, that according to the evidence we have before the committee, as barter transactions increased, dollar transactions likewise increased. As barter transactions decreased, dollar transactions decreased. And now our exports have dropped from well over 5½ million bales of cotton to 3 million this year.

Mr. LAWSON. That is true. In 1957, they exported 7,600,000 bales of cotton. Of that the barter was 967,000.

In 1958, they exported 5,700,000 bales, of which the barter was 465,000 bales.

This year they estimate there will be 2.8 or 2.9 million bales exported. Of which barter will be 500,000.

Mr. POAGE. The barter this year will be approximately 20 percent of the sum total, whereas in the year before, it was about 10 percent. In other words, the percentage of barter has gone up, nearly has doubled this year.

Mr. LAWSON. That is probably true.

Mr. POAGE. The percentage of barter has gone up but the total amount of sales has not gone up.

Mr. LAWSON. I would venture to say that if people won't pay dollars for any cotton, then they all want to barter for it.

Mr. LATTA. I am sure your statement has made a significant contribution to these hearings this morning. I think you pointed out something that has been overlooked in the barter transactions and that is that it has a significant effect on the price of the commodity. I can see every reason why the prospective purchaser of cotton takes advantage of it.

Mr. LAWSON. That is right.

Mr. LATTA. He can buy that cotton cheaper, and certainly, it will have an effect on the price of cotton and an adverse effect on the cotton producers of the United States.

Mr. LAWSON. Yes, sir, of course.

Mr. LATTA. I think you have made a very significant contribution.

Mr. LAWSON. Of course, frankly, the law reads that it will not be used to upset prices and markets. I think that is part of it.

The CHAIRMAN. Thank you very much, Mr. Lawson.

Mr. LAWSON. Thank you.

The CHAIRMAN. We will now call Mr. William C. Helmbrecht, Jr., of Dallas, Tex., on behalf of the American Cotton Shippers Association.

Do you want to file the statement and speak extemporaneously, or would you rather read your statement?

Mr. HELMBRECHT. I would like to present the statement in full.

The CHAIRMAN. We only have about 20 minutes remaining.

Mr. HELMBRECHT. If you prefer, I can present my statement regarding the barter provisions, if we might be given an opportunity at a later date to present the other matter.

The CHAIRMAN. You better go ahead with your statement as it is.

**STATEMENT OF WILLIAM C. HELMBRECHT, JR., DALLAS, TEX., ON  
BEHALF OF THE AMERICAN COTTON SHIPPERS ASSOCIATION,  
ACCOMPANIED BY JOHN C. WHITE, COUNSEL**

Mr. HELMBRECHT. My name is William C. Helmbrecht, Jr., and I live in Dallas, Tex. I am chairman of the Foreign Affairs Committee of the American Cotton Shippers Association, and am appearing for the association in opposition to the barter provisions of H.R. 7983.

The American Cotton Shippers Association is the national trade organization of cotton merchants and exporters. Our individual members handle about 90 percent of the cotton sold to mills here and abroad. Its affiliates are the Atlantic Cotton Association, Arkansas-Missouri Cotton Trade Association, Oklahoma State Cotton Exchange, Southern Cotton Association, Texas Cotton Association, and Western Cotton Shippers Association. Among the activities of the association under supervision of my committee are the relations with the various associations and exchanges in foreign importing countries. We have agreements governing the terms of sale and the arbitration of differences as to quality and deliveries with the Liverpool, Bremen, Ghent, Haver, Barcelona, Milan, Rotterdam, and Japanese exchanges, among others.

I would like to add that all of those boards are recognized by the Department of Agriculture, and are signatories to the Universal Standards Agreement.



We maintain American expert classing representatives who sit on appeals for class in all principal foreign cotton markets. Jointly with the American Cotton Manufacturers Institute, our association maintains the Cotton States Arbitration Board at Atlanta, to settle any disputes arising from shipments to domestic mills.

The American Cotton Shippers Association has been a strong supporter of sound Export-Import Bank loans to cover the credit needs of foreign countries consuming U.S. cotton. We are aware of no important losses in this field.

We have accepted somewhat reluctantly the foreign currency sales program, and are on record in favor of a temporary extension of Public Law 480 program, with the suggestion that greater care should be taken to see that foreign customers using their own dollars are not subjected to unfair competition.

We are opposed to the barter program for cotton as unnecessary and costly and because it interferes with sales for dollars, creates price uncertainty and demoralizes markets.

At its annual convention in New Orleans on May 8, 1959, the following reports stating the official position of the association with respect to the extension of foreign currency sales and barter were adopted.

From the report of the committee on national affairs:

#### FOREIGN CURRENCY SALES

The association feels that sales of cotton under Public Law 480 for foreign currencies may be harmful to our foreign customers using their own dollars. We therefore recommend that the law be so administered as to lessen this harmful effect. While we favor continuance of Public Law 480 on a temporary basis, we believe its authorization for any long term is unjustified.

#### BARTER

This association has never been convinced that barter is an effective method of international trade. We recommend that the barter program for cotton be discontinued as unnecessary and costly and because it interferes with sales for dollars, creates price uncertainty, and demoralizes markets.

From the report of the committee on foreign affairs:

#### BARTER

The relatively small number of barter transactions made to date have seriously disrupted the price structure for American cotton in countries where they have been consummated and have clouded the export picture generally. We seriously doubt that the value of the stockpile material obtained outweighs the demoralizing effect these transactions have had on export markets for cotton and the expense involved to the U.S. taxpayers.

We therefore record our strong opposition to barter business in principle and request that this expression of our views and reasons therefore be transmitted to the proper officials in the Department of Agriculture and to the Senate and House Committees on Agriculture.

#### BARTER UNNECESSARILY REPLACES DOLLAR SALES

It is our belief that in the approaching season, any barter program—and particularly a virtually mandatory one, in addition to the export subsidy is useless, costly and demoralizing.

It is useless because any cotton exported through the barter route, will replace a bale which could be exported for dollars.

It is costly because barter discounts ranging from 6 to 20 percent can come only out of the U.S. Treasury in some way or another.

It demoralizes our foreign markets because the spinners who benefit from the barter discount place their competitors at a serious disadvantage and any market which is a barter favorite, places competitive countries at a disadvantage. It further increases the price disadvantage of our domestic mills.

Barter business, moreover, is peculiarly unfair to smaller exporters. It can be utilized more easily by the largest firms. On the other hand, both foreign currency and dollar sales are equally available to large and small shippers.

Our objection to barter is that, with an export subsidy, it is not necessary and disrupts price stability. It prevents the orderly sale for cash of U.S. cotton in foreign markets. Contrary to the premise that barter disposes of surplus cotton which otherwise could not be sold, the barter program itself has been responsible for the loss of more U.S. cotton sales abroad than it has increased exports. Under the barter program, minerals delivered to the Commodity Credit Corporation are imported ex-quota and tariff-free. The overprice paid by the Government for the imported minerals, at least to the extent of the barter discount, has resulted in the expenditure of taxpayers' funds in excess of the amount for which the stockpiled materials could have been acquired by efficient negotiation on a cash basis. The maintenance of minerals' purchase prices by the Stockpile Division of CCC seems to flavor the metals leg of the barter with a global price-supporting motive rather than with a purely stockpile objective.

To our knowledge, there have been no instances where the metals import and the cotton exports have been handled by the same U.S. cotton exporter. The two fields are diversified and sufficiently technical to discourage a participation in both fields by one firm. As a result, a portion of the difference between the price at which the stockpiled items could be bought for cash and the price at which they are sold to the Commodity Credit Corporation is passed on to the cotton exporter as inducement to him to fulfill the metals importers' obligation to CCC. The importance of the inducements can only be appreciated when it is realized offers of barter funds have been made this cotton season at discounts ranging between 6 percent and 20 percent of the total export sales price of the cotton acquired from CCC stocks. We have recently heard that as much as 25 percent was offered to clear up some old contracts before next season, beginning August 1. These "barter discounts," as they are termed in cotton circles, are in addition to the existing export subsidy paid out of taxpayers funds. The cotton merchandising business is highly competitive, so that a large number of merchants constantly strive for the same business in each foreign country. The barter discounts, therefore, accrue almost in their entirety to the benefit of some particular foreign spinner in the form of a cotton price reduction.

The availability of barter contracts is limited and uncertain. It is extremely confusing to our spinner-customers to receive an offer today at 25 cents per pound, cheapened by the barter discount, and to be asked 28 cents tomorrow for exactly the same quality because a particular barter contract has been completed. Our customers abroad cannot price their yarn and textiles on the basis of spasmodic



purchases of cotton under the barter program because it probably will not be available at such a price when needed to fill their commitments. They cannot wait or close their mills hoping for another barter opportunity. From the cotton aspect of the transaction, the discounts amount to unnecessarily increased export subsidies available spasmodically only in arbitrarily selected countries to those particular spinners who are able to take advantage of a fleeting opportunity when it arises. There seems to be no way for the cotton trade here or the mills abroad to anticipate these extra and unique subsidies.

This barter program, by disrupting or threatening to disrupt prices everywhere abroad, is doing net harm to the export disposal of U.S. surplus cotton. The American Cotton Shippers Association makes this statement advisedly. I should like to read you a letter from the president of the Liverpool Cotton Association to our association giving their views in this respect.

The date of that letter was June 8, 1959, which is omitted from the statement.

Mr. S. M. McASHAN, Jr.,  
*President, American Cotton Shippers Association,*  
*Care of Anderson, Clanton, & Co., Inc.,*  
*Houston 1, Tex.*

DEAR MR. McASHAN: Thank you for your letter of May 30. We are also very strongly opposed to the barter business to which you refer. In our experience the very fact that it is possible has an even worse effect than an export subsidy which may be altered arbitrarily at any time. In fact potential buyers have delayed their purchases until the last possible moment in order if possible to obtain their requirements at the barter price. In the meantime the prices of outside growths, in anticipation of more barter deals, generally tend to fall and this completes the vicious circle by setting a new and lower general price level for American and American-type cottons. We feel that the demoralizing effect on export markets is completely out of proportion to the comparatively small amount of cotton business which results from such transactions.

In Liverpool the bad effects are felt not only in the actual cotton market but in the futures market where confidence in forward prices is of the utmost importance.

It appears to us that the overall damage to the U.S. export trade, together with the increase in American taxation which this practice must entail, have resulted in a most illogical situation which, if it is to continue, will militate against a restoration of stability in world cotton prices and of a recovery in international trade in cotton textiles—to the general detriment of the free world economy.

Yours sincerely,

E. R. ORME,  
*President, The Liverpool Cotton Association, Ltd.*

Similar expressions have been received from other foreign markets.

In your deliberations and reconsideration of the barter program, it cannot be overlooked that, internationally, all growths of cotton constitute a single pool. The major importing countries today do not have serious currency problems or cotton import quotas and duties, so the sale of cotton is limited only by the industry's ability to consume profitably. If we should dispose of a few bales of U.S. cotton by bartering with a country having balance-of-payment difficulties, our barter sale displaces some other growth of similar cotton. But that doesn't make the foreign cotton disappear. Experience shows that it will be sold in the same or another market tomorrow and eliminate what would have been an outlet for U.S. growth.

During periods of oversupply of cotton, which exists today on a significant scale, it is evident that the foreign seller of cotton with the greatest financial pressure to convert his crop into cash will meet or undercut the price level resulting from our barter program. The barter program is a built-in deterrent to our objective of keeping a fair share of the world cotton market and is one of the major influences tending to keep markets disturbed and mills unwilling to carry normal stocks.

Any claim of additionality under the barter program is at best valid only for countries with balance-of-payment difficulties and import control.

Japan, Hong Kong, Australia, Canada, and the major cotton consuming countries of Europe are not eligible for cotton sales agreements under title I of Public Law 480 because of their inability to satisfy the additional requirements of the act. Yet over three-fourths of the cotton moving under the barter provision of title III currently is to these same countries under a presumed additionality.

The Department of Agriculture has the responsibility for the determination of additionality. Any supplemental information it may obtain from individual cotton exporters can relate only to a particular sale to a given buyer. No individual shipper is in a position to determine overall additionality for any country.

No additionality determination is required for Hong Kong and the other so-called C countries.

In some of these countries cotton acquired in barter transactions was applied to preexisting sales for dollars without price adjustment.

According to fiscal year 1959 (through June 6, 1959), statistics furnished by the Department of Agriculture identifying the destinations to which cotton has been exported under the barter program, less than 25 percent went to countries with balance-of-payment difficulties and unidentified C countries. There is one instance where the barter program has worked a signal injustice. Hong Kong is a free port and enjoys complete freedom from foreign exchange restrictions; Hong Kong textiles can be sold with profits into the export market at prices which are usually cheaper than those from Japan and Europe; they are already the most disrupting factor competitively in the international textile markets. Yet, somehow, Hong Kong is a C country for cotton. A far greater proportion of the Hong Kong imports of U.S. cotton have enjoyed the cheapening effects of the barter program than the imports by any other country.

Of the \$38.1 million of barter cotton exported this season to June 6, the following countries, with complete freedom of cotton imports for payment in free dollars, received over 75 percent of the total:

*Destination of cotton exports under barter program (1959 fiscal year through June 6)*

	<i>Millions</i>
Netherlands-----	\$0.1
Belgium-----	1.3
Canada-----	3.2
Hong Kong-----	6.3
Italy-----	3.2
Japan-----	6.9
South Africa-----	0.1
United Kingdom-----	7.7

Source : USDA.



The barter program is highly discriminatory to small exporters. The program favors the large cotton merchants at the expense of the small- and moderate-size exporters. Barter is initiated by the mineral importers. Until a particular contract is balanced by cotton export commitments, funds are open to a given destination. A few large cotton merchants can and usually do contract in one gulp most of the available cotton counterparts of the barter available. Their risk is negligible because of the relative insignificance of the quantity involved compared to their overall operations. For a small merchant, like myself, the risk of guaranteeing the shipment within a given time limit of a relatively large quantity to a country designated by the metals importers, sometimes where the number of potential cotton buyers is limited and often where the most capable selling organizations are those of the biggest cotton exporters, is much more significant. Furthermore, the metals importers understandably prefer to contract for the cotton counterpart with only one cotton shipper rather than farming it out piecemeal to small firms, many of whom are unknown to the importer.

The present barter program, as it applies to cotton exports, stifles competition among cotton merchants, impairs the selling ability of U.S. cotton at normal prices in the most important foreign markets, undermines confidence in world cotton prices, and increases substantially the cost to the taxpayer of the minerals stockpile program. It does not help agriculture and it has added to Government-held stocks of minerals which have been declared recently to be in surplus supply themselves to the extent of about half the total holdings. Economically, barter is a backward step and the program, as applied to cotton, is not in the interest of the taxpayer.

#### EXPORTERS' PROFITS MISREPRESENTED

My statement to this committee would not be complete without calling attention to some misleading testimony which was presented to you last week. Examples have been cited of unusually large profits to cotton merchants in connection with sales made against Public Law 480 authorizations filled with cotton purchased from CCC stocks. The number of bales used in the example before this committee was 5,141 purchased from March 1956 to August 1957. Of that total, it was stated that "reclassification refunds averaging \$13.96 per bale on purchases involving 3,146 bales of cotton."

First, it must be understood that every bale of cotton sold by CCC is sold on competitive bids. Catalogs listing the cotton, its location, and its class are distributed to hundreds of merchants and domestic mills. Offers are received at stated times and the highest bidder gets the cotton. The law fixes a minimum price at which it can be sold, but to get the cotton a buyer must offer more than any other buyer. If there is any more efficient way of realizing full market value, neither businessmen nor lawyers have found it, and neither has the General Accounting Office, nor Mr. Naughton.

Quite possibly this whole question has arisen because of the large quality refund claims paid by the CCC, which as the General Accounting Office pointed out amounted to \$166,813,000 to February 1959. It seems to be obscured that these amounts were determined

by Government classers and on Government price differences. Or that they represent a refund of overpayments made by the purchasers, determined by the Government's own classers. It is somewhat surprising to us to find anyone arguing that it is reprehensible for this Government to deliver a dollar's value for a dollar.

Mr. LAWSON is now going to show you a few cotton samples which plainly illustrate some of the many factors which determine the value of cotton to a textile mill buyer.

Mr. LAWSON. I will make this short. I know you are in a hurry.

I would like to show you the difference in values of cotton, caused by age. When cotton is first picked, it is white. I do not know whether you can see this or not. Some of it is not worth much. This is the yellow. This is the white. The old cotton turns yellow. This is white. Can you see that over here? This is one from 1957 and one from 1959.

Mr. JOHNSON of Wisconsin. The white is from 1959?

Mr. LAWSON. Yes. Of course, that makes a difference of some, we will say—

Mr. POAGE (presiding). Were both classed as the same grade?

Mr. LAWSON. I do not know whether they were. I was trying to show the difference. This cotton may have been classed the same originally. The 1959 cotton is not classed. It could have been classed originally and it might have been the same thing when it was classed, but after it sat in the warehouse for 2 or 3 years, it has turned yellow and red, which decreased the value of the cotton. So, therefore, CCC sold this cotton to the exporter on the original class. It was a white bale of cotton, but it sat in the warehouse, it turned red and yellow, which is much inferior in value to the spinner.

Mr. POAGE. What I wanted to get at is the cotton was classed as white cotton when it was first classed and now it is not white cotton?

Mr. LAWSON. That is right, it was caused by age.

Mr. POAGE. There is so much difference of opinion among cottonmen—I do not know who is right but some cottonmen have told me with a straight face and I think they believe it absolutely, that if you put spotted cotton in a bale, and let it stand for 6 months time the spots will disappear.

Mr. LAWSON. It depends on what caused those spots. If they are frost spots, it will not disappear. If it has some brown spots, it will disappear.

Mr. JOHNSON of Wisconsin. They will probably absorb the color in the total bale.

Mr. LAWSON. If it is a frost spot, it will turn from a spot into what we call a tinge. This is the reason for these repayments to cotton shippers. They bought the cotton in 1957; they bought cotton which was classed by the Government as far back as 1952. That cotton was white in 1952, but it sat in the warehouse and was stored, we will say, for 4 or 5 years, and the Government never classed it again. So when they sold it to the shipper, there was a reduction in value of \$20 or \$25 a bale.

Other factors enter into it, too. I won't go into this too long because you are in a hurry.

The fineness of the fiber, which the Government pays no attention to in classing the cotton and which the cotton buyer has to take a



chance on, we call micronaire. The micronaire for this would be 4.5. For fine, the market price would be 2.5. There would be a difference of \$15 to \$20 a bale. But the Government classed that cotton as Middling.

Mr. POAGE. They do not give the market price. You do not get a refund on that market price?

Mr. LAWSON. No, that is just one of our risks.

Mr. JENNINGS. As I understand it, you are not questioning the fact that certain rebates were made due to different classifications primarily due to deterioration?

Mr. LAWSON. That is right.

Mr. JENNINGS. How was that cotton sold to the purchaser? Was that passed on to the purchaser?

Mr. LAWSON. I do not know. I guess practically every cotton shipper—

Mr. JENNINGS. I think that would be rather important, though, don't you?

Mr. LAWSON. Knowing the trade like I do, I do not think it is.

Mr. JENNINGS. I do not know the trade.

Mr. LAWSON. We have to fight just as hard for business when we were getting these discounts as we did before; I mean on normal cotton. In other words, the discounts are passed on to the foreign seller.

Mr. JENNINGS. That was my question. Very definitely that discount was passed on to the foreign spinner.

Mr. HELMBRECHT. May I answer that?

Mr. JENNINGS. Yes.

Mr. HELMBRECHT. Part of that will be explained in the rest of this statement. And I would like to point out in specific answer to your question, that any dissatisfaction by the foreign buyer on what he receives resulted in quality claims or arbitration awards, which were paid by our members.

Mr. JENNINGS. And not by going back to CCC and getting a rebate or a difference on the classification?

Mr. HELMBRECHT. The cotton merchant bought from CCC and made a contract which he fulfilled with CCC according to rules which were published and written by the Government. The cotton merchant's transaction with the foreign buyer is made on a different set of rules, but the cotton merchant also lives up to those rules. There are two contracts involved and they are quite separate and distinct. There is no guarantee on the part of the CCC to reimburse the cotton merchant for any losses he might sustain as the result of inferior quality delivered.

Mr. JENNINGS. The only guarantee on the part of the CCC, if there is any inferior on the part of the initial contract, they will make that up.

Mr. HELMBRECHT. Up to now that has been true.

Mr. JENNINGS. That is what I understood.

Mr. LAWSON. If you are interested, here are two samples of cotton which are definitely different which were classed the same grade by the Government. We do not think that the Government should ram down our throats this class on this 1958 cotton. They say they are going to sell the cotton without reclassification. Well now, I do not

think we are going to buy that cotton. It is going to sit there. I think the Government should guarantee a dollar's worth for a dollar. If they are going to give us some of this old cotton that has turned red, perhaps, that they originally classed, as Middling, white cotton, we have a loss of \$20 to \$30 a bale on it. I do not think we can afford to take the risk, and I do not think we will even buy the cotton.

Mr. POAGE. The Government has up till now stood behind its catalog classification. If I understand it correctly, the Government has heretofore made good on the catalog classification.

Mr. LAWSON. Yes.

Mr. POAGE. If it sold you Middling and if it did not turn out to be that, they made good on it?

Mr. LAWSON. We left it up to the Government to stand behind it.

Mr. POAGE. It has now announced that it will not in future sales make the grade good?

Mr. LAWSON. That is right.

Mr. POAGE. They will make no adjustment?

Mr. LAWSON. Make no adjustment at all.

Mr. POAGE. That is the present rule, if I understand it.

Mr. LAWSON. That is right.

Mr. POAGE. Now then, as a practical matter, what will happen, is it not, that you and Mr. Helmbrecht and anybody else who is buying cotton is simply going to offer less for that cotton because when you see the catalog, you are going to estimate about what the discount is going to be; you will know there is a certain percentage of it that won't be up to class, and then you will throw in a little for good measure to protect yourself, and then figure what you could pay for this cotton, if it is three grades lower than it is represented to be, and come out on it? You are going to make a bid based upon this lower class rather than upon the catalog classification?

Mr. LAWSON. That is true. But the trouble about that is that they have limits below which they cannot go to buy the cotton, I mean, they will not sell the cotton at less than 110 percent of the loan, you know. We could not set our price 2 cents or 3 cents below that and buy the cotton.

Mr. POAGE. You may not get any cotton.

Mr. LAWSON. We wouldn't get it.

Mr. POAGE. But in any event your bid will be something less than otherwise it would be.

Mr. LAWSON. There would be no sense in bidding under their minimum price whatever it was. I think it will slow up the movement of the 1958 carryover terrifically.

Mr. POAGE. I think it will slow it up, too. I do think that your bidding probably will be a good deal less. As I see it the Government will get less money than otherwise.

Mr. LAWSON. We won't bid under the minimum. If it is Middling, if they have a thousand bales of Middling, inch and a thirty-two second in there and the minimum price is so much, and we think that it will be so much inferior, there would not be any use to bid the Middling price.

Mr. POAGE. You are going to buy some cotton, if you can and the Government will have about 90 or 85 percent of this coming crop?

Mr. LAWSON. That is right.



Mr. POAGE. It will be Government cotton.

Mr. LAWSON. It is mighty hard for us to stay in business in competition with the Government.

Mr. POAGE. I understand you. I am trying to see what you could do as a practical matter. You will try to bid on the cotton but you will bid less than you otherwise would. If it is accepted, the Government will receive less money than it would otherwise receive. My own opinion is that the Government will ultimately wind up selling this cotton for less money than it would have received had it guaranteed the grades and paid the adjustments. I think the Government is going to wind up losing money on the new arrangement. But that is the decision they have made.

Mr. LAWSON. They won't lose money. They won't sell the cotton.

Mr. POAGE. They will ultimately lose money. The Government is not going to eat the cotton.

Mr. LAWSON. They will have to reclass it.

Mr. POAGE. Then they will take less for it and the Government will wind up taking less money, in my opinion, than they would have secured had they gone ahead and sold it under catalog and guaranteed the grades.

Mr. LAWSON. Plus all of the interest and storage charges.

Mr. POAGE. That would be an extra loss.

Mr. LAWSON. Yes.

Mr. JENNINGS. Where are you going to get the cotton?

Mr. LAWSON. From the 1959 crop.

Mr. JENNINGS. You are going to buy the 1959 crop?

Mr. LAWSON. Yes.

Mr. JENNINGS. Then you are short-circuiting the CCC as another agency—I do not see any difference.

Mr. POAGE. You are not going to buy anything in 1959 except "B" cotton?

Mr. LAWSON. And the resale cotton.

Mr. POAGE. You are going to buy that from the Government?

Mr. LAWSON. That is right.

Mr. POAGE. You are going to get that cotton?

Mr. LAWSON. Yes, we hope.

Mr. POAGE. If you get it, all right. Our time is running out. We will have to proceed.

Mr. HELMBRECHT. As a result of congressional complaints Agriculture has announced that its new sales program will not provide for reclassification. What benefits this will accomplish is difficult to see. Anyone buying 1958 cotton will have to do so on its original loan class with the knowledge that it almost certainly is incorrect. The bidders have no opportunity to inspect samples or the cotton; and, if ever an action is likely to injure small merchants, this is it. The association has suggested that the 1958 loan cotton be sold on basis bids against bank letters of credit, the actual price to be determined and collected by CCC when the cotton is reclassified on samples drawn at time of shipment. This will avoid refunds, since the Government will collect the correct purchase price initially.

Now let's look at the other end of the deal, about which the General Accounting Office complains, the sales of cotton under Public Law 480 financing. We are confident there is no intentional misrepresentation but erroneous impressions can be just as damaging.

Cotton exporters sell cotton to foreign consuming mills in various types of transactions: First, foremost, and preferable to a merchant, is a sale for dollars involving no U.S. governmental agency financing; second, there are sales financed under loans from the Export-Import Bank which makes no attempt to act as guardian for foreign buyers; third, there are sales financed by ICA; and fourth, there are sales financed under Public Law 480.

In each case competing cotton exporters offer cotton for sale through agents by cable, and by personal solicitation to buyers for foreign mill users. In case of sales to be financed by ICA no offers can be made until 7 days after the procurement authorization is issued. With a few exceptions the basic terms of the sales with which we are concerned are identical. For instance, all cotton sold to Great Britain is subject to Liverpool rules. It is inspected, sampled, and weighed upon arrival at Liverpool under supervision of independent controllers representing the buyer and the seller. The weight so determined is final. If upon inspection the buyer is not satisfied that the cotton is of the correct quality, he will assert a claim for the difference in value. If the claim is not agreed to and paid voluntarily, the sample goes to the established arbitration board, and its decision as to the quality of the cotton is final, unless appealed, in which case the decision of the appeal board is final. This board in Liverpool bases its decision upon universal standards for U.S. cotton and the Department of Agriculture recognizes it as the final arbiter as to the correct class of U.S. cotton in Great Britain. The same procedure is followed in other foreign markets.

Not only does the buyer of cotton financed under Public Law 480 have the right to insist upon this review of the cotton he received, but the various Public Law 480 authorizations expressly give the Department the right to request it, regardless of the buyers' wishes. It is doubtful whether the buyer will appreciate such action and it will be unusual if cotton satisfactory to the buyer does not meet contract specifications, but if the Department thinks the buyer needs a guardian, the procurement authorization terms enable it to act in that capacity.

I'm sure the committee understands that both ICA and Public Law 480 funds are made available to foreign governments, not to importers or to American exporters. In the case of cotton, again with certain exceptions, the recipient country grants subauthorizations to cotton mills in its country. This association is not aware of any subsidiary-parent relations between American cotton suppliers and foreign mill buyers who control Public Law 480 subauthorizations. These Public Law 480 sales, like others are arm's length, competitive sales. Kick-backs in either direction are expressly prohibited, by both ICA and Public Law 480 contract terms, and constitute criminal offenses.

Since CCC sells the cotton to the highest bidder on its own class, on the one hand; and the foreign buyer is satisfied and fully protected by rules and procedures he has been chiefly responsible for, on the other, the complaint seems to be that the CCC hasn't adequately supervised and controlled the earnings and profits of private commercial enterprise it was directed to use. The complaint is more peculiar in the case of foreign currency sales because that act was sold to the taxpayers on the ground that the United States would, and presumably does, receive foreign currency equal in value at the time to the dollars advanced and



that such currency would be used to serve the substantial purposes of this country.

Apparently the complaint is based upon some 3,146 bales covered by exhibit III to the General Accounting Office statement, out of 7,539,801 bales of cotton exported in 1956-57, of which some 1.5 million bales of cotton were financed under Public Law 480. No reputable statistical firm would accept such a sample as representative.

It is not easy to get specific data with respect to unidentified transaction of individual firms, but we have obtained that information regarding the shipments identified in exhibit III as shipments I, J, K, and L. This 1,518 bales was part of purchase lots of 24,045 bales purchased from CCC, or less than 6 percent of the cotton bought. Without checking out the sale of each individual bale it cannot be told whether the 1,518 bales represented the best cotton in the lots purchased, or the average. It cannot be told whether any adjustment for reclassification was made on the specific bales.

We find the General Accounting Office presentation of shipment I on exhibit III showing a gross profit of \$17.50 a bale revealing in its omissions. On page 2368 of the 1960 appropriation hearings there is found an unattributed table, which we are justified in assuming originated with that same office. On this same transaction that table shows a refund to the importer of \$15,560.92, and an estimated gross profit of \$4.14 per bale, which could have left little or no net profit to the exporter.

Shipments J, K, and L moved to Italy. This 353 bales was selected out of lots 11,718 bales purchased from CCC and represents 3 percent of the cotton so bought.

The General Accounting Office failed to show and deduct some rather substantial costs:

No allowance is made for freight in moving the cotton from the interior warehouse to the port-----	\$3. 53
No allowance is made for storage, weighing, sampling, compression to high density and delivery to steamship-----	6. 00
No allowance is made for foreign selling agent's commission and controlling charges on arrival-----	1. 00
(That commission that is usually controlling is closer to \$2 per bale.)	
Sales were made on a net weight basis, whereas CCC purchases are on a gross weight, including bagging and ties-----	5. 60
These omitted, direct expenses amount to (per bale)-----	16. 13

Nothing is said or disclosed as to the respective dates of the purchases and sales compared. Shipment L of 102 bales shows how important a factor this may be in any analysis of cotton merchandising profits. The sale was made on April 3, 1956, for forward shipment in September 1956. Section 203 of the Public Law 480 extension act, making mandatory a lower minimum CCC export sales price, became law on May 28, 1956. The CCC reduced its sales price from 27.50 cents per pound for Middling 15/16' cotton on April 24 to 25 cents on June 12. This statute, which was neither sought nor supported by this association, nor the shipper involved, enabled the shipper to buy the cotton at \$12.50 a bale less than was contemplated at the time of the sale. This was not true in the case of shipments J and K.

The result of these corrections would be a gross profit before overhead of \$8.04 a bale of 5.75 percent on three picked sales. Since there are many other sales showing no such profits and some losses, that gross profit was not excessive.

Another erroneous impression, which the General Accounting Office conveys, is that the cotton exporters after receiving a reclassification and refund from CCC, then knowingly represented the specific cotton to be of a higher classification for the purpose of collecting more for the cotton from the CCC.

Taking the simplest possible case, which the General Accounting Office erroneously assumes is the only way business is done, the exporter would purchase cotton from CCC, then sell and ship the cotton to a foreign mill buyer. The cotton would be weighed, and then sampled as it was shipped out of the warehouse. The shipper on the basis of the sample he received determines whether he shall ask for reclassification by the CCC and if so, the warehouse forwards another sample to the Department's classing board, which in due course will class the cotton and advise the parties.

But the shipper doesn't sit around waiting for the results. They have nothing to do with the use he makes of the cotton in most cases, since this depends upon his own and his mill customers' judgment as to its spinning value. It may be conservatively stated that in none of the cases listed by the General Accounting Office did the shipper know the reclassification at the time he reported his sale to the New Orleans office of CCC. Under the law this previous class is *prima facie* evidence of the correct class until the result of the reclassification is known. It may also be conservatively stated that at the beginning of the 1956-57 program, regardless of their own views, shippers did not and could not know the extent to which the Department's classing board would recognize the deterioration in the CCC stock. Experience has taught them that the Department's boards differ just as commercial classers do.

If the cotton, when it arrives abroad, does not meet the mill buyer's requirements, if in other words it has been overdescribed to him, he is entitled to a refund on the basis of samples taken at the port of arrival, based on differences established in that market, and upon reclassification by cotton classers largely of his own nationality. In the case of Public Law 480 shipments, as we have pointed out, the CCC can also ask for reclassification. That reclassification is by contract and law binding upon all the parties.

In the ordinary transaction, however, the American exporter sells to the foreign mill buyer on a type, or generalized sample which represents the various qualities the mill is seeking to make its particular products. The parties may agree that the type falls within a certain description of the Universal Standards. In some cases the type may be sent to the Department for classification and where description is necessary that may be used. In general it can be said that the description shown on the report of the sale to CCC has no effect upon the price received by the seller and therefore, he has no motive to misrepresent it.

The quality claims recovered by ICA or under Public Law 480, except as they are based upon the foreign claim and classification we have outlined, do not affect the foreign user or the cotton exporter.



Mutual Security has had a sampling system and pricing check of its own, and it has made claims against foreign recipient governments. This has made the foreign government provide free dollars, unless the amounts reclaimed are reprogramed, which usually had been the case. These claims did irritate the foreign mill buyers who were at first accused by their governments of being inefficient in their purchases, until they and their governments came to regard these claims as a peculiar but unavoidable form of redtape. These recoveries have not been made, and under the regulations and contracts cannot be made from the cotton exporters, so long as they perform their contracts with the individual mill buyers.

This association is not in position to question the statement of the General Accounting Office as to the procedure followed by the CCC New Orleans office in checking prices of sales reported to it only against the domestic level of prices. That procedure was certainly not revealed to the trade. Every exporter, and every foreign buyer, however, was well aware of the existence of the two-price system. The prices at which the CCC sold are promptly reported by it and published both here and abroad. The sales prices reported, moreover, had been reached through competitive sales, with other domestic and foreign exporters and any statistical check was less effective evidence than a price for the particular cotton, to be delivered at a particular time and place, reached in a highly competitive market. That CCC office has before it all the Public Law 480 sales made each day and some basis for comparison existed there, even admitting that a wide range of value exists within a particular description.

Earlier we mentioned the wide variation in profits which could result from a change in conditions, in the particular case the reduction by statute of the CCC sales price, between the date of a sale and the purchase of the cotton to fill it. In one recent season, foreseeing a shortage of high-grade cotton, some cotton merchants made large purchases of cotton so described from CCC. But as differences widened, both domestic and foreign mills discovered they could use cheaper low grades, and the merchants had to carry their high-grade stocks for considerable periods before they could sell them, and even then with heavy loss. The question of whether and when to buy and when to sell, whether or not to hedge forward sales and purchases, is the essence of cotton merchandising, and neither the merchant, his banker, or the income tax collector attempts to determine profit or loss upon a particular bale of cotton, which is what the General Accounting Office is apparently attempting to do.

The condemnation of the General Accounting Office and Mr. Naughton is based on 3,146 bales out of the 1.5 million bales exported during 1956-57 on Public Law 480 financing. The sample was not only too small to be representative, but as we have shown the figures in those very transactions, to the extent we have obtained them, grossly misrepresent the results, and we think justify the conclusion that competition, the foreign mill's interest in getting the most for his money, and established foreign quality arbitration prevent any excessive profits on Public Law 480 financed shipments just as they do on regular dollar sales.

Mr. POAGE. Thank you very much, Mr. Helmbrecht. Yours has been a very informative statement and one that the committee appreciates.

Anybody want to ask any questions?

The committee will stand in recess until 2 o'clock this afternoon, at which time we will consider the release and reassignment of the acreage bill, H.R. 7740.

(Whereupon, at 12:30 p.m., the subcommittee recessed to reconvene at 10 a.m., Thursday, July 23, 1959.)





## EXTENSION OF PUBLIC LAW 480

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THURSDAY, JULY 23, 1959

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, D.C.*

The committee met pursuant to recess at 10 a.m., in room 1310, New House Office Building, Washington, D.C., Hon. Harold D. Cooley (chairman) presiding.

The CHAIRMAN. The committee will be in order.

We have a rather tight schedule this morning as we have to adjourn this meeting by 11:30. We have several distinguished witnesses I want to hear from. We are going to start the hearing this morning with Mr. Otto Goedecke, from Hallettsville, Tex. I am going to ask our distinguished colleague, who represents that district and a great deal more of south Texas, to introduce him, Mr. Clark W. Thompson of Texas.

Mr. THOMPSON. Mr. Chairman, it is a very great pleasure for me to introduce this first witness this morning. He has a unique history and one of particular interest to this committee, and particularly to the Family Farm Subcommittee.

Mr. Goedecke operates in Hallettsville, Tex., which is right in the middle of the family-farm country.

He came there in 1932 and was a one-man firm, operating as a cotton merchant. He has grown until he now has 70 people working for him in Hallettsville and counting those around the rest of the State, he has 100 or more.

Some years ago, it was my privilege to take the subcommittee on a visit down to Texas and, just by a rare accident, we happened to wind up in Hallettsville on the night of the high-school rodeo finals.

The CHAIRMAN. A pure coincidence.

Mr. THOMPSON. Ever since that time, the members who are present have wanted to repeat that accident. On that night we were entertained at a barbecue supper in the home of the mayor, Mayor Mibosca. Just last week, the mayor was speaking at the dedication of the new plant which Mr. Goedecke opened in Hallettsville. This is what he said. It is very brief:

We come here this afternoon not to welcome Mr. Goedecke in our midst, but to pay our respects to him for what he has done for this community.

It was more than 25 years ago that Mr. Goedecke came to this community and established the Otto Goedecke Inc. cotton merchant business. In recent years, he has grown out of the community, and through the station, Nation, and world.



Mr. Goedecke is a man of perseverance and through his hard work and experience his business has grown to be one of the largest in the world. He has proved that there is an opportunity in small town with small capital where there is determination such as Mr. Goedecke's.

It is a great pleasure to introduce Mr. Goedecke to the committee, and to request each member that he give careful attention to what he has to say.

The CHAIRMAN. Mr. Goedecke, we are delighted to have you with us.

We will be glad to hear from you.

**STATEMENT OF OTTO GOEDECKE, COTTON MERCHANT,  
HALLETTSVILLE, TEX.**

Mr. GOEDECKE. Mr. Chairman and gentlemen. My name is Otto Goedecke. I am president of Otto Goedecke, Inc., with headquarters at Hallettsville, Tex., and branch offices and agencies in the principal cotton markets of the world. We are merchandizers of cotton both in the export and domestic field. The CCC sales announcements which are indicative of volume of cotton exported by cotton firms ranges our firm in second place for this season. In other words, we happen to be the second best customer, this last year, of CCC. I have been asked to present some facts and figures in connection with the extension of Public Law 480, especially in connection with H.R. 7983.

It is my understanding that opposition to the extension of the barter section has been voiced in these hearings so far as it pertains to cotton.

The allegations made before this committee that barter transactions involving cotton have displaced free dollar sales and have disrupted world market prices can best be refuted by the fact that exports of cotton from the United States this season are running 51 percent below a year ago, and 67 percent less than the year before last. This year there is a total of 2.8 million bales against 5.7 million bales for the 1957-58 marketing season. Exports of Mexican cotton, our closest competitor for the hard currency markets of the world, increased over last year by 27 percent and 40 percent over the year before.

I should like to quote directly from the Monthly Review of the World Situation published by the International Cotton Advisory Committee dated June 1959:

Through June 12, sales by the CCC for export this season amounted to 2.35 million bales. In addition, close to 400,000 bales have been registered for export under the payment-in-kind program making a grand total of 2¾ million bales.

Authorizations through June 1 under Public Law 480, the Mutual Security Act and Export-Import Bank loans totaled \$316 million which would finance the export of around 2 million bales. Public Law 480 agreements for a further \$25 million have been signed but purchase authorizations have not been issued yet. During the fiscal year ending June 30, 1958, actual financing totaled about \$300 million or the equivalent of about 2.3 million bales. Over 300,000 bales have been delivered to barter contractors.

Official ideas on United States exports this season are now around 2.8 million bales compared with 5.7 million in 1957-58.

Mexican exports promise to be the second highest on the record. With shipments of over 1.5 million bales through April, it now appears probable that exports for the full season may be over 1.8 million bales and any addition to end-season stocks is likely to be quite moderate.

The following table will graphically deflate the assertion that barter interfered with sales for dollars, creates price uncertainty and demoralizes markets.

*U.S. cotton export programs, 1958-1959*

The Government-financed programs:	Bales
Titles I, Public Law 480-----	741
I.C.A.—Mutual Security Act-----	722
Export-Import Bank-----	530

Or a total of Government-financed programs of----- 1,993

The barter added to this, of 320 bales, makes a total Government program of 2,313.

The explanation further is, exports and finance authorizations issued through June 1, 1959. The source is page 19, table 1, of the International Cotton Advisory Committee, the June report on the world cotton situation.

After that, the total U.S. exports, 2,424. The source for that is the Cotton Division, Foreign Agricultural Service, exports through May 1959.

Examination of these statistics indicates that there were no sales of U.S. cotton of any consequence for free dollars. The obvious reason for this is that Mexican cotton and other foreign growths could be purchased cheaper with U.S. dollars.

If the figures of exports by payment terms of our firm may be regarded as further indication of the trend, I am prepared to state for the record that;

Sixty-seven and six-tenths percent of our export sales this season were financed by ICA or Public Law 480, or the Export-Import Bank;

Twenty-five and two-tenths percent of our export sales this season were under barter; and only

Seven and two-tenths percent of our export sales this season were financed by free dollars and hard currency. So, without these Government-financed programs, we would have participated only in 7.2 percent of our export sales, which we were privileged to do this year.

During the past season, the countries who were receiving aid funds from the United States for cotton purchases have paid an average of 5 cents per pound premium over world market prices, using our aid funds. In other words, world market prices for the past 12 months hovered around 5 cents per pound under the U.S. export price.

Barter transactions allowed exporters on an average between 2½ to 3½ cents of this disparity by being enabled to contract with the strategic materials importers to complete the commodity end of the barter at some discounts which generally ranged from 6 to 12 percent. These barter discounts were nonetheless needed to make U.S. cotton competitive.

It is a further fact that at this 2½ to 3½ cents difference, for the most part, only the low grades, off colored and the shorter staple cottons were made competitive.

It has been stated that a barter contractor had the possibility to buy 40-cent cotton from the CCC and export 20-cent cotton because of the weight for weight requirement of the export program. The barter program this season started in earnest in December 1958. At that time, the remaining stocks of the CCC carried practically no 40-cent cotton—I would like to add that 40 cents under this export program would have meant 46½-cent cotton, and I don't believe we have ever seen cotton on the loan catalog that went as high as 46½ cents—but had a preponderance of low grade, short staple, weak



and wasty cotton. At very best, barter contractors could buy cotton in the average range of 25 to 30 cents which at barter discounts of 10 percent to 12 percent made it possible to reduce our offering price of U.S. cotton in world markets by  $2\frac{1}{2}$  to  $3\frac{1}{2}$  cents.

The low-grade cotton in the CCC stocks have been quoted at fair-sized discounts and this fact, combined with the barter discounts, has allowed a reasonable amount of these less desirable stocks of the CCC to move into world market consumption. Barter has amounted to a good and sensible disposal of an undesirable and expensive and depressing surplus. It has counteracted offerings of real low-quality cottons from Russia and Communist China.

Our domestic cotton mills have benefited to a degree by the export program, the barter program being a part of the overall effort to maintain our fair share of the world market for cotton.

By releasing the CCC stocks under the export program and making them available through substitution, the quality selectivity improved considerably to the domestic mills. The ingenuity of the textile mill technicians in this country allowed the mills to take advantage of the lower priced off color and medium low grades in the CCC stocks.

We have thus experienced through the export program and the barter programs a period of adjustment to the lower price levels now becoming effective on August 1 next for the domestic consumer of cotton.

In the light of the lowered sales prices for the next cotton season and the announced export subsidy of 8 cents, the basic export prices beginning August 1 will be approximately 5 cents lower than the past season. I would conclude that the Government not only saved storage and interest charges on cotton it bartered over the past 8 months but it saved, in addition, at least 2 cents per pound even though the bartered strategic materials might have been priced to allow 10 or 12 percent discounts to the commodity exporter. These discounts were necessary to compete in world markets. They did not constitute windfall profits to the exporter, nor did they disrupt world market prices.

The competitive system of our free economy will adjust at any time in the future to discounts on barter transactions where they will not become a threat to orderly marketing of U.S. cotton or disrupt world prices of cotton. As I look at the objections expressed to this committee, I find they have mostly resulted from administrative regulations and procedures. This should not detract from the basic objective of the Agricultural Trade Development and Assistance Act and the importance of section 303 which allows for the exchange of goods which we have in surplus in this country against strategic materials of which we have a shortage.

I submit that statement to you, Mr. Chairman.

The CHAIRMAN. Thank you. Are there any questions?

Mr. McINTIRE. I would like to refer you to the first page of your testimony, in the middle of the page, at the beginning, middle of the sentence:

\* \* \* this season are running 51 percent below a year ago, and 67 percent less than the year before last. \* \* \*

Now, this projection takes us back at least a period of nearly 2 years. How much of this decline of our exports in this period, to

which you refer, is the percentage related strictly to less barter, and what proportion is related to the world textile situation in that period? Not only in this country, but my information would lead me to the conclusion that certainly, in other countries, we have had a high inventory situation in cloth and a rather soft situation in the total textile market picture.

Now, what proportion of this percentage figure do you relate to this world situation in the textile industry, and what proportion of these figures are directly attributable to less barter?

Mr. GOEDECKE. Mr. McIntire, there is no doubt that the textile depression in the world markets, which has been going on for the past 2 years, and has only recently improved, that it had been influenced upon the general world market level of the raw cotton, and it is this fact that kept us out of the market, because our export sales program was at a fixed price; not flexible with the market situation. And as long as a year ago, it was evident to us that we would not be able to compete in the world market prices, with U.S. cotton under the export program, and at that time, it also was evident that only the cotton which we financed from this country be the cotton that we could sell.

The countries who are buying in the free market, who have free currency and can buy any place, they were buying in areas where the cotton is considerably cheaper than what we were able to supply them, and only by means of the barter were we able to maintain our connections of U.S. cotton in some of the markets that had these free dollars.

Mr. MCINTIRE. Well now, I don't want to press the point but you have not come to what I am searching for here.

There have been many observations made here, that just because there was a decline in barter transactions, there was a decline in U.S. exports of cotton.

What I am trying to get at—you have given some figures here—if you feel that you could indicate what percentages of these adjustments are attributable to the world market situation and our own pricing policy, as you brought as a third item, and how much is attributable to the decline of barter; because the observation is made that it is fully attributable to a change in the barter program.

Is it your opinion that change in the barter program is by far the major fact in this decline of exports, and had there been no change, there would have been no appreciable decline in the face of the world market, or was the world textile situation in such a position that the adjustment in the barter program was a very minor part in these percentages that you have given?

Mr. GOEDECKE. I would say that the adjustment in the barter program was a very minor part. We only bartered 300,000, according to these figures. That is, we were able to gather only 300,000; so it only amounted to maintaining contacts with those customers that otherwise would not have purchased this cotton from us.

Mr. MCINTIRE. Then would it be appropriate to make the observation that on the basis of your opinion it was predominantly a world situation, and a pricing policy outside of the barter program that resulted in these declines of export, and not a change in the barter program?



Mr. GOEDECKE. I would say that the world situation contributed to some extent, to a lessened demand for the cotton and consequently, with an oversupply of cotton in the entire world, we had a lower price situation in the world market price but if you also will refer to the further statements that were made here, the other exporting countries increased their exports, so we cannot contribute the decline in the U.S. cotton exports entirely to the world market situation.

We probably could have taken or would have taken our share of the decline but because of our pricing structure under the export program, we were denied this business that we normally should have had.

Mr. McINTIRE. But that was more attributable to the pricing structure than it was in any change in the barter program.

Mr. GOEDECKE. I would think so, if I understand you right. Yes.

Mr. McINTIRE. Thank you very much.

The CHAIRMAN. On that point, Mr. Goedecke, are we not merely a residual supplier of cotton?

Mr. GOEDECKE. When we hold our price above the world price, we become a residual supplier of cotton.

The CHAIRMAN. We do not sell until everybody else unloads their crop.

Mr. GOEDECKE. That is true.

The CHAIRMAN. And the practical effect of the barter program is simply to further subsidize the price of American cotton in the world market, is it not?

Mr. GOEDECKE. That is what it amounts to. Yes, sir.

The CHAIRMAN. We get exactly the same results if we were to add to the American subsidy.

Mr. GOEDECKE. I would so understand, in our new effort to bring our export sales program in line with world conditions, with the newly announced export subsidy, and our generally lower price level, that we will have this next season, after August 1.

The CHAIRMAN. But unless we are going to add materially to our total subsidy program, we are still going to find ourselves a residual supplier?

Mr. GOEDECKE. That is true.

The CHAIRMAN. In spite of the barter program, even though we have the assurance that the foreign purchaser would buy our cotton, they could still buy it for \$1 less from Egypt, Mexico, or Syria and that cotton is still there.

Mr. GOEDECKE. Yes, sir.

The CHAIRMAN. And it comes on the market.

Mr. GOEDECKE. Yes, sir.

The CHAIRMAN. And it comes on at a price lower than our established price structure, doesn't it?

Mr. GOEDECKE. Yes, sir.

The CHAIRMAN. Then, the result is that if we move 10,000 bales on a trade that we got all kinds of certificates, that we would not have made this particular trade if it had not been by barter. We then still have 10,000 bales in the United States, for which we don't have a market, because the Egyptian cotton or the Mexican cotton under-sells us?

Mr. GOEDECKE. That is right.

The CHAIRMAN. I don't see how the thing adds anything to the sum total of trade. I understand how it can particularly affect a particular transaction but how did it add anything to the sum total?

Mr. GOEDECKE. If you are talking about the sum total of the world consumption—

The CHAIRMAN. That is what I am talking about.

Mr. GOEDECKE. It does not add anything to it. That is true. It is just a question of the share that we, as the United States, will have in this total.

The CHAIRMAN. Does it add anything to the share that the United States gets because if it does not add anything to the sum total world consumption, I think we agree that it does not, then the United States, as a residual supplier, is either going to have to reduce the price on all of our cotton, or this cotton that we displaced. This foreign cotton that we displaced with the barter transaction will simply displace the same amount of our American cotton, isn't that true?

Mr. GOEDECKE. Yes, in a certain sense. I don't know whether I fully understand the meaning of the Agricultural Trade Development Assistance Act.

The CHAIRMAN. These are not accurate figures—I realize that. Let's assume the world is going to consume 30 million bales of cotton during the year; and the United States is going to supply 15 million of that. I am talking about the whole world. The United States will supply, let us say, 15 million of other than that being used here; but if we don't change the consumption and we still have a 30 million bale consumption, even though we were to sell 3 million bales by barter in moving into the world market, it would not change the consumption, and in order to sell the remainder of our cotton, we would have to drop the price of our entire crop, would we not?

Mr. GOEDECKE. Yes, sir.

The CHAIRMAN. So that if we don't change the price on the remaining part of our crop, the fact that we move a portion of it by barter means that we are going to have that much less to move in the regular channels of trade because we are not going to move anything until everybody else has sold their cotton; unless we change our price.

Mr. GOEDECKE. I would consider the barter program one which has this past season adjusted to this inequity of prices.

The CHAIRMAN. It has been effective because it has lowered the price?

Mr. GOEDECKE. Yes, sir.

The CHAIRMAN. Only to the extent it lowered the price has it had any real effect?

Mr. GOEDECKE. That is true.

The CHAIRMAN. Are there any other questions?

Mr. JOHNSON. Mr. Goedecke, a representative of the American Cotton Shippers Association testified yesterday that the cotton barter program was participated in by only a few of the large firms and the smallest ones lost out to the large firms, who could handle complicated barter transactions. Do you have any information on this matter?

Mr. GOEDECKE. Mr. Johnson, my information is that 43 cotton firms have participated in this barter operation this last year. I understand the total barter operations were 99 firms on all commodities; so 43



firms were participating in cotton alone. And I have a list of these firms, that I will be very happy to supply and give for the record, that have participated.

The CHAIRMAN. We would be glad if you would insert that in the record.

(The list is as follows:)

**FORTY-THREE COTTON EXPORTING COMPANIES IN THE UNITED STATES WHICH HAVE PARTICIPATED RECENTLY IN THE COMMODITY CREDIT CORPORATION BARTER PROGRAM**

Allenberg Cotton Co., Inc., Memphis, Tenn.	Kincaid Cotton Co., Inc., Gastonia, N.C.
Amex Cotton Co., Inc., Brownsville, Tex.	Lassberg & Co., A., Austin, Tex.
Anderson, Clayton & Co., Inc., Houston, Tex.	McFadden & Bro., Inc., Geo. H., Memphis, Tenn.
Calcot, Ltd., Bakersfield, Calif.	Manget Bros., Inc., New Orleans, La.
Cohn & Co., Ernst Houston, Tex.	Maudr & Co., V. A., Houston, Tex.
Cook & Co., Inc., Memphis, Tenn.	Merritt Cotton Co., New Orleans, La.
Cotton Import & Export Co., Dallas, Tex.	Molsen & Co., H., Dallas, Tex.
Creekmore & Co., Inc., E. F., New Orleans, La.	Murff & Co., H. J., Memphis, Tenn.
Dixon & Bro., Inc., R. L., Dallas, Tex.	Patton Bro., Memphis, Tenn.
Esteve Brothers & Co., Inc., Dallas, Tex.	Patten, Bros. Co., of Texas, Dallas, Tex.
Felder & Co., Inc., W. D., Dallas, Tex.	Pell Cotton Co., Memphis, Tenn.
Fulton & Sons, Memphis, Tenn.	Plains Cotton Cooperative Association, Lubbock, Tex.
Goedecke, Otto, Hallettsville, Tex.	Reinhart Co., Houston, Tex.
Harris, Inc., Jack W., Brownsville, Tex.	Schwabach & Co., New York, N.Y.
Hill Cotton Co., Greenwood, Miss.	Sharp & Co., R. G., Lubbock, Tex.
Hohenberg Brothers Co., Memphis, Tenn.	Southwestern Cotton Co., Dallas, Tex.
Howard Cotton Co., Dallas, Tex.	Sternberg-Martin & Co., Inc., Dallas, Tex.
Hubbard & Co., J. B., Dallas, Tex.	Taylor & Son, Starke, Dallas, Tex.
Itoh & Co. (America) Inc., C., Dallas, Tex.	Toyo Cotton Co., Dallas, Tex.
Kempner Cotton Co., H., Galveston, Tex.	Volkart Bros., Inc., New Orleans, La.
Kilgore, E. M., Muskogee, Okla.	Weil Brothers-Cotton, Inc., Montgomery, Ala.

List compiled July 14, 1959.

Mr. HOEVEN. Mr. Goedecke, are you a member of the National Cotton Council of America?

Mr. GOEDECKE. Yes, sir; I am.

Mr. HOEVEN. Are you a member of the American Cotton Shippers Association?

Mr. GOEDECKE. Yes, sir; I am.

Mr. HOEVEN. I am interested in your comments on barter, in that on yesterday, two gentlemen who appeared before this committee, Mr. W. D. Lawson, Sr., of the National Cotton Council of America, and Mr. William C. Helmbrecht, Jr., of Dallas, Tex., on behalf of the American Cotton Shippers Association, both of whom in their statements indicated that the barter program was injurious to the cotton trade. I refer specifically to a reference made to a resolution adopted at the annual convention of the National Cotton Council of America, New Orleans, on May 8, 1959. The resolution with reference to barter is as follows, and I quote:

The association has never been convinced that barter is an effective method of international trade. We recommend that the barter program for cotton be discontinued as unnecessary and costly and because it interferes with sales for dollars; creates price uncertainty; and demoralizes markets.

I personally feel that barter has a definite place in the Public Law 480 program.

Do you care to comment on the resolutions, and the contrary position that you have taken?

Mr. GOEDECKE. There is a slight difference of opinion, yes, sir.

Mr. HOEVEN. Yes, there is.

Mr. GOEDECKE. That exists. I have taken the position myself, that inasmuch as we are doing a lot of aid program, we are selling cotton under section 1, where we are taking in foreign currencies, I could see no reason why we should not take in materials we need. As trade develops, it means commerce. If we can use the strategic material, I am not an expert on strategic materials, but if the President decides we can use these strategic materials, I personally felt that I should conduct by business to accommodate this need.

Mr. JENNINGS. I have just one question. It could be answered very quickly, I think. Just for my own information, your last statement here, where you are speaking about the strategic materials of which we have a shortage, I wonder if we could have just—I would like to have that supplied for the record, just so we would know what the strategic materials are, of which we do have a shortage. You did not include that in your statement.

Mr. GOEDECKE. I am not a strategic materials man. I don't know myself these things.

The CHAIRMAN. Thank you very much.

Thank you, Mr. Goedecke. We appreciate your appearance.

Mr. GOEDECKE. Thank you.

(The data referred to above may be found on page 586.)

The CHAIRMAN. We have the honor of having with us this morning, the Honorable Victor L. Anfuso, former distinguished member of this committee. We would be glad to hear from you this morning, Mr. Anfuso.

#### STATEMENT OF HON. VICTOR L. ANFUSO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. ANFUSO. Thank you, Mr. Chairman.

This is an extraordinary pleasure for me to be here this morning, and to join my former colleagues. Even though I am sitting here, and you are sitting there, I still want you to know that my heart is still in this committee, in this room.

I want to talk to you this morning about this barter program and to tell you a little bit about the efforts which people from the cities have made, in order to help our farmers in the disposal of their agricultural surpluses.

I would like to begin by stating that the President of the United States has often expressed himself in favor of barter and so has the Secretary of Agriculture and many in the Department who administer the program. Congressional leaders of both parties have told the President and the Secretary of Agriculture that we should do more bartering.

Now, then, you might ask, where then is the opposition?

Rugged American pioneers—that is what they are, these businessmen who go to all parts of the world to try to barter. What has made these rugged American pioneers, who braved all sorts of dangers to



bring strategic materials to this country in furtherance of our national security and defense, look almost like criminals engaged in a nefarious occupation? This opposition, Mr. Chairman, comes from those—many in very high places in Government—who sincerely believe, but nevertheless misguidedly, that it is wrong for this country to engage in honest-to-goodness competition with our allies; we alone should back down and let their products through even though what they are doing always hurts our taxpayers and many times helps our enemies.

When those who are opposed to barter say that barter transactions interfere with normal trade, what they really mean is that through barter we are disposing of more agricultural surpluses than our friendly competitors.

Foreign competitors naturally want us to relax our barter transactions so that they can do more business through direct sales or barter.

The question then should be asked these well-intentioned men: Is it right for our competitors to undersell us and make use of barter and wrong for us to do the very same thing?

Mr. Chairman, this barter program is a good one. If properly administered, not only will it dispose of surpluses equaling the value of the needed materials which we acquire, but we have had ample testimony before this committee from competent exporters of agricultural commodities to the effect that disposals through barter materially assist in their disposals for cash. And as you, yourself, have very eloquently demonstrated, time and time again there has never been one single instance where a barter transaction prevented a cash sale for dollars. In other words, our total disposals have been increased by the barter program operating before the Department of Agriculture decided to curtail it.

I understand that a gentleman from the Department of Agriculture testified to such an incident, and I hope that later on, you will ask me a question on that, and I shall explain just the reverse took place.

The misguided apostles who oppose barter constantly give the argument that barter disturbs normal marketing. I have already told you what that really means, but let me go further. In title I, which is a program of great magnitude, we carefully wrote restrictions about the disturbance of normal marketings. Title III, even at the level desired by the Congress, is only a fraction of our governmental disposal program. The Congress has felt that in this instance, the danger to normal marketings would never be as great as in the title I program. This stems from its small volume and the fact that at every step of the way, a barter transaction is precisely the same as a transaction for cash. Every step of that transaction is handled exactly the same way as a cash sale. The only difference, Mr. Chairman, is that in barter the sale of the commodity is tied into a sale of material which has made it possible for our businessmen to sell agricultural commodities abroad on a more competitive basis than if they were merely selling for dollars, with the thought for this competition, for this method of doing business, our cash sales would have been a lot more reduced, and we would be doing less business today than ever before.

Mr. Chairman, it has already been pointed out by you and others why the nations of the world with whom the United States competes

in the export of cotton and wheat have been vociferous in their opposition to the barter program. It has also been made clear in these hearings, and in those we had last year, that certain American firms who have large holdings in Mexican cotton have been active in building up support within the Government against the barter program. At least one of the large grain companies which according to the public press, has rental contracts for the storage of our surplus grains totaling \$13 million annually, has recently become very active in opposition to the barter program.

Mr. Chairman, I wish I knew, but I don't, why both the Departments of State and Agriculture should be listening to those few who are advancing their own selfish interest to the detriment of our national program.

Mr. Chairman, I cannot honestly find any logic or justification in the arguments advanced against barter. I know that the record shows that as the sales through barter increased, our total exports increased and so did our cash sales. I know that as the barter program decreased, so did our total exports and our cash sales until they have sunk to their present low levels. I know that the storage costs for our surplus agricultural commodities now cost approximately \$2 million per day, and the Department estimates a considerable increase in the next few years. I know that the materials that we have been receiving in exchange for our surpluses are not only a valuable insurance against a national emergency, but more importantly, they are materials which we will urgently need in our future economy, and are, therefore, valuable national assets, no matter how you look at it. I know that the value of the materials that we have taken in exchange for the deteriorating and expensive-to-store surplus commodities have increased significantly since their acquisition. I know that barter—and barter alone, Mr. Chairman—has permitted us to acquire materials, from many of the underprivileged nations of the world which they could not privately sell for dollars to the United States. And, Mr. Chairman, I know, as you so ably pointed out on the floor of the Congress, that since we have curtailed our barter sales the Soviet bloc has moved into the vacuum and increased their exports to the very nations to which the Department of Agriculture and our State Department will not permit us to export through the barter program.

Knowing these things as I do, and recognizing that this committee also knows them and has always, on a nonpartisan basis, supported the type of barter program which all of us advocate, the question is what can we do about it?

There are pending before this committee many bills designed either to set the level of the barter sufficiently high as to force the removal of the restrictions presently on the movement of commodities or through other means to make it mandatory that the Secretary carry out the type of barter program which the Congress intends. Any of these bills, with a little rewriting would serve the purpose.

I have read carefully the bill, H.R. 7983, recently introduced by the chairman of this committee and believe that the language in section 4 is perhaps the most competent language which has been prepared to require the Secretary to carry out the type of barter program that the Congress wants. It may be argued by some that the Congress should not mandate the Secretary to carry on such a program.



However, experience shows that no other alternative is effective and I sincerely believe it would remove criticism of both the Secretary—whom I believe may be sincere in this particular instance—and those who administer the program if the mandate were clear and unambiguous. Otherwise, Mr. Chairman, we might as well abandon the program.

I might add at this point, I remember the conference report we prepared last year and I remember how strong we made the language, and we all felt that we made the language strong in the report and the Secretary would carry out the intention of the law, but I see clearly now, today, and I am sure you must, that the language must be put into the statute and made mandatory.

Now, Mr. Chairman, the history of this program is still relatively new. In 1954, as farm surpluses began to pile up in our warehouses, Congress enacted Public Law 480 providing various methods for disposing of these surpluses abroad. One of these methods was barter for strategic and other materials, and services of value to the United States.

Such authority was not new. It had existed for many years in the Commodity Credit Corporation Charter Act, and had been implemented in various other statutes. Relatively little use has been made of this authority, however, because there was no clear congressional policy for such a program.

Section 303 of Public Law 480 established such a policy by directing the Secretary of Agriculture "to use every practicable means" to arrange and make such barter or exchanges whenever he "has reason to believe" that "there may be opportunity to protect the funds and assets" of the CCC by barter or exchange of agricultural surpluses for "strategic materials entailing less risk of loss through deterioration or substantially less storage charges."

The clear intent of this legislation was to establish the congressional policy that barter did protect the "funds and assets" of the CCC and to establish barter as a priority method of disposing of agricultural surpluses, second only to cash sales for dollars.

For about 2½ years, until May 1957, the Department of Agriculture carried out a barter program as intended by Congress. During this period it exchanged more than \$900 million of surplus agricultural commodities for an equivalent amount of foreign minerals and other materials of permanent value. These materials went into the strategic or supplemental stockpile from which they can be released only by Presidential proclamation or joint resolution of Congress. Therefore, contrary to the fears expressed by the witnesses from the State Department, these materials cannot be a threat to the market, nor do they affect adversely any domestic minerals market or production and in fact, support domestic prices by drawing surplus materials from world markets.

This is the best business we have ever done in disposing of surpluses. As shown in the extremely well-prepared staff study of your committee, during the years 1954-58 we exchanged \$979.6 million in essentially worthless farm surpluses for barter materials. On March 27, 1959, these materials were worth \$1,035.2 million or \$55.6 million more than we paid for them. Those are facts. At the same time, we have been saving more than \$100 million a year in storage costs.

The Department of Agriculture estimates the annual cost of storing the farm surpluses we have exchanged by barter would be \$109.1 million, while the annual storage cost of the materials we have received in exchange is only \$4.4 million.

Why in May 1957, the Department of Agriculture suddenly brought this highly successful program to a halt is still a mystery. The announced reason was that it was interfering with cash sales. More recently it has become clear that this means the cash sales of other nations, not ours. In numerous appearances before the House Agriculture Committee, Department witnesses have never been able to submit any proof of significant interference with cash sales. On the contrary, the Department's records as shown in your committee staff study show that our total exports of agricultural commodities have been highest in the years when barter exports were the highest.

As I have previously stated, the real reason for the action was that small groups of employees in the Department of Agriculture and the Department of State who had always been opposed to the barter program had succeeded over the years in impressing their views on those at the policy level.

Committees of both the House and the Senate have tried repeatedly to get the Department of Agriculture to reinstate the barter program but without success. From May 1957 until November 1958, after Congress had enacted a new and stronger barter policy provision, there was virtually no barter business done.

The device used by the Department of Agriculture to prevent barter transactions was to require a showing by the proposed contractor that the exports of surplus commodities involved in the transaction would be over and above all possible cash sales of these commodities. Obviously, it was impossible for private contractors to submit any satisfactory proof of such "additionality"; and I submit it was extremely unfair to place the burden of proof upon these private individuals.

The insincerity and inconsistency of the Department's position in this matter was demonstrated by the fact that during the fiscal year 1958 the Secretary made agreements to sell surpluses for foreign currencies—under title I of Public Law 480—to at least 12 countries into which he refused to let surplus commodities move under barter transactions without proof of "additionality," although he had the burden of proof under section 101(a) of the act to determine that sales under title I will be additional to usual marketings of the United States before approving any such sales.

Over the objections of the Department of Agriculture, the act extending Public Law 480 in 1958—Public Law 85-931—embodied a revised barter policy section intended to reestablish the barter program at the level at which it was operating prior to May 1957 and undertaking to prohibit the Secretary from requiring a showing of additionality on the part of the proposed contractor before approving a barter transaction.

The policy of the Congress that the Department of Agriculture should carry on an aggressive and substantial barter program is clearly set out in the 1958 amendment and is summarized by the House conferees, of which I had the honor to be a member, in the last full paragraph of our report on the bill, and I quote:

As we have stated above, the substantive changes in the law, while significant, are not nearly as significant as the fundamental fact that the Congress has felt



it necessary to enact legislation to require performance of a program which it has previously established by law. This bill is designed to reinstate a barter program of at least the magnitude followed prior to the restrictive regulations issued by the Secretary of Agriculture.

That is very clear language, which no one could misinterpret.

In spite of this clear intention of Congress, this program has continued to be hedged about by restrictions and obstacles which will prevent it from attaining more than one-third of the volume Congress had in mind.

The restrictions are in two general areas:

1. Designation of most of the major trading areas of the world as markets into which surplus commodities may be exported by barter only with a showing of "additionality", and

2. Arbitrary and unnecessary limitation on the list of foreign materials which may be imported as part of a barter transaction. The Department of Agriculture itself admits that it is more difficult to make a barter transaction under the reinstated program than it was under the regulations in effect prior to the 1958 amendment of the law.

Since the announcement of the reinstated program in November 1958, the Department has received as of June 30, 1959, some 559 formal written offers to enter into barter contracts for a total value of \$854 million. However, it has rejected offers amounting to \$493 million and has accepted only offers with a value of some \$156 million, and in this connection, I say those who were able to put across this \$156 million in the Department of Agriculture, deserve a great deal of credit.

Significantly, the volume of new offers has been drastically reduced so that new contracts will be in a greatly reduced volume. For instance, while during November through February the new offers averaged over 115 per month, since then they have averaged only 38 per month. This is basically because the materials offered were no longer eligible for barter because quotas established by the materials committee had been reached.

For 3 months the Department refused to accept any offers to barter cotton, although U.S. cotton exports are running 51 percent below last year and American cotton has virtually ceased to move on the world market because of our export pricing policies. Listen to this: The Department refused to approve the barter of soybeans into West Germany although that country is increasing its purchase of soybeans from where? From Communist China. It refused to approve barter of feed grains into the Benelux countries although their purchases of feed grains from the Soviet bloc are increasing. It refused to approve a barter of cotton and tobacco to France, entering instead into a sale of these commodities for French currency, although the French were willing to pay for the commodities by valuable materials instead of with soft currency, which as time goes on will be reduced in value. It refused to approve a multilateral transaction involving the movement of American cotton to Japan, although Japan was negotiating and has since entered into, its first barter deal with Russia for Soviet-controlled cotton.

While our Department of Agriculture is preventing surplus agricultural commodities from moving into European markets under the barter program, while our agricultural exports are at the lowest point

since 1955, agricultural commodities from the Soviet bloc are moving into the West European market in steadily increasing quantities. Numerous new trade agreements with the Soviet bloc involving agricultural commodities have been signed by West European countries within the past year.

Under these trade agreements alone, more than an estimated 1.5 million metric tons of wheat, feed grains, tobacco, cotton, and rice will be moved during the calendar year 1959 from where? From the Soviet bloc into countries where the Department of Agriculture will not permit our surpluses to move under barter without a special and virtually impossible proof of "additionality" and I might add that these are the so-called hard currency countries; and if you want proof of this, all you have to do is take the very documents which the Department of Agriculture issues, so you can see that the Department of Agriculture is talking at this moment, just like that Russian dog with two heads, and here it is in one of their publications "Foreign Agriculture Circular", they see no Soviet economic offensive penetrating less developed countries in the free world, and all through these reports, you see how Russian wheat exports are rising as production increases, and our own markets are being decreased.

The second major impediment to the barter program is the small list of materials which have been designated for importation under the program. The 1958 amendment broadened the base from which the President may designate materials to be received in barter so that it could include materials other than the approximately 70 on the official stockpiling list. The President assigned the responsibility for recommending such materials to an interdepartmental committee and this committee has done the exact opposite of what the Congress recommended. It has designated only a relatively few materials which can be received in barter, about 25, and without specific authority from the President, has placed quantitative limits on even these few materials. The effect is that there are at present only a relative handful of materials—at best estimates about 12 in number—which are actually eligible for importation under the barter program.

It is reported that representatives of the Department of Agriculture on the Inter-Agency Materials Committee have tried strenuously to get additional materials on the barter list and to have quantitative limits removed from those now on the list but that their efforts have been thwarted consistently by representatives on the committee from Department of State and the Bureau of the Budget. In addition, it is reported that the Bureau of the Budget representatives have put pressure on the General Services Administration, which established the price paid for barter materials, to reduce the price levels they will approve, so as to further handicap the program.

I repeat, Mr. Chairman, that the President—I believe he was sincere when he made these declarations—has expressed himself as favoring a substantial barter program; probably close to that carried on prior to May 1957—that the Secretary of Agriculture is not opposed to a substantial program and that the main impediments to this program are being erected by those below the policy level in the Departments involved. In most instances, those making policy can only accept the reports and recommendations of those working under them and if these reports indicate that a program is being



carried out in accordance with the intent of Congress, although this is not the fact, this position will ordinarily be accepted by policy-making officials.

To me, Mr. Chairman, the collateral benefits arising from a barter program such as that carried on by the Department before May 1957 are even more important to the United States than is the primary benefit of disposal of essentially worthless surpluses for valuable materials. Among these collateral benefits are the following: And, gentlemen in this Committee on Agriculture, bear these collateral benefits.

1. Resistance to Soviet Trade Expansion: Many of the materials acquired under the barter program come from economically underdeveloped countries of Africa, Asia, the Near East, and South America. In many instances, these materials are the major export commodities of those countries. Under the barter program, we were providing these countries with a profitable outlet for what they have to sell. We were establishing and cementing their trade relations with the United States. We were making it difficult for Russia to move into this same trade area. With the curtailment of the barter program, we have cut off this trade relationship with many of these countries and in so doing are aiding and abetting the efforts of the Soviet bloc to extend their sphere of economic influence, because we have moved out and they have moved in. Don't take my word for this. Look at your own committee staff study which shows the countries.

2. Barter is an effective form of foreign aid: In the case of many of the countries listed in the staff study, the commodities obtained by the United States under the barter program are substantially the only products those countries have to sell to this country and in many instances, they are extremely important to the economy of the country involved. Under the barter program we were not only obtaining full value for our agricultural surpluses but we were providing the most effective type of aid to the economies of the countries from which we were acquiring materials. Without one dollar of cost to the taxpayers of the United States we are providing these countries with millions of dollars' worth of purchasing power and providing it in the place where it does their economic development the most good—in the direct channels of trade and commerce.

3. Barter stabilized our own minerals industry: Under the barter program, the world price of lead and zinc was stabilized at a level satisfactory to virtually all concerned. Only after the Department of Agriculture discontinued the barter program and acquisitions of these metals under that program ceased, did the world prices of lead and zinc drop to the point where assistance had to be provided for the domestic mining industry. The steps which have had to be taken to subsidize the domestic lead and zinc industry would probably not have been necessary had the barter program been continued. It is worth nothing now that there is again a barter program—even, though on a limited scale—the world price of these two minerals is improving.

4. Barter is good foreign relations: A large part of the unpleasantness which Vice President Nixon, for example, encountered in South America was the outgrowth of the curtailment of the barter program. Although the quantity of materials which had been obtained from

South American countries was not large, it had been sufficient to provide an important prop to their economy, not only through direct sales but through stabilization of world minerals prices. In the opinion of competent observers, unrest and hardship related directly to termination of the barter program provided the environment which made possible organization of the demonstrations against the Vice President.

5. Barter is good business: No other form of surplus disposal gives the United States as much in return for its surplus commodities as barter. Under barter, surpluses are exchanged at their full export value for strategic and other materials which, considering the effects of inflation, are actually worth more than dollars, and the exporter pays the ocean freight. Under title I sales, the selling price is frequently discounted by a favorable exchange rate, part of the CCC dollars go to pay the ocean freight, and the United States receives in return foreign currencies subject to serious depreciation. Even cash sales take dollars out of the importing countries, while barter transactions put dollars or their equivalent into the countries from which the materials are acquired, and the record is convincing that these dollars are immediately spent where? Right back here in the United States—thus giving us two full-rate commercial transactions for our surplus commodities.

In conclusion, Mr. Chairman, I hope that this committee and the Congress, and, for that matter, the executive branch, will not judge the many values of this total program solely in the light of unproven and now very shopworn statements that barter sales displace cash sales, or in the light of the objections from friendly foreign countries, who, while doing extremely well in exporting their own agricultural commodities, are most jealous of any exports from the United States. These are relatively minor considerations raised against a proven method of increasing our agricultural exports, reducing our surpluses, assisting friendly nations, and building our economic resources—a method which has strengthened the United States to wage economic war against the Soviet, and enabled us to better protect the very allies who are complaining.

I thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you, for a very fine statement and I compliment you by saying I think you have presented the most forceful and convincing argument for barter transaction, than any other witness who has appeared here. It is very clear cut and a comprehensive statement, and I think you have emphasized the things that should be emphasized.

I call attention to the fact that we in our report stated: This bill is designed to reinstate the program of at least a magnitude followed prior to the descriptive regulations issued by the Secretary of Agriculture.

Apparently, that language of our report has been completely ignored and I want to agree with you that I think the trouble is not with the President nor with the Secretary of Agriculture, but rather with somebody down the line, and I think we know who those people are—they are just throttling the program and defeating the intention of Congress.

Now, if the barter program is bad, somebody should come up and tell us wherein it is evil. That is the very purpose of these hearings. I think you know this committee would report an extension of Public



Law 480, without a dissenting vote but when we found the Department slowing the program down, that was an indication to me that something must be wrong with it.

Now, we have been trying through all these years to find out what is wrong with it and only one witness so far has indicated it was the administrators of this program. I will guarantee that his testimony in that regard will be completely dissipated when we call Mr. Palmby back to this committee room.

He only pointed out one transaction, which he said interfered with the normal trade and commerce. Since he gave us that evidence, I have found out and have been advised that Mr. Palmby himself approved that transaction.

Mr. ANFUSO. May I add to that, Mr. Chairman?

I happen to know the facts. They were given to me this morning about that particular transaction, and I believe that Mr. Palmby would have to confirm them, because they are a matter of record.

The transaction originated in this manner. A Dr. Boch, who is a chairman of the wheat board of South Africa, came to this country to buy 60,000 tons of wheat for cash; Mr. Palmby did say that he came here—he wanted to buy 60,000 tons of wheat for cash.

Mr. JOHNSON. What is the number of bushels?

Mr. ANFUSO. I will give you the figure. He wanted to buy 60,000 tons of wheat for cash. And while he was here, mineral interests in South Africa made the South African Government purchase this wheat by barter instead of cash and here is the reason. This is what Mr. Palmby said. He said—Mr. Palmby said—that while here, South African interests made him buy this wheat for barter, when he intended to buy it for cash.

What are the facts? And this is a matter of record.

Dr. Boch demanded a No. 1 grade of wheat for the price of grade 3 wheat, which really amounted to a 5 percent discount. Well, you know that the Department of Agriculture cannot give those discounts. This man wanted to buy—he would have taken it for cash—grade 1 wheat provided he got it for the price of grade 3 wheat, which amounted to demand from the Department a discount of 5 percent.

When the Department told him that they could not give him any such discount, that sale could not be made for cash, it was then that the CCC took the only way out. It was the Department of Agriculture which made this deal, as you just, yourself, said. When they could not make the deal in any way, they took the only way out and made it by barter, because through barter, they could give this discount, and instead of selling 60,000 tons, Mr. Chairman, which this man intended to buy, they sold 70,000 tons; so barter here permitted a transaction which otherwise would never have been made, and it was increased in quantity.

That is the facts of that particular transaction.

The CHAIRMAN. That is not the transaction that I had in mind.

Mr. ANFUSO. I don't know that.

The CHAIRMAN. I thank you for giving us the benefit of that information. I think it is rather unfair of Mr. Palmby or anybody else, to use that particular transaction as an argument against barter, when, as you said, he is the man that proposed the barter.

Mr. ANFUSO. The Department did.

The CHAIRMAN. And put the barter transaction through, in lieu of the transaction which fell through because of the reasons you told us. We can go into that when Mr. Palmby comes back.

Mr. ANFUSO. I might say at this time that Mr. Palmby—you have got to hand the man his due—Mr. Palmby has tried to do a lot of bartering, and he has done a great deal of bartering, but of course, he cannot overcome the restrictions, and all of the other obstacles which are made by people much higher than he, or right in between; and I want to say this. I want you gentlemen to know that Mr. Palmby is a very honest and a very energetic man, who has tried to do the most bartering he could under the circumstances. This I must state, because I know it is a fact.

The CHAIRMAN. The transaction I had in mind, I think was one in Belgium and my understanding is that that transaction was approved by Mr. Palmby and the provisions were approved, or established by the highest official authority in Belgium. Now, that transaction has been criticized by this man, Mr. Farrington.

Other than those transactions, we have not heard of any further obstacles to the dollar transactions in the world market.

Now, you come from the greatest city in the country.

Mr. ANFUSO. I admit that, Mr. Chairman.

The CHAIRMAN. And you are the greatest Congressman in the country.

Mr. ANFUSO. Well——

The CHAIRMAN. You admit that?

Mr. ANFUSO. I think you are the greatest Congressman.

The CHAIRMAN. The thing that impresses me about your appearance is, first, I want to tell you all of us are grateful to you for your interest in agriculture. You come from a great city, where businessmen operate continuously in the commerce of the world. Have you received any complaints from any of your constituents, businessmen or bankers or professional men, or anyone, to the effect that these barter transactions have interfered with normal commerce?

Mr. ANFUSO. Not a one. I received letters to the contrary, why are we not disposing of more of these services through bartering.

The CHAIRMAN. Mr. Goedecke brought out a point which I think is actually true. That, of course, if we increase our exports, we have to compete in the world markets. To enable us to compete in world markets, we have authorized the Secretary to make these subsidies. Move cotton; move wheat; move corn.

Now, suppose there is a rather large margin of profits involved in the exchange of cotton or some other materials. That is somewhat of another factor in subsidies, is it not, which would enable us to accelerate the flow of commerce?

Mr. ANFUSO. That is correct, Mr. Chairman.

The CHAIRMAN. I think that is true. I don't think we can afford ungrounded and unlimited bargaining. I think we have to watch it to be sure it does not interfere with normal trade and commerce.

Mr. ANFUSO. Let me say this. I think that every man doing business in barter is in favor of that. What these people are saying is



this. You establish a program. You have commodities to sell. I have these surpluses. This is the policy which you have established—the Government—and we come to you and say, now we can dispose of these surpluses even better than anybody else can, and we are doing it even better than cash transactions. We are carrying out your policy, in other words, in a better manner. That is what they are doing.

The CHAIRMAN. I was impressed with another statement you made. That is that under a barter transaction, we are not actually taking the dollars away from the country with which we are doing business. We take it out in materials, and we are giving them something in exchange. They want what we have and we want what they have.

Here is a foreign circular issued by the U.S. Department of Agriculture on May 15, 1959, and the title of it is "The Russian Wheat Exports Rising." This indicates that the transactions were even with Japan, the Netherlands, Norway, Sweden, Austria, and the United Kingdom.

Now, that is where we should be doing business.

Mr. ANFUSO. Exactly.

The CHAIRMAN. But instead of our putting American wheat into those ports, according to this statement, Russian wheat is going there. And, for the life of me, I cannot understand how the Department of Agriculture can sit down and get out these bulletins and be fully aware of what is happening, and still tell us that they don't want to carry on the program.

Mr. ANFUSO. Mr. Chairman, I would like to say this to you and my colleagues. There are some people who have the mistaken view that in order to carry out foreign policy, we must not do anything which may be objected to by any particular country which is an ally. That is approaching the situation from a point of weakness. Our allies expect this country of ours to be strong. Our allies expect this country of ours to do all the business that we possibly can. Our allies will think that we are a bunch of dopes if we relax merely to permit them to do business, and permit them to do things that they don't want us to do.

I think it is only by showing strength, by doing the things that we are doing and want to do, that we can be strong enough to protect the very allies who are objecting.

In the final analysis, Mr. Chairman, if we don't do these things, what happens? Russia has moved right in, and dealt with our own allies, and so our own allies, what have they done? They hurt us but they have strengthened Russia. That, to me, does not make sense, and it is not good foreign policy.

The CHAIRMAN. Thank you very much, Mr. Anfuso.

Are there any questions?

Mr. LATTA. Apparently, there is a discrepancy in the testimony before this committee. When Mr. Palmby was here, he was testifying about this African transaction. He stated that he saw two communications; one of them to the effect that he was to buy this wheat for dollars, and in the second one, I think his testimony reveals it

was sent the following day, his Government instructed him to enter into a barter transaction and your testimony here this morning indicated that the Department of Agriculture initialed the idea of a barter transaction.

Mr. ANFUSO. No. No. If I gave you that impression it is not correct.

Mr. LATTA. That is the impression I received.

Mr. ANFUSO. Let me correct it.

He came here with the intention of buying 60,000 tons of wheat for cash and the Department of Agriculture was trying to do business with him on that basis, but he was demanding grade 1 wheat for the price of grade 3 wheat. That would mean that the Department would have to give him a 5-percent discount. This, of course, the Department is not permitted to do by law so the Department was unable to make this contract under the cash sale basis. It was then that interests in this country, interests in South America, induced him to buy for barter, because in barter, he was able to do this very thing and the CCC was very glad to do this particular transaction because the CCC did have a sale which ordinarily they would not have had and instead of selling 60,000 tons they sold 70,000 tons.

Mr. LATTA. That is the point I want to clear up. I think the record will show that you indicated that the suggestion that we enter into this transaction originated with the Department of Agriculture.

Mr. ANFUSO. I am glad to correct that. I don't think Mr. Palmby is the type of individual that would state a misstatement. I think he knows more of the individual facts than I would.

Mr. LATTA. Thank you very much for clarifying this point.

Mr. SHORT. Mr. Anfuso, you made reference to the fact that by virtue of not utilizing the barter program, we have lost some potential sales to some of the hard currency countries to the Soviet Union—Russia. We regret we lost our sales, but I wonder if we don't have to take into consideration the restriction on the barter program. Did those countries have the barter products that we could probably have received in this country?

Mr. ANFUSO. Oh, yes. Yes.

Mr. SHORT. It has been brought out rather briefly during these hearings, that in some instances, we have been importing some metals into this country under the barter program that have in some instances, disrupted to some degree, our economy. It was brought out here, the other day—a couple of days ago—that in tin, we have been importing tin under the barter program when perhaps we had some tin mines in this country that are closed down.

I wondered whether if, in some of these instances, where we have not accepted barter dealings, if there was not a justification under the barter program for not making it. However, I do think that our policies perhaps have been a little bit too inflexible for us to make proper price adjustments to meet the competition of the Soviet Union, in wheat, for instance. I don't know just how inflexible we are going to have to make our price because they can make their price at whatever they want to in order to deal with these people, that want these products. We have some restrictions.



Mr. ANFUSO. Mr. Short, it is those very restrictions which hampered the program.

The CHAIRMAN. Let me interrupt. Will you yield?

Mr. SHORT. Yes.

The CHAIRMAN. I think your argument is not sound when you used tin as an example. I think perhaps some other product rather than tin would be better. I don't think we have had any evidence that there were any tin mines in this country shut down.

Mr. JENNINGS. I referred to manganese the other day.

The CHAIRMAN. I just wanted to say, it appears to me that this bulletin that I just talked about clearly indicates that these very countries in which we should be dealing, we are not dealing there because of these regulations in the Department which restrict the program. Isn't that right?

Mr. ANFUSO. That is correct. That is what I tried to say to Mr. Short.

The CHAIRMAN. If we remove these restrictions and let businessmen go into the Netherlands and Japan——

Mr. ANFUSO. That would put us in competition with Soviet Russia, if you removed those restrictions.

The CHAIRMAN. We might recapture some of the trades.

As I pointed out further, in these hearings, in this country, our exports have gone down about a half million dollars. I think it is due to the fact they put restrictions on the program they are talking about.

Mr. ANFUSO. If you like for the record, I think I can supply certain specific instances, for example, where the Russians moved in, when we moved out.

The CHAIRMAN. When you finish your testimony, I am going to ask permission to put this bulletin in the record, which I think substantiates your statement.

Mr. ANFUSO. That definitely should be in the record, Mr. Chairman.

The CHAIRMAN. I think so, too, so everybody can read it. I think it justifies your statement.

Mr. SHORT. The point that I think should be made, I think the record of our hearing, Mr. Chairman, should perhaps carefully bring out, and it has been mentioned here this morning, that lists would be provided. I believe you said you have the list.

Mr. JOHNSON. I gave the list to the chairman.

Mr. SHORT. Have we had a limiting factor in these countries, so that they would have been willing to barter for some of their strategic materials, so to speak, but we were in the position of having reached the saturation point in our need for those? We cannot go on indefinitely, it seems to me, at the rate that we perhaps started this bargaining program, because we start acquiring some things that we had no supply of. We established an adequate supply of them; then we perhaps had to curtail, sort of.

Mr. JENNINGS. Will the gentleman yield?

The thing going through my mind all the time is, when do we reach the saturation point in soft currency? We have been having so much of this soft currency. How are we ever getting that back into this country?

Mr. SHORT. Is it your point that we could just as well have an over-supply of these strategic materials?

Mr. JENNINGS. Is it worse to have an oversupply of these strategic materials, or an oversupply of soft currency?

Mr. SHORT. Or an oversupply of agricultural commodities.

Mr. JENNINGS. That is the choice we have to make. Yes.

Mr. ANFUSO. I would like to say this to you, Mr. Short. Any time the Government thinks these strategic materials should not be bartered for, they take away from the list. These people are only bartering for the very things the Government says they can barter with. Let me say something else. Regardless of how bad some of these materials are, and they are not, because all of them have proven their value, it has been proven that those materials have increased in value.

Just like Mr. Jennings said, for example, "the soft currency keeps going down but these materials keep going up in value," and even if you took for example, at this moment, if you took all of our agricultural surpluses, \$9 billion and you exchanged it for these materials, you would be saving this country about a billion dollars a year just in storage, because it costs 50 times as much to store wheat and cotton than it does to store these strategic materials, and then those strategic materials, you don't know when we will need them. Russia is trying to stockpile all those things. In case of a conflict with Russia, we certainly need all those things.

The CHAIRMAN. Are there any further questions?

Thank you very much, Mr. Anfuso.

Mr. ANFUSO. I thank you gentlemen. It is very nice to be here.

The CHAIRMAN. I will put this bulletin at this point, in the record. (The bulletin is as follows.)

(Foreign Agriculture Circular, U.S. Department of Agriculture, Foreign Agricultural Service, Washington, D.C., May 15, 1959)

#### RUSSIAN WHEAT EXPORTS RISING AS PRODUCTION INCREASES

There has been a marked expansion in Russian wheat production in recent years largely because of a series of good harvests and the development of new lands east of the Volga River and Ural Mountains.

Trade groups and other segments of the Western World have indicated some concern over the possible impact this greater production might have upon international wheat trade patterns. Officials of the Soviet Union have emphasized stockpiling and increased domestic consumption rather than the expansion of exports of wheat. Nevertheless, production at current levels has greatly increased available supplies. Recent official Soviet reports show government procurement from the record 1958 grain crop was roughly 30 to 40 percent above that of recent years.

The amount of wheat needed to build reserves, and the additional quantities which might flow into domestic use either as food or animal feed are largely a matter of government policy and thus remain unknown. However, a brief review of the Soviet Union's wheat production, its position as wheat exporter, and current international trade developments involving Russian wheat throw some light on the Russian export potential.

#### REVIEW OF RUSSIAN WHEAT POSITION

The U.S.S.R. has traditionally been among the world's largest producers and exporters of wheat as well as other grains. On the basis of present boundaries, wheat production reached a high of over 1.5 billion bushels in 1937 and then did not regain that level until in 1955. Production has risen roughly 50 percent since 1955, however. The 1958 crop is believed to have reached at least 2.3 billion bushels, 300 million over the estimated previous high in 1956. Official Soviet sources, however, estimate the 1958 crop at about 2.8 billion bushels.



A large portion of Russian wheat is grown in an area that is subject to frequent drought. For instance, in 1957, a year of widespread drought, the crop was estimated at only 1.8 billion bushels despite a somewhat larger acreage than that which yielded the record 1958 crop.

Before World War I, the U.S.S.R. was the world's leading exporter of wheat. During 1910-14, Russian exports averaged 166 million bushels annually and made up nearly one-quarter of world trade in wheat and flour.

*Wheat including flour: Russian exports, 1901 through 1958 (year ending June 30)*

[Million bushels]

Year ending June 30	Exports	Year ending June 30	Exports
Average:		Average—Continued	
1901-04.....	117.3	1946-49.....	35.2
1905-09.....	125.3	1950-54.....	1 60.2
1910-14.....	165.7	Annual:	
1915-17.....	12.5	1955.....	2 63.9
1925-29.....	16.9	1956.....	37.3
1930-34.....	49.2	1957.....	159.8
1935-39.....	24.5	1958.....	144.5

<sup>1</sup> Includes an allowance for an estimated 24,000,000 bushels of exports to some eastern European countries for which no official statistics are available.

<sup>2</sup> Includes an estimated allowance of 44,000,000 bushels believed to have been shipped to East Germany and Czechoslovakia for which no official statistics are available.

Today, after over 40 years, Russian exports are again reaching the high volumes attained during the early 1900's. Exports during the 3 years 1956-57 through 1958-59 are expected to average approximately 150 million bushels annually. This is exceeded only by the United States and Canada whose shipments for the same period are expected to average 467 and 306 million bushels, respectively. Despite these large shipments, Soviet exports of wheat to Western markets have thus far shown relatively little increase. A primary reason for this important development is that Eastern Europe, formerly a surplus producing area, has found it necessary in recent years to import increasingly large quantities, primarily from the Soviet Union. At present, over 80 percent of Soviet wheat exports are moving to East Europe <sup>1</sup>.

*Wheat and flour: Free world and Communist East European imports from the U.S.S.R.*

[Million bushels]

Year ending June 30—	Free world	Communist East Europe <sup>1</sup>	Total
1951.....	25.2	( <sup>2</sup> )	( <sup>3</sup> )
1952.....	36.5	( <sup>2</sup> )	( <sup>3</sup> )
1953.....	33.7	( <sup>2</sup> )	( <sup>3</sup> )
1954.....	27.8	( <sup>2</sup> )	( <sup>3</sup> )
1955.....	19.8	44.1	63.9
1956.....	11.8	25.5	37.3
1957.....	24.9	134.9	159.8
1958.....	16.3	128.2	144.5

<sup>1</sup> Estimates, based upon Russian exports to East Europe.

<sup>2</sup> 4-year average, 1950-51 through 1953-54, estimated at 32.3 million bushels.

<sup>3</sup> 4-year average, 1950-51 through 1953-54, estimated at 63.1 million bushels.

CURRENT TRADE DEVELOPMENTS

Although the Russians have not publicized their wheat export intentions, trade developments over recent months have clearly indicated that a substantial rise in exports is taking shape.

Among the earliest significant indications were a pair of bilateral trade agreements which the Soviet Union entered into with France and Japan. France, although normally a large exporter of wheat, has found it necessary

<sup>1</sup> Includes Soviet East Germany, Yugoslavia, Albania, Bulgaria, Hungary, Czechoslovakia, Poland, and Rumania.

to import large quantities this year. As of the end of March, France contracted for delivery to France and Algeria over 7 million bushels of wheat from the Soviet Union and roughly 2 million bushels from East Germany—which also is to be filled with Russian wheat. Substantial quantities have already been delivered. The agreement calls for payment in French goods.

In the case of Japan only a trial quantity of less than 100,000 bushels has thus far been purchased from the U.S.S.R. Additional purchases, which trade sources have reported might reach over 7 million bushels, will depend upon the outcome of laboratory tests of the trial shipment. Any further purchases will be paid for with goods, as was the case in the French-Russian trade agreement.

Another very significant instance of the Soviet Union's increasing wheat exports has developed in the Netherlands. During the last 3 years, less than 300,000 bushels of Soviet wheat annually have come into the Netherlands. However, between September 1, 1958, and mid-March 1959, that country had purchased almost 7 million bushels of Soviet wheat.

Further appearances of Russian wheat in European markets, include a recent sale of a small quantity to Portugal and the delivery of over 300,00 bushels to Switzerland under a Swiss-Finnish barter transaction. These movements, although relatively small, have no precedent during recent years, as was true with the sales to France and Japan. Substantial quantities of Russian wheat continue to enter Finland, Norway, Sweden, Austria, and the United Kingdom, with relatively small amounts also appearing in Denmark and Belgium.

Other recent developments involving Russian wheat include delivery of about 1.5 million bushels as a gift to Afghanistan in early 1959, and a gift of about 1.1 million bushels to Iraq.

Of the gift to Iraq, 220,000 bushels are known to have arrived in March. Iraq, normally an exporter of grains, has no recent history of wheat imports from the U.S.S.R. The wheat received by Afghanistan is a continuation of Russian aid that began several years ago to that country.

Egypt has been importing large quantities of Russian wheat for at least a decade. In recent years, however, this volume has increased. Imports from the U.S.S.R. reached almost 15 million bushels in 1956-57, declined to about 7.4 million in 1957-58, and in 1958-59 are expected to again reach nearly 15 million bushels.

In general, according to recent reports, the quality of Russian wheat commonly referred to as a semihard bread wheat, has been found acceptable. The offering prices quoted regularly for Russian wheat on European markets are reasonably competitive, and seem to show no tendency on the part of the Soviets to dump wheat on world markets. The bulk of Russian wheat movements take place under barter transactions, in which governments of the importing countries may or may not be directly involved.

#### GENERAL CONCLUSIONS

Imports of Russian wheat into free world markets are expected to reach 35 to 40 million bushels in 1958-59, and may go even higher. This compares with the previous post-World War II record of 36.5 million bushels, set in 1951-52, and 1957-58 imports of only 16.3 million bushels. Thus, a substantial increase in Soviet exports to free world markets is in process, despite continued large shipments to East Europe.

The U.S.S.R. appears to be making a considerable effort to establish permanent cash markets in free world importing countries. The success of this effort beyond the current year will depend mostly upon (1) Soviet production levels and export policy, and (2) East Europe's import needs. In general, there appears little reason to expect East Europe's import needs to rise above current levels. The ability of the U.S.S.R. to maintain a high level of wheat production, while also increasing its output of feed grains so as to meet the needs of an expanding livestock industry, will therefore be of prime importance in the next few years to the United States as a competing exporter of wheat.

The CHAIRMAN. The committee will have to go into executive session immediately, and those witnesses will please wait outside. We will call the next witness as soon as we get through, which will be in 5 or 10 minutes.



(Thereupon, the committee went into executive session, after which the hearing on Public Law 480 was resumed as follows:)

The CHAIRMAN. The committee will be in order.

The Chair recognizes Mr. Breeding.

MR. BREEDING. I would like to introduce my friend, Mr. Corcoran, who is here as a businessman who has had much experience in the world markets, to testify in behalf of the barter.

#### STATEMENT OF THOMAS CORCORAN, PRIVATE BUSINESSMAN

MR. CORCORAN. Mr. Chairman, I hope you don't mind if I stand. I am sure I can talk faster. I was once secretary to Judge Holmes, who dictated his briefs standing at his desk. He said, "There is no inducement to brevity as great as a weakness in the knees."

I know very little about agriculture since the days I work with Mr. Jones in the RFC. In the last 15 years, I have been representing business all over the world, and I think in a good deal of the talking about the way we manage this surplus around the world, we are assuming that an economic order exists in the world, which simply does not exist in the world.

We are now in a competition of power blocs. We have learned long ago, with the Germans trying to take over the world in the dumping of their industrial surplus, just how this management of barter can be handled. We are also dealing with powers who are trying to get funds for their own development, having nothing with which to sweat out the blood and bone of their people except the exploitation of agricultural products, which is all the majority of their population can give them.

We are also in a political situation, where we might as well face it frankly; the public is beginning to question foreign aid. It is beginning to look through devices like foreign currencies, that get the value. It is beginning to wonder what we get for the money.

What I think we have to think of is two things.

First, how can we keep business moving in the world for the United States? How can we think through to a policy which in the future, the public will be willing to look upon with favor as a way of moving the agricultural surplus, and how can we utilize in this trade war that is coming up, and that is going to exist as long as any of us live, the enormous leverage power of the American market for something the American markets can indefinitely take?

Let me go back to problem No. 1. Mr. Patten said the other day, we have a problem of moving an agricultural surplus. It is a good thing for us to have an agricultural surplus. It is a good thing for us to have the power to have an agricultural surplus because it guarantees us that we are going to have food and fiber in this country; but nevertheless, we have the problem of disposing of it.

Now, as we dispose of it, we have got to dispose of it for we either have got to subsidize it in the sense of giving people grants, and calling them loans, which we know we will never get back, or we have to play around with soft currencies which history shows and immediate history shows can be devalued every day. We have a shifting value which we probably are not going to be getting back, or we are going to dispose of that surplus for something our public is convinced is something of value to ourselves.

Now, we are going through a hard period politically in the next 10 years. The public—wanting so many other things for itself in this country—begins to have doubts as to what it is getting for what it is giving in relationship to other countries.

Now, the one big factor that sticks out in this world of today, is that—as the Paley report said way back in 1952—the United States is now definitely a have-not country and it is becoming more and more a have-not country in relation to most of the so-called strategic minerals of the world.

You remember, Mr. Chairman, that in July of 1952, a Commission headed by Mr. Paley, now of the Columbia Broadcasting Co., and participated in by Mr. George Brown of Brown & Route, down in Houston, produced a report examining what the position of the United States was in relation to the raw materials of the world; and remember, every time we help an undeveloped nation industrialize, we put a further drain from that nation itself, upon its own supply of the strategic materials of the world.

Now, there has been a great deal of criticism lately about the Paley report because of the specific recommendations as to what we should do about it, but there are certain underlying facts that were most startlingly developed at that time, and have never been challenged, and the most concrete fact, as I remember it, is that the United States with about 6 percent of the population of the world, had to have access, to maintain its present civilization, its present power, and certainly in the projection of what it would need, to over 50 percent of the raw materials of the world in a metallic sense.

Now, that brings us right up to the \$64,000 question that was asked in exchange here a moment ago. You can sell the U.S. public on the idea that there is no such thing possible as an oversupply of mineral resources in this United States, considering those Paley report figures, if we got guts enough and brains enough to administer the stuff as we take it, in a way that won't depress our market.

There is also no question that you can convince the American public, because the figures are obvious that the cost of storing that kind of mineral resource, which you need so desperately in the future of the United States, is far less than the agricultural surplus costs of storage.

You can sell the American public then, on a policy that if you barter the agricultural surplus, which you have to keep for the protection of your own food supply, for this something that you need so desperately, that the public will be willing indefinitely to support the agricultural program which may produce the surplus if it knows that you will exchange it for something that will not depreciate in value and something that you desperately need.

Now, on the other hand, as Mr. Anfuso said, most of these underdeveloped countries have as their only product, these raw materials of which the Paley report says we are in indefinite short supply.

You remember some of the figures that were available in that report, which you saw, and I won't bother the committee with it. We could have averted much of the trouble in Latin America that has been boiling up into the kind of a crisis that we have today, and I have four suffering clients in Cuba today. We could have avoided much of that crisis if we had had the guts, 2 or 3 years ago, to have put



some kind of a floor or a barter floor, under certain mineral products of the South American countries, which would have kept them sufficiently employed and kept them sufficiently moving in their own economy, so that they would not be in the distress which is fundamentally underneath the trouble in Latin America today.

Now, what I wanted to come to the committee for today, was to say what I said to Mr. Breeding, and I know I am talking very fast. I think that you can get indefinite support in the United States for a subsidy policy to protect the food and fiber supply of the United States, provided that subsidy is in the form of a barter program, that will insure that always, whatever does turn up by way of surplus, can be invested, if you please, in the importation of strategic minerals of which by the very findings of this Government Commission, we cannot possibly have an oversupply.

With that, we have a chance in these united countries, whose only real exportable product is minerals, to take care of the Russian and to take care of the Chinaman who badly need the metals and who in turn, by squeezing the blood and the bone of their people, can produce low cost cotton; will produce low cost wheat; will produce low cost anything with which to get the metals for industrialization.

So, trying to think this thing through on a long-term basis, not on a policy that will last with the balance of interest until tomorrow; but on something that you know the public will support, despite all questioning, over a period of time, that stabilizes the needs of our own economy for an indefinite period of time, in something of which you are indefinitely short, and that in turn helps you face up to the barter economy with which you can better your life.

The Russians and the Chinese are going to work in the next 10 years. The availability of a scheme of barter in the structure of the agricultural law of the United States is an almost absolute necessity. We may reach the point where it is the only way that we can move these materials; and certainly, we should not, just because the Canadians and the Argentines have their own temporary troubles, refuse to take out of experience, and refuse to stop trying to make it workable, and it takes time to make it workable. It is the one instrument, that probably is politically the only way we can maintain management of surpluses in the United States and internationally the only way we can meet our own needs, and internationally we can meet the trade war of the Communist nations.

Of course, whenever you talk about some new way of doing business, some different way of business, everyone who hopes he can continue to do business in the same way that he has always done does not want to have to try it.

We had that when we were trying to regulate the stockbrokers up in the Street. The specialists were sure and the stockbroker was sure he would go broke, if for reasons of national policy, his way of doing business had to be adjusted and he had to think of a new way of doing it.

We had the same trouble with the electric utility companies who were sure if they would not continue to do business the way they were doing business they would all go broke; and we know that today the people on the stock exchange and the people in the electric

utility business—forced to change their way of doing business—are doing better than they have ever done in their life.

I am not talking about the tales in the business. I am only saying, if you look this thing through, in the condition of the world as it is, in the condition of the world that is going to be working with war, between spheres of influence, trade agreements, Communist penetration, political use of economics, we are not going to have the kind of a world in which everything can just be sold for dollars. If we are going to leave any margin for the food and fiber supply of the United States, once in a while, to get above a surplus, we have an immediate problem of disposing of what we have, because the surplus is perishable, and the metals are not.

When we get down to the \$64,000 question that was bandied across this table a few minutes ago, the answer is we have to choose on oversupply of metals, according to someone's definition of what constitutes oversupply; but it is not an oversupply in terms of what the competent Government Commissions, examining this thing now, over 7 years ago thought was necessary as a projection of the needs of the United States of America.

I don't know exactly how the barter program should be worked out. I don't know how it should be applied to this commodity or that commodity but it is something that takes time to think through. It is something in which we have experience to think it through. It is something we have to compete with people who are becoming experts at. The Germans were in on this 10 years ago. They nearly drove us out of the industrial business. The Russians and the Chinese are learning it now in connection with production.

What I mean to say, it would be a tremendous pity if we did not have enough foresight over the long run to cultivate this barter business to learn how to do it; to experiment with it; and to take our chances that we have brains enough, as an overall nation, to take the metal supplies we need from abroad, without being frightened to death that we are not going to have enough self-discipline, not to dump on the market, supplies to hurt the domestic manufacturer.

This is an attempt to find out where we are going on all of this international business, and everyone like myself, who is engaged in the struggle of the American corporations, to do business abroad, who knows as sure as he knows the front of his hand, that with the rising costs in the United States, labor is going necessarily to become protectionists, and this is going to become a protectionist country; just as Mr. Goedecke, your international trading cotton merchant in Texas, has become a protectionist country in relationship to oil. We have to look it in the face. We are not going to have the free-trade dollar market all over this world that we have been hoping for and that everybody wants to reserve. We have to be adaptable to the new kind of world we are going to live in and the continuation of the barter program and the experimentation of the barter program and the honest belief in our own capacity to control what some people call an overintake of metallic supply is probably going to be necessary for our trade survival. That is all I want to say.

The CHAIRMAN. Thank you, Mr. Corcoran. That was a splendid statement. We appreciate your appearing here.



**STATEMENT OF JAMES TOWNE, MANUFACTURING CHEMISTS'  
ASSOCIATION, INC.**

Mr. TOWNE. Mr. Chairman, I would like to add our wholehearted endorsement to the statements made by the last witness. We agree thoroughly.

The CHAIRMAN. Thank you very much, you may proceed.

Mr. TOWNE. My name is James Towne. I am testifying on behalf of the Manufacturing Chemists' Association, Inc., an association of 172 member companies engaged in the manufacture of chemicals, including the manufacture of alloying metals in electric furnaces, which is essentially a chemical process. Our member companies produce a large proportion of the salts, compounds, alloys, and metals needed for our domestic economy as well as for our defense.

We support an extension of the Agricultural Trade Development and Assistance Act, and we particularly endorse the barter program authorized by that act. We believe that the bartering of U.S. agricultural surpluses for strategic or other vital materials, which deteriorate less rapidly than farm commodities, and which cost less to store, is a sound public program provided appropriate guidelines can be established and observed in carrying out such a program.

The alloy industry depends largely on imported ores and minerals. The industry was developed to meet industrial needs for stronger, tougher metals which could withstand strong impact loads, resist corrosion, and maintain their effectiveness at high temperatures. The industry is based not only on peacetime needs, but also on those of national defense. The first recorded wartime demand on the American ferroalloy industry occurred when it was called on to produce ferrochromium for the manufacture of projectiles and armorplate in the Spanish-American War. When World War I came, and we were denied European supply by submarine warfare, the small domestic ferroalloy industry expanded rapidly to meet the military needs of the United States and its allies. In the interim between World War I and World War II, needs of the growing U.S. automobile, construction, and chemical, petroleum, and food process industries maintained, and somewhat expanded, our ferroalloy industry. When World War II came, with its almost insatiable demand for alloys, an orderly and organized growth of the industry continued under Government leadership and assistance. When the Korean conflict came in 1950, the industry was again called on to meet military needs and, again under Government sponsorship, it was further expanded.

Thus, from the Spanish-American War to the Korean war, the ferroalloy industry has been a vital segment of the national defense. During this period, the industry has grown from production of a limited tonnage of a few grades of manganese, chromium, silicon, tungsten, and molybdenum alloys to an annual production of more than 150 ferroalloy compositions, aggregating some 3 million tons of alloys, with a value in excess of \$750 million.

We have immediate and urgent concern now with the policies which have been followed by the Department of Agriculture with respect to barter.

Following enactment of Public Law 480, the Department of Agriculture actively and successfully pursued a program of barter. How-

ever, by a directive of May 28, 1957, the Department stated in effect that no materials processed or produced domestically would be considered eligible for barter.

Our association felt that this administrative policy was a disservice to a strategic segment of domestic industry, and during the hearings held by your committee during August 1958 we proposed that no material should be excluded from barter transactions by reason of the fact that it may have been processed domestically.

Following the extension of Public Law 480, the Department of Agriculture announced its commodity-country designation program with respect to the placement of surplus agricultural products in barter transactions, which was so arranged that, again, the domestic industry was precluded from participation.

In addition to the exclusion of domestic industry from barter programs, it is apparent that producers of foreign alloys are experiencing, to the extent of their barter contracts, an artificial stimulus to their commerce. During 1957, when our domestic metals industry was operating at approximately 35 percent of capacity, the Department of Agriculture negotiated barter contracts in large volume, thus providing business and stimulus to our foreign competitors, while effectively excluding U.S. producers from participation. Continuation of this policy has had serious side effects because it helped put foreign competition in a much better position to continue its invasion of domestic markets.

Although the metals members of our association are experiencing a renewed demand for their products this year, we are faced with stronger competition from imports, and, in the near future, when domestic requirements for our products may taper off, barter transactions involving foreign-produced materials, will again represent a serious problem to a strategic industry which is part of our mobilization base.

It is our opinion that we, as a country, are going into a long period of economic war with Russia. The period may extend for many years, during which time some countries on which the United States relies today for raw materials in the form of minerals, ores, or concentrates may fail us as sources of supply because of communistic or nationalistic tendencies or pressures. Therefore, the acquisition of foreign minerals at this time through the operation of the barter program makes good sense, and we believe that every pound of material stockpiled within our boundaries is helping to equip us for this long economic war with the Communists. We are now ill-equipped to fight this economic war insofar as our own national resources are concerned. We are a "have not" nation in at least 23 important minerals, as was brought out by the Paley Report issued in June 1952. We face an increasing domestic consumption of these 23 minerals in the years ahead to meet the demands of our expanding population and of our national defense. Materials acquired by barter through this period may very well prove to be of vital importance in this long-term struggle.

We believe that barter is an excellent medium through which we can acquire stockpiles of new materials to keep up abreast with rapidly changing technology. New weapons systems, nuclear weapons and devices, and missiles and space vehicles of the future will require large tonnages of high-melting-point metals, although precise requirements cannot now be set down for these new materials. Stockpiles created



through barter will offer added insurance in a matter which is vital to this Nation's security.

We have indicated our agreement with the principle of barter for raw materials of foreign origin. However, when processed materials are bartered, we believe that preference should be given to such materials produced in the United States from foreign raw materials. There is no reason why domestic industry should not benefit from our own farm-surplus disposal program. Adoption of this principle will help to maintain the production base for the defense of this country.

For all of the foregoing reasons, we wish to endorse H.R. 7983, introduced by you, Mr. Chairman, but we recommend some slight modifications. We feel that if this bill with modifications is enacted into law, and is properly implemented by the Department of Agriculture, it will assist in keeping domestic industry on an equal or competitive plane with foreign competition.

The modifications which this association proposes occur in section 4 of your bill to amend section 303 and in this testimony are underscored. Section 303 would then read as follows:

SEC. 303. The Secretary shall, unless he determines that any such action is not in the best interest of the United States, barter or exchange agricultural commodities owned by the Commodity Credit Corporation for (a) any materials included within the national stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98-98h) which entail less risk of loss through deterioration or substantially less storage charges, or (b) raw materials of which the United States does not domestically produce its requirements, other materials, goods, or equipment important to the economy or the security programs of the United States as designated by the Secretary, including but not limited to those requested by the Atomic Energy Commission, the Department of Defense, and the Office of Civil and Defense Mobilization, or (c) materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, or (d) materials or equipment required in substantial quantities for offshore construction programs. He is hereby directed to use every practicable means, in cooperation with other Government agencies, to arrange and make through private channels, such barters or exchanges or to utilize the authority conferred on him by section 4(h) of the Commodity Credit Corporation Charter Act, as amended, to make such barters or exchanges. In carrying out barters or exchanges authorized by this section, no restrictions shall be placed on the countries of the free world into which surplus agricultural commodities may be exported. The Secretary shall endeavor to consummate agreements for disposals authorized herein at a rate of not less than \$350 million for each fiscal year. The Secretary shall encourage the barter for raw materials originating in friendly foreign countries. When processed materials are bartered, the Secretary shall give preference, when they are available and offered, to such materials produced in the United States from foreign raw materials.

Agencies of the U.S. Government procuring such materials, goods or equipment through the Commodity Credit Corporation by means of barter or exchanges as directed by this section. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchanges of agricultural commodities in their possession for such materials, goods, or equipment.

Thank you very much, Mr. Chairman.

The CHAIRMAN. I want to thank you very much for your statement, and I assure you that the committee will give consideration to these suggested amendments to the bill.

We have a rollcall in the House. We will have to adjourn until 10 o'clock tomorrow morning.

(Whereupon, at 12:20 p.m., the subcommittee recessed to reconvene at 10 a.m., Friday, July 24, 1959.)

## EXTENSION OF PUBLIC LAW 480

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FRIDAY, JULY 24, 1959

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, D.C.*

The committee met pursuant to recess at 10:10 a.m. in room 1310, New House Office Building, Washington, D.C. Hon. Harold D. Cooley (chairman) presiding.

The CHAIRMAN. The committee will please be in order.

Mr. Rickman, we are very glad to have you appear here this morning. I notice that you have a prepared statement. You may read it. I will ask the members not to interrupt you until you have concluded your statement.

### STATEMENT OF H. M. RICKMAN, SUPIMA ASSOCIATION OF AMERICA

Mr. RICKMAN. Thank you, Mr. Chairman.

My name is H. M. Rickman. I am representing the Supima Association of America, an organization representing the growers of extra long staple cotton in the United States.

The Supima Association of America has supported the Agricultural and Trade Development and Assistance Act known as Public Law 480 since its conception. This year some 22,000 bales of our cotton was exported under this program.

Recently, the U.S. Tariff Commission by a vote of 3 to 2 refused to recommend relief for our industry from foreign imports which annually amount to about 85 percent of the consumption of this cotton in the United States. The Supima Association on behalf of the producers of extra long staple cotton requested that the Commission take action under section 22 of Agricultural Adjustment Act of 1933 to reduce the import quota on extra long staple cotton to the maximum extent permitted by law. Had this request been granted, domestic producers and foreign producers would have shared equally in the U.S. market for extra long staple cotton.

Mr. Chairman, you and the members of this committee are familiar with the history of the Supima Association. We were formed for the exclusive purpose of promoting the use of U.S.-grown extra long staple cotton. Three times we have requested Congress to lower our price supports in order to make our cotton competitive with foreign growths. Over 98 percent of the producers of extra long staple cotton have contributed annually \$3 a bale to finance the Supima Association program of research and promotion. But thus far, our efforts have been to no avail.



From a high of about 89,000 acres in 1957, our acreage allotment has fallen to about 70,000 for the current year. At the same time, foreign production of extra long staple cotton has increased approximately 50 percent or about 600,000 bales. If the current supply and demand situation for extra long staple cotton continues, we face a reduction in our marketing quota for 1960 to the minimum permitted by law—the larger of 30,000 bales or 30 percent of domestic consumption plus exports. This could result in an acreage allotment of under 40,000 acres.

Our primary purpose today is to solicit the support of the committee to save our industry by preventing this severe reduction in acreage. It is our earnest hope that the committee will see fit to give us relief to the extent that our industry would be allowed to supply at least 50 percent of the demand in the United States of extra long staple cotton. By allowing us to supply this 50 percent, we could plant, based on current demand, about 60,000 acres of this cotton in 1960. Even this would mean a reduction of 15 percent from 1959 allotments. As you know, upland cotton acreage allotments will be maintained at 16 million acres in 1960.

We also urge that extra long staple cotton be sold abroad at competitive prices. Such policies would permit U.S. extra long staple cotton to compete with Egyptian cotton which is subsidized at the rate of 35 percent by the Egyptian Government. We are simply unable to meet such competition with our own resources.

Mr. Chairman, we have attached to our statement language which might be included in the bill extending Public Law 480 which would accomplish our purposes. We appreciate the opportunity of appearing before the committee and hope that you will see fit to act favorably on our proposals.

(The suggested amendments follows:)

SEC. —. The last sentence of subsection (b) of section 347 of the Agricultural Adjustment Act of 1938, as amended, is amended to read as follows: "The national marketing quota for cotton described in subsection (a) shall not be less than a number of bales equal to 50 per centum of the estimated domestic consumption plus exports of such cotton for the marketing year beginning in the calendar year in which such quota is proclaimed."

SEC. —. Section 202(b) of the Agricultural Act of 1956 is amended by striking out the period at the end of the first sentence thereof and by adding the following: "or on hand at the beginning of any marketing year."

The CHAIRMAN. Thank you very much, Mr. Rickman, for your statement.

Mr. POAGE. Mr. Chairman, I would like to ask Mr. Rickman a question. The point he makes plain is that what he is referring to hasn't a thing in the world to do with the general cotton problem with which this committee is called upon to deal almost every week. The extra long staple cotton for all commercial purposes is just as distinct from cotton as we know it as wool or synthetic fiber. It simply does not serve the same purposes that upland cotton does and is not competitive with upland cotton and does not involve the upland cotton market, one way or the other. That is right, isn't it?

Mr. RICKMAN. That is right.

Mr. POAGE. It is a distinct crop. It is grown only in four States, I believe.

Mr. RICKMAN. That is correct.

Mr. POAGE. In every small areas of those four States. And it is an important crop in the small areas in which it is grown.

Mr. RICKMAN. Yes, sir.

Mr. POAGE. And the United States could easily use all of it for all of our own needs and still have plenty to export, but there are other nations, particularly Egypt, Peru and Sudan—

Mr. RICKMAN. Yes.

Mr. POAGE. Whose cotton comes into the United States. In order to meet that competition, these people have come to this committee in the past, two or three times, and have asked us and we have agreed to allow them to lower the export price, not to raise it. What is the export price now?

Mr. RICKMAN. It was pegged last year, Mr. Poage, at 65 percent of parity.

Mr. POAGE. That is what I was thinking. We lowered it. When all other cotton was at 90, we lowered you to 75.

Mr. RICKMAN. That is right.

Mr. POAGE. And we lowered it to 70 and then to 65.

Mr. RICKMAN. Yes.

Mr. POAGE. So these people are presently taking a very low support price. The acreage is tremendously reduced, as you can see from the statement, cut substantially more than half. And as I understand it, all you folks are asking for is an opportunity to have 50 percent of the extra long staple cotton that is sold in the United States?

Mr. RICKMAN. If we could just have half of it, why, we think we could live and build our industry under our production and research program.

Mr. POAGE. I do not know of any other industry in the United States, any other agricultural commodity of the United States that is producing anything like as substantial quantity and could be produced in much larger quantities that does not have more than half of the domestic market.

Mr. RICKMAN. That is correct.

The CHAIRMAN. What reason was given in the opinion in denying your petition under section 22?

Mr. RICKMAN. There were several different reasons, Mr. Chairman, stated there.

One reason, they said that the historical history of the imports of extra long staple in their opinion didn't warrant a reduction at this time.

Another reason, they stated that in their opinion it was not the intent of Congress that section 22 be used in this manner.

Mr. POAGE. That was by a 3-2 vote?

Mr. RICKMAN. That was a 3-2 vote.

The CHAIRMAN. Are you advised that the limit you propose could appropriately be attached to the bill we have under consideration?

Mr. RICKMAN. Yes, sir.

The CHAIRMAN. It proposes an amendment to the act of 1938, as amended. I was just wondering if it should not be considered separately from Public Law 480.

Mr. RICKMAN. We feel it is a very definite part of 480, Mr. Chairman.



The CHAIRMAN. I do not know if Public Law 480 is in any way related to the program that you are proposing. At any rate, we can determine that later.

Mr. POAGE. It is my understanding that you folks have gone into that.

Mr. RICKMAN. Yes, sir.

Mr. POAGE. You have gone into that, and it was suggested that there was a place for the amendment. That was your thought.

The CHAIRMAN. We can decide that later.

Your statement indicates that foreign imports now amount to about 85 percent of the domestic consumption.

Mr. RICKMAN. Yes, sir.

The CHAIRMAN. You want to get 50 percent?

Mr. RICKMAN. That is what we asked for from the Tariff Commission, which we were denied by a 3-2 vote. That is what we are asking for here.

The CHAIRMAN. In other words, you would refuse to have increased production in this country.

Mr. RICKMAN. If you would see the language here, we are asking that extra long staple cotton be exported.

The CHAIRMAN. Be exported?

Mr. RICKMAN. Surplus extra long staple cotton be exported.

The CHAIRMAN. You have a surplus of long staple cotton now?

Mr. RICKMAN. Yes, sir.

The CHAIRMAN. How much is the surplus?

Mr. RICKMAN. The amount is in our projection there, Mr. Chairman. August 1, the quota will allow approximately 82,500 bales of Egyptian cotton to enter the country. We have a crop that will be harvested this fall that we estimate will produce in the neighborhood of 70,000 to 72,000 bales.

I think we have in stock now 120,000. Our domestic consumption in the United States is approximately 100,000 to 105,000 bales. In other words, with the supply that we have on hand including the amount that will come into the country August 1 which is already in the bonded warehouses in this country and with the crop that we are growing, we will have 2½ years' supply of extra long staple cotton.

The CHAIRMAN. All right.

Are there any further questions?

Mr. LATTI. What do you use it for?

Mr. RICKMAN. It is used in thread and fine fabric materials.

Mr. LATTI. How do you process it?

Mr. RICKMAN. Into thread and fabric.

Mr. LATTI. You are asking now that the support price be lower than 55 percent?

Mr. RICKMAN. As to our support price now, we came to Congress last year and asked that Congress set our support price from 60 to 75 percent in order that it would be flexible; that we could ask the Secretary to see that it be competitive with foreign cotton, instead of having to come up here every so often asking you gentlemen to lower the price.

The CHAIRMAN. What about the production the last 2 or 3 years, have you been increasing the production?

Mr. RICKMAN. If you will notice in our statement there, we have been reduced from 89,000 acres and this year we are down to 70,000 acres. Last year, we were reduced 12 percent.

Mr. POAGE. What has that done to production?

Mr. RICKMAN. Mr. Poage, our yield is more or less the same from year to year and our production is down.

The CHAIRMAN. With a lower price support, have you increased or decreased production?

Mr. RICKMAN. We think we could have increased the production had we been able to market our cotton, but 85 percent of our cotton is being brought in from outside of the United States.

Mr. POAGE. Will lowering the support price do you any good?

Mr. RICKMAN. No—yes, Mr. Poage, it made us competitive at the time. But in the statement here, Egypt and the Sudan have increased their production—they have gone from 1.2 million bales to 1.8 million bales in the last 2 or 3 years—and they have been exporting that cotton. As you know, the price on their extra long staple cotton in Europe is competing with upland cotton, primarily due to the Egyptian Government subsidy of 35 percent.

Mr. POAGE. I do not want to get off to the other subject. I think all this proves is that trying to develop markets by lowering price supports never has worked and never will work or will never get any additional markets. You did not get any additional markets because somebody else lowered it. I don't care if you lowered your price to 14 cents a pound. Somebody will be selling at 12 cents a pound.

The CHAIRMAN. Any further questions?

Mr. LATTI. On this long staple cotton, what is the quality of it?

Mr. RICKMAN. In spinning tests, substitutable tests run by the Department of Agriculture, their finding is that the cotton grown in the United States is equal or superior to all foreign-grown cotton. It is substitutable for any foreign-grown cotton.

Mr. LATTI. How much cheaper can you buy this imported Egyptian cotton than your cotton?

Mr. RICKMAN. We understood on our cotton No. 3,  $1\frac{7}{8}$  inch, the price was about 55 cents a pound. We understood that they were buying this in this country here at about 35 percent below our support price.

Mr. LATTI. You mean importers buy at that price?

Mr. RICKMAN. It is being bought for importation into this country at 35 percent less than our support price.

The CHAIRMAN. Any further questions? If not, we thank you very much, Mr. Rickman, for your statement.

Mr. RICKMAN. Thank you.

The CHAIRMAN. I now recognize Mr. Thompson of Texas.

Mr. THOMPSON. Mr. Chairman, I ask the privilege of saying a few words about Mr. Chambers who, I understand, is due to testify now.

I do so wish for a number of reasons, some of them personal and others official, or semiofficial, he will tell what his present connection is.

I do think that it is important for the committee to know something about his background, particularly his public service. I am not exactly sure how long he has been in the public service—must be close to 30 years.

Mr. CHAMBERS. Twenty-seven and one-half years.



Mr. THOMPSON. When you hear his words of wisdom, you will presume it has been longer than that.

When I was a member of the Committee on Merchant Marine, he was Assistant Commissioner of the Maritime Administration before the war.

I also dealt with him when he was Assistant Administrator of the Civil Defense Administration, and then he was counsel for the Senate Armed Services Committee.

I am certain that he would not give us for the record his record in the war. He served all through the war until at Iwo Jima, when he was retired because of wounds he received in action. He is entitled to wear three Purple Hearts for wounds in action. He wears the Silver Star. He wears the Congressional Medal of Honor.

We know he has been particularly interested in barter, and some regard him as "Mr. Barter."

I am, certainly, going to listen to what he has to say. I think, perhaps, other members of the committee, in view of the background, will be equally interested.

It is a very great pleasure to introduce Colonel Chambers, who is welcome to this committee. I present him to you.

The CHAIRMAN. We are very glad to have you with us, this morning Colonel. I will ask the members not to interrupt you until you have finished your prepared statement.

**STATEMENT OF J. M. CHAMBERS, J. M. CHAMBERS & ASSOCIATES,  
WASHINGTON, D.C., ON BEHALF OF M. GOLODETZ & CO., NEW  
YORK, N.Y.**

Mr. CHAMBERS. Before I start, may I say if my mother were here she could not have done better by me. I am not a modest man, but I am a little shocked at some of the things Clark—Congressman Thompson has said, and I hope they will never be held against him.

My name is J. M. Chambers, and I represent M. Golodetz & Co. of 120 Wall Street, New York, N.Y. I have always appreciated the opportunity to testify before this Committee on matters pertaining to the barter program, and welcome this further opportunity to appear before you.

I will not take the time of this committee in trying to persuade it that the barter program established to dispose of surplus commodities by exchanging them for strategic or other materials is sound and an excellent one for our country. This committee and the Congress have clearly made such a decision through the repeated enactment of laws and through plainly expressed policy statements. Certainly, last year, after careful study and over the objections of the Department of Agriculture, the Congress again enacted legislation designed to require the Department of Agriculture to carry on a proper barter program and to remove the restrictions which were killing the program.

Therefore, I propose to outline the problems that exist within the program as it is being administered and call the committee's attention to the policies and practices which have resulted in the law and the intent of the Congress not being carried out. That this condition does exist has already been conceded by the departmental witnesses,

but for the benefit of the record and to insure an understanding of these matters it is well that they be fully explained to the committee.

As you know, the program, prior to May 1957, was disposing of some \$350 to \$400 million worth of surplus agricultural commodities annually. By departmental regulations issued at that time, these disposals were reduced to a mere trickle until the Congress enacted the new legislation which was signed into law on September 6, 1958.

It was not until November 14, 1958, that the Department of Agriculture issued new regulations designed to reactivate the program. These regulations included, among other things, the rules governing the disposals of the commodities and the list of materials approved by the President for acquisition through barter. Following this announcement and others that have modified it in varying degrees, there was quite a flurry of barter activity. It is estimated that during the fiscal year ending June 30, 1959, some \$156 million worth of barter exchanges have been approved. On the other hand, during this same period, the Department rejected some \$493 million worth of barter exchanges and still has pending some \$205 million worth of offers.

The original flurry has now passed and it is estimated that the program, at best, cannot exceed \$150 million worth per year. It is much more likely that it will level off at only \$100 million per year if their present practices remain unchanged. This is evidenced by the following table showing the falling off of offers following the original activity in November and December of 1958.

*Firm offers received by agriculture*

Nov. 14 to Dec. 31, 1958.....	203
January 1959.....	113
February 1959.....	87
March 1959.....	49
April 1959.....	31
May 1959.....	36
June 1959.....	40

This program is limited by the administrative policies and regulations governing it, and these in turn stem from the factually unsupported positions developed by the opponents to barter in the Department of Agriculture and in the Department of State.

The difficulties in the program divide into two main parts. First, the restrictions limiting the materials that can be taken in exchange for surplus commodities and second, the restrictions surrounding the disposal of the commodities given in exchange for the materials. To solve either by itself will not give the type of program contemplated by the Congress. To solve neither is the approach within the Department of Agriculture.

Prior to the enactment of the new legislation by the 85th Congress, the materials that could be taken through barter were administratively so restricted that virtually no business was being consummated even had it been possible under the regulations then in existence governing the disposal of the surplus commodities. However, under the impact of the new legislation, a new and broader list of materials was issued on November 14, 1958, which led to the flurry of business referred to above. This list has now been practically exhausted, and as a result the Department has announced that no new offers will be



considered for many of the items on the November list and only one new material has been added.

Now, Mr. Chairman, it should be noted that the materials appearing on the November list, and I submit herewith for the record a copy of the press release containing this list marked exhibit "A," are a limited number taken from the total list of strategic and critical materials developed by the Office of Civilian and Defense Mobilization to govern purchases for the strategic and critical stockpile. The use of such a limited list was never contemplated by the Congress.

The language in title I, Public Law 480, which authorizes the acquisition of strategic and critical materials through soft currencies engendered by the sale of surplus commodities, specifies "strategic and critical" materials under the definitions established to administer the Stockpiling Act, and for title I purpose such a limited list is appropriate. Incidentally, the study prepared by your staff shows this authority was never used.

This selected data staff study published by your committee shows this authority to buy strategic materials under title I has never been exercised.

However, in title III, Public Law 480, no such language was used. Title III, as amended, specifically refers to "strategic or other materials" which (1) were cheaper to store, (2) did not deteriorate, and as amended (3), were of such a nature as the United States did not domestically produce its requirements. Obviously, it was intended that the materials taken in exchange for surplus commodities not be limited to the restricted one established for Title I purposes.

However, these broad directives of the Congress concerning materials to be taken under title III have never been followed.

It will be noted that on the list issued in November, there were only 26 items out of a total of 74 appearing on the list of strategic and critical materials. For the information of the committee, I submit for the record a copy of a typical list of "strategic and critical" materials marked exhibit "B".

I have marked a dagger on those materials which are available for barter.

The CHAIRMAN. Without objection, you may include that and the other exhibit.

(Exhibits A and B are as follows:)

*Exhibit A*

(U.S. Department of Agriculture, Washington, Nov. 14, 1958)

*Changes in barter program announced*

The U.S. Department of Agriculture today announced some changes in the barter program through which surplus Commodity Credit Corporation-owned farm products are exchanged for strategic and other materials produced abroad. The changes will be effective immediately with respect to new barter offers. Provisions of previous programs will continue to apply to existing barter commitments only.

Under the modified program, which implements new barter legislation enacted by the 85th Congress, barter contractors will no longer be required to obtain "certificates of additionality"—that is, written statements by responsible officials of importing countries that the commodities to be imported will be a net addition to U.S. exports to the recipient countries. The modified barter program does, however, include other measures to assure protection of the national interest of the United States, to safeguard U.S. usual marketings, and to

prevent undue disruption of world prices or replacement of cash sales for dollars.

To expedite barter transactions, three classifications of acceptable barter outlet for agricultural commodities have been set up. These classifications, which are based on an analysis of current economic and financial conditions and historical dollar marketings of U.S. agricultural commodities abroad, are designated "A," "B," and "C." Each designation involves a combination of an importing country and a specific agricultural commodity or group of commodities. An "A" designation indicates a higher potential as a dollar market than a "B" designation, and a "B" higher than a "C."

A country may be designated "A" for one commodity and "B" or "C" for another. For example, wheat, cotton, and tobacco transactions involving Portugal fall into the "A" category, whereas rice and feedgrain barter arrangements are in the "B" classification. Any country not specifically listed will be classified as "C" for all commodities.

A complete list of the commodity-country designations, which will be revised from time to time as necessary, may be obtained from the Barter and Stockpiling Division, Commodity Stabilization Service, room 3725, South Building, U.S. Department of Agriculture, Washington 25, D.C.

Barter contracts involving either an "A" or a "B" commodity-country designation may be either "bilateral" or "multilateral," but not "open end." A "bilateral" contract is one under which the agricultural commodity moves to the same country from which the material comes. Under a "multilateral" contract the material may come from a country other than the one to which the agricultural commodity moves but the importation of the material must be tied directly to the agricultural export through auxiliary transactions involving named third countries. The contractor will be required to specify in advance all countries which will be involved and the commodities which will move to or from each country.

Also, for any "multilateral" or "bilateral" contract involving an "A" designation, the Department will reasonably satisfy itself, on the basis of data which may be presented by the contractor or developed by the Department, that usual U.S. marketings will be safeguarded and that undue disruption of world market prices and replacement of cash sales for dollars will be prevented. In a "bilateral" or "multilateral" contract involving a "B" commodity-country designation, no data in addition to specifying the countries and commodities involved in the transaction will be required.

Barter contracts involving only "C" commodity-country designations may be "open end"—that is, the commodity to be exported and the country of destination need not be named in advance, and the material to be imported may be from any source country in the free world.

The following agricultural commodities are currently eligible for barter: cotton, tobacco, rice (limited quantities), wheat, corn, oats, barley, sorghum grain, butter, and nonfat dry milk. This list is subject to change from time to time.

A copy of a letter from the President to the Secretary of Agriculture designating the materials acceptable under barter contracts is attached. Reasonable limitations may be placed on the acquisition of any of these materials. It is anticipated that additions and changes will be made in this list from time to time.

CCC's ability to conclude barter arrangements depends at any one time upon such factors as U.S. national interest, existing commitments, requirements, and market conditions. Therefore, the fact that a material can be considered by CCC does not necessarily mean that it will be accepted. Likewise, "bilateral" and "multilateral" barter transactions, as outlined above, will be preferred to "open end" transactions.

Foreign-produced materials acquired under barter may be processed in the United States under "bilateral" or "multilateral" type barter transactions when (1) in the case of a "bilateral" transaction, an exchange value of the agricultural commodity approximately equal to the exchange value of the processed materials being acquired will be exported to the source country of the raw material involved or (2) in the case of a "multilateral" transaction, an exchange value of the agricultural commodity approximately equal to the exchange value of the processed materials being acquired will be exported to an eligible country or countries specifically participating in the "multilateral" transaction. The same requirements will apply to processing in foreign countries, under "bilateral"



or "multilateral" type barter transactions, if the processing country is not an approved recipient of the agricultural commodities designated in the proposed arrangement.

Other general barter requirements are applicable to the modified barter program. These include, among others, customary barter contract provisions prohibiting the transshipment of the agricultural commodities from the approved import destinations, the posting of letters of credit for commodities received in advance of materials deliveries, payment of interest on the value of such commodities, and shipment of at least 50 percent of the materials involved on privately owned U.S.-flag vessels.

Text of the communication from President Eisenhower to Secretary Benson follows:

THE WHITE HOUSE,  
Washington, November 11, 1958.

HON. EZRA TAFT BENSON,  
*The Secretary of Agriculture,*  
*Washington, D.C.*

DEAR MR. SECRETARY: Your letter of September 16 points out that section 303 of the Agricultural Trade Development and Assistance Act of 1954, as amended by the last Congress, provides for the designation by the President of the materials that may be acquired through barter transactions.

Attached to this letter is a list of materials which, on the recommendation of your Department, I hereby designate as eligible for acquisition through transactions authorized by section 303 of the Agricultural Trade Development and Assistance Act of 1954, as amended. In addition, I hereby designate as eligible for acquisition such materials as may be procured from abroad from time to time for the strategic and critical materials stockpile by order of the Director of the Office of Civilian and Defense Mobilization.

Since you retain responsibility for actual barter transactions, I request that you continue to take the lead in recommending materials to be designated and that you continue to consult the appropriate agencies in order to assure a broad and flexible consideration of the problems inherent in this program.

Unless there is a net gain to the United States from the exchange of surplus domestic agricultural commodities for these foreign materials, the national interest does not lie in the accumulation of additional amounts of commercially available materials on the attached list for which there is no current or prospective governmental need. Therefore, the practice of approving only those barter transactions that will expand total exports of surplus agricultural commodities without disrupting world markets should be continued.

Sincerely,

DWIGHT D. EISENHOWER.

**MATERIALS WHICH MAY BE ACQUIRED FOR THE SUPPLEMENTAL STOCKPILE THROUGH BARTER OR EXCHANGE TRANSACTIONS APPROVED BY THE SECRETARY OF AGRICULTURE AS AUTHORIZED BY SECTION 303 OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954, AS AMENDED**

Abrasives, crude: Aluminum oxide	Fluorspar, metallurgical
Antimony	Manganese, metallurgical
Bauxite:	Mercury
Surinam	Mica:
Jamaican	Muscovite block
Refractory	Muscovite film
Beryl (hand-cobbed only)	Muscovite splittings
Bismuth	Nickel
Chromite:	Palladium
Refractory	Silicon carbide
Chemical	Tantalite
Columbite	Tin
Cryolite	Zinc

No mercury or palladium will be considered at this time.

*Modified barter program—Commodity-country designations for exportation of agricultural commodities under barter transactions*

[Key: A—Bilateral and multilateral transactions only after USDA determines that export of the commodity will not unduly disrupt world prices of agricultural commodities or replace cash sales for dollars. B—Bilateral and multilateral transactions only. C—No restrictions—all types of transactions, including open end.]

Destination country	Wheat	Feed grains	Cotton	Tobacco	Rice	Butter	Nonfat dry milk
<b>North America:</b>							
Canada.....	A	A	A	A	A	C	C
Costa Rica.....	B	C	C	C	B	C	C
Cuba.....	A	A	B	B	A	C	C
Dominican Republic.....	A	B	B	B	B	C	C
El Salvador.....	A	B	B	B	B	C	C
Guatemala.....	B	C	C	B	B	C	C
Haiti.....	B	C	C	B	B	C	C
Honduras.....	B	C	C	B	B	C	C
Mexico.....	B	A	B	A	B	C	A
Nicaragua.....	A	B	B	B	B	C	C
Panama.....	A	A	B	B	B	C	C
Tobago.....	A	B	B	B	B	C	C
Trinidad.....	A	B	B	B	B	C	C
<b>South America:</b>							
Argentina.....	C	C	C	C	B	C	C
Bolivia.....	C	C	C	C	B	C	C
Brazil.....	B	C	C	C	B	C	C
Chile.....	B	C	C	C	B	C	C
Colombia.....	B	C	B	C	B	C	C
Ecuador.....	B	C	C	C	B	C	C
Paraguay.....	C	C	C	C	B	C	C
Peru.....	B	C	C	C	B	C	C
Uruguay.....	C	C	C	B	B	C	C
Venezuela.....	A	B	B	B	B	C	C
<b>Europe:</b>							
Austria.....	B	B	A	A	B	C	C
Belgium-Luxembourg.....	A	A	A	A	A	C	C
Denmark.....	A	A	A	A	B	C	C
Finland.....	C	C	B	B	B	C	C
France.....	B	A	A	A	B	C	C
Germany, West.....	A	A	A	A	B	C	C
Greece.....	C	B	C	C	B	C	C
Iceland.....	C	B	C	B	B	C	C
Ireland.....	B	C	B	B	B	C	C
Italy.....	A	A	A	A	B	C	C
Netherlands.....	A	A	A	A	A	C	C
Norway.....	A	A	A	A	B	C	C
Poland.....	C	C	C	C	B	C	C
Portugal.....	A	B	A	A	B	C	C
Spain.....	C	C	A	B	B	C	C
Sweden.....	B	B	A	A	A	C	C
Switzerland.....	A	A	A	A	A	C	C
Turkey.....	C	A	C	C	A	C	C
United Kingdom.....	A	A	A	A	B	C	C
Yugoslavia.....	C	C	C	C	B	C	C
<b>Asia:</b>							
Afghanistan.....	C	C	C	C	B	C	C
Bahrein, State of.....	A	B	B	B	A	C	C
Burma.....	C	C	C	C	B	C	C
Cambodia.....	C	C	C	C	B	C	C
Ceylon.....	C	C	C	B	B	C	C
China (Taiwan).....	C	C	B	B	B	C	C
India.....	B	C	B	C	B	C	C
Indonesia, Republic of.....	B	C	B	B	B	C	C
Iran.....	B	C	B	B	B	C	C
Iraq.....	C	C	C	C	B	C	C
Israel.....	B	B	B	B	B	C	C
Japan.....	A	A	A	A	B	C	C
Jordan.....	C	C	C	B	B	C	C
Korea, South.....	C	C	C	C	B	C	C
Kuwait.....	A	B	B	B	A	C	C
Laos.....	C	C	C	C	B	C	C
Lebanon.....	B	C	C	B	B	C	C
Malaya, Federation of.....	B	B	B	B	B	C	C
Nepal.....	C	C	C	C	B	C	C
Pakistan.....	C	C	C	C	B	C	C
Philippines.....	B	C	B	C	B	C	C
Saudi Arabia.....	A	B	B	B	A	C	C
Syria.....	C	C	C	C	B	C	C
Thailand.....	B	B	B	B	B	C	C
Vietnam, South.....	C	C	C	C	B	C	C



*Modified barter program—Commodity-country designations for exportation of agricultural commodities under barter transactions—Continued*

[See p. 585 for key to symbols].

Destination country	Wheat	Feed grains	Cotton	Tobacco	Rice	Butter	Nonfat dry milk
<b>Africa:</b>							
Angola.....	A	B	B	B	B	C	C
Egypt.....	C	C	C	B	B	C	C
Ethiopia.....	C	C	C	C	B	C	C
Ghana.....	B	C	C	B	B	C	C
Liberia.....	B	B	B	B	A	C	C
Libya.....	C	C	C	C	B	C	C
Morocco.....	C	C	C	B	B	C	C
Nigeria.....	A	B	B	B	B	C	C
Rhodesia and Nyasaland...	C	C	B	C	B	C	C
Sudan.....	C	C	C	C	B	C	C
Tangier.....	C	C	C	B	B	C	C
Tunisia.....	C	C	C	B	B	C	C
Union of South Africa.....	B	B	A	B	B	C	C
<b>Australia and Oceania:</b>							
Australia.....	B	B	A	A	B	C	C
New Zealand.....	B	B	B	A	B	C	C

EXHIBIT B

EXECUTIVE OFFICE OF THE PRESIDENT,  
OFFICE OF DEFENSE MOBILIZATION,  
September 12, 1957.

Subject: Current list of strategic and critical materials for stockpiling

*Section 1. Purpose*

The materials listed herein are currently included in the strategic stockpiling program pursuant to section 2(a) of Public Law 520, 79th Congress.

*Section 2. Group I materials*

The following list constitutes group I of the materials in the strategic stockpile. These materials have been or may be acquired through purchase pursuant to section 3(a), and by transfers of Government-owned surpluses pursuant to section 6(a), of Public Law 520, 79th Congress. All materials purchased must conform to stockpile specifications. Some of these materials are not under active procurement.

- |  |  |
|--|--|
| 1. Abrasives, Crude Aluminum Oxide     | 26. Feathers and Down, Waterfowl                           |
| 2. Agar                                | 27. Fluorspar, Acid Grade                                  |
| 3. Aluminum                            | †28. Fluorspar, Metallurgical Grade                        |
| †4. Antimony                           | 29. Graphite, Ceylon-Crystalline and Amorphous             |
| 5. Asbestos, Amosite                   | 30. Graphite, Madagascar-Crystalline Flake and Fines       |
| 6. Asbestos, Chrysotile                | 31. Graphite, Other than Ceylon and Madagascar-Crystalline |
| 7. Asbestos, Crocidolite               | 32. Hyoscine   |
| †8. Bauxite, Metal Grade               | 33. Iodine   |
| †9. Bauxite, Refractory Grade          | 34. Jewel Bearings   |
| †10. Beryl                             | 35. Lead   |
| †11. Bismuth                           | 36. Magnesium  |
| 12. Cadmium                            | 37. Manganese, Battery Grade, Natural Ore                  |
| 13. Castor Oil                         | 38. Manganese, Battery Grade, Synthetic Dioxide            |
| 14. Celestite                          | 39. Manganese, Chemical Grade, Type A Ore                  |
| †15. Chromite, Chemical Grade          | 40. Manganese, Chemical Grade, Type B Ore                  |
| 16. Chromite, Metallurgical Grade      | †41. Manganese Ore, Metallurgical Grade                    |
| †17. Chromite, Refractory Grade        | *42. Mercury   |
| 18. Cobalt                             |  |
| 19. Coconut Oil                        |  |
| †20. Columbite                         |  |
| 21. Copper                             |  |
| 22. Cordage Fibers, Abaca              |  |
| 23. Cordage Fibers, Sisal              |  |
| 24. Diamond Dies, Small                |  |
| 25. Diamonds, Industrial—Bort & Stones |  |

- |   |   |
|---|---|
| †43. Mica, Muscovite Block, Stained A/B and Better    | 59. Selenium                            |
| †44. Mica, Muscovite Film, First and Second Qualities | 60. Shellac                             |
| †45. Mica, Muscovite Splittings                       | †61. Silicon Carbide, Crude             |
| 46. Mica, Phlogopite Splittings                       | 62. Silk, Raw                           |
| 47. Molybdenum  | 63. Silk Waste and Noils                |
| †48. Nickel   | 64. Sperm Oil                           |
| 49. Opium   | 65. Talc, Steatite, Block               |
| 50. Palm Oil  | †66. Tantalite                          |
| 51. Platinum Group Metals, Iridium                    | †67. Tin                                |
| *52. Platinum Group Metals, Palladium                 | 68. Tungsten                            |
| 53. Platinum Group Metals, Platinum                   | 69. Vanadium                            |
| 54. Pyrethrum   | 70. Vegetable Tannin Extract, Chestnut  |
| 55. Quartz Crystals                                   | 71. Vegetable Tannin Extract, Quebracho |
| 56. Quinidine   | 72. Vegetable Tannin Extract, Wattle    |
| 57. Rare Earths                                       | †73. Zinc                               |
| 58. Rubber, Crude Natural                             |   |

### Section 3. Group II materials

The following list constitutes group II of the materials in the strategic stockpile. These materials have been acquired principally through transfer of Government-owned surpluses pursuant to section 6(a) of Public Law 520, 79th Congress. None is under procurement.

- |   |                           |
|---|---------------------------|
| 1. Bauxite, Abrasive                          | 6. Mica, Phlogopite Block |
| 2. Corundum                                   | 7. Rutile                 |
| †3. Cryolite, Natural                         | 8. Sapphire and Ruby      |
| 4. Diamond Dies, Other Than Small             | 9. Talc, Steatite, Ground |
| 5. Mica, Muscovite Block, Stained B and Lower | 10. Titanium Sponge       |
|   | 11. Wool                  |

### Section 4. Effective date

This list supersedes all previous lists and is effective immediately.

GEO. B. BEITZEL,  
Assistant Director for Production.

Mr. CHAMBERS. Now, obviously, no material which does not meet the criteria set out in title III should be taken. On the other hand, it would appear that at a minimum, any material on the list of strategic and critical materials should be available for barter, so long as they meet that criteria. However, such an approach has never been taken. Rather, begrudgingly and on a piecemeal basis, the small list referred to was made available, and it is now practically exhausted.

And to make it even worse, Mr. Chairman, not only were the number of materials on the list so limited, but each had a relatively small quantitative limitation as to the amounts that could be taken. As pointed out above, these amounts were soon exhausted and the list of materials has become virtually meaningless. Such is currently the situation and the fault is no longer completely in the Department of Agriculture.

Prior to the enactment of the new legislation, the Secretary of Agriculture determined which materials should be taken and certainly he was not required to limit himself to the small list of strategic and critical materials recommended to him by the then Office of Defense Mobilization. However, it is a fact that he chose to so limit himself and this was one of the major stumbling blocks in the barter program at that time.

Under the new law, however, the Secretary can only take such materials as are designated by the President. Now, I am sure you

\*No offers being considered, if received, at this time.

† Indicates available for barter.



understand that the President does not personally sit down and prepare such a list. In a letter of transmittal to the Secretary of Agriculture establishing the list released in November, he requested that the Secretary take the lead in recommending materials to be designated after consultation with the appropriate agencies.

It is my understanding, Mr. Chairman, that an interdepartmental committee, chaired by the Department of Agriculture, was created to advise the Secretary, who then recommends to the President through the Bureau of the Budget, the materials which should be taken. Recognizing that the quantitative limitations on the original list of November 14 were being exhausted, the committee did meet some months ago on several occasions for the purpose of recommending increases in the quantities of the materials on the list and considering additional materials. Little was accomplished for so far the President has not released any new list and one material only has been added to the existing list. It is generally understood that some of the members of the committee are opposed to the entire barter program and are effectively hamstringing the operation by finding ways and means of preventing additional quantities of the materials on the list to be taken or new materials to be added. This committee has now become one of the main bottlenecks in the operation of the barter program. But in any event, Agriculture has not even bothered to have a meeting of the committee in the past 3 months.

It is my belief, Mr. Chairman, that this committee should examine the members of this interdepartmental committee and develop from them the attitudes of their departments toward the barter program as a whole as well as the positions they individually have been taking on the question of adding new materials to the list for barter. Certainly it is clear that the fewer the materials that can be taken, the smaller the barter program will be, and if this is the aim of certain of the members of the interdepartmental committee, it should be so shown in the record.

Mr. Chairman, I am certain that in examining the representatives of the departments which control the materials which can be taken, the committee will endeavor to find the basis for their opposition to the program as a whole.

The CHAIRMAN. Do you have a list of the names of the members of the committee?

Mr. CHAMBERS. This is supposed to be confidential. I don't know why but even the existence of this committee is supposed to be confidential. Its membership is also supposed to be confidential, but those of us who work in this area find out from time to time who in Government is working on it. I think, sir, and I do not want to say that this is completely accurate, but that the members are—first of all, the Department of Agriculture, which is supposed to chair it, Mr. Palmby is the chairman and may I say, sir, that I understand Mr. Palmby has done the best job that he could possibly do to get action out of this committee.

The CHAIRMAN. I do not want a statement about it. I want to find out about the committee; we will give consideration to your suggestion about talking to the members of the committee.

Mr. CHAMBERS. May I suggest, sir, that in doing that that you might wish to pay particular attention to the position and the per-

sonal attitudes of the representatives of the Department of State and the Bureau of the Budget.

The CHAIRMAN. All right, go ahead with your statement.

Mr. CHAMBERS. Among other things, they will find that in the State Department, to put it mildly, there is little enthusiasm for the barter program. The record before this committee shows clearly that the State Department has been endeavoring to protect the exports of all the nations of the free world at the expense of the exports of our own agricultural commodities.

I think it is important to read two sentences from the statement of the House managers on the conference report on last year's bill; because in that, in discussing these additional matters, you all stated:

However, it should be noted that the safeguarding of usual marketings is limited to safeguarding of the usual marketings of the United States. It is not intended that the usual marketings of other nations shall be a basis of consideration in the approval of the barter transaction.

And nothing could be more clear than that. And yet the State Department witnesses before this committee have certainly indicated that they are equally interested in protecting the markets of friendly but competing nations.

Furthermore, let the record be clear on one point. All barter transactions involving the so-called hard-currency countries and all those involving countries classed as "B" in the November regulations are individually cleared by Agriculture with the State Department. It is generally understood that the State Department clears it with other friendly countries.

When a nation such as Canada objects to our disposals of wheat through barter, our State Department goes right along with it. If Mexico objects to our disposing of cotton through barter, or Thailand objects to a rice transaction, the State Department will agree with them, and Agriculture follows their decision. Therefore, even in the face of our ever-growing surpluses and the criticisms of the farm price-support system which develops these surpluses, the Department of State clearly prefers to give the commodities away or sell them for soft currencies rather than to go along with the laws concerning barter. The record maintained by your staff on the barter program will confirm these statements.

I recognize that I may be deemed presumptuous in expressing my conclusions as to the reasons for the State Department's objections to the barter program. However, I feel strongly on this point since I know that the nations who have objected the strongest to the State Department have benefited tremendously by the sale of materials to this country through the barter program. As evidence of this point, I submit for the record a tabulation, marked "Exhibit C," dated March 4, 1959, released by the Department of Agriculture, showing the country of origin of the materials taken through the barter program.

The CHAIRMAN. That may be made a part of the record.



(Exhibit C is as follows:)

## U.S. DEPARTMENT OF AGRICULTURE—EXHIBIT C

*Value of materials delivered under the barter program by country of origin for calendar years 1954 through 1956 (based on program operating records)*

[Value in millions of dollars]

Country of origin	Calendar years					Total
	1954	1955	1956	1957	1958	
Africa <sup>1</sup>	\$11.0	\$49.5	\$34.4			\$94.9
Argentina		.1	.3	\$0.5	\$0.8	1.7
Australia			6.0	10.9	1.6	18.5
Belgian Congo			3.0	4.4	.6	8.0
Belgium		.3	6.1	5.8	.5	12.7
Bolivia			1.0	1.1		2.1
Brazil		.2	.5	1.5	1.6	3.8
Canada	2.7	6.7	21.2	30.8	16.1	77.5
Ceylon			.1	.2		.3
Chile		.2		1.3	.5	2.0
Colombia	.6	.6	.2			1.4
Cuba			.3			.3
Formosa		.1				.1
France	.5	2.0	9.2	7.8	5.8	25.3
Ghana				2.7	.2	2.9
Germany, West	.2	2.0	14.2	13.5	4.4	34.3
Greece			.4	.4	1.2	2.0
India		2.0	4.6	4.1	7.3	18.0
Italy		2.3	5.2	3.0	.7	11.2
Jamaica				1.0	24.2	25.2
Japan	3.1	19.7	15.1	12.2	12.9	63.0
Madagascar			.1		.2	.3
Mexico		2.1	16.1	27.4	8.8	54.4
Morocco					.3	.3
Netherlands		2.4	1.1	.5		4.0
New Caledonia		1.7	1.7	.1		3.5
Northern Rhodesia			.2	7.8	6.0	14.0
Norway		.9	.7		.1	1.7
Pakistan					.1	.1
Peru			2.4	9.0	.7	12.1
Philippine Islands		6.9	6.6	3.7	5.6	22.8
Portugal			.2			.2
Portuguese East Africa		8.5	6.3	1.1		15.9
South Africa		4.8	21.1	49.8	37.7	113.4
South West Africa				1.0	.6	1.6
South Korea			.4			.4
Southern Rhodesia	.1	.3	7.3	3.7	4.6	16.0
Spain			.2			.2
Sweden		.3	.1		.4	.8
Tasmania			.6			.6
Trieste	.6	.7				1.3
Turkey		9.8	18.3	23.0	20.2	71.3
United Kingdom		2.5	1.7	1.5	1.2	6.9
Yugoslavia		.4	.5	4.8	4.1	9.8
Total	18.8	127.0	207.4	234.6	169.0	756.8

<sup>1</sup> Represents diamond deliveries for which individual countries are not available.

Source: CSS/Barter &amp; Stockpiling Division, Mar. 4, 1959.

Mr. CHAMBERS. You will notice from this report that Canada sold \$77 million worth of materials over a 4-year period through the barter program and Mexico sold \$54 million worth of materials. Yet these are two of the main objectors to our barter program. Furthermore, the exports of wheat from Canada have remained firm at a time when our own exports have steadily declined and the growth of Mexican cotton exports in relationship to the decline of our own exports is too well known to require discussion.

This report also shows clearly that a great many of the underdeveloped countries of the world have benefited by selling materials through this program which they otherwise would not have disposed of. Their economy has been strengthened thereby and they have been able to buy additional materials through the sale of these materials to buy dollars or hard currencies in the world markets. Because of these facts, I don't believe that the position of the State Department is valid, nor do I see how a policy which reduces our own exports to protect those of other nations can be accepted.

Moreover, it seems clear that when the State Department talks about protecting normal marketings, they believe they are only talking about normal marketings of the free world countries. Yet it is becoming clear that this protection also extends to Soviet exports. An interesting and highly undesirable result has resulted from their procedures designed to restrict the barter program. The record shows clearly that at a time when we cannot dispose of our commodities through barter into certain countries due to the restrictions placed around the program, there has been created a vacuum within those countries into which there is an ever-increasing flow of the same commodities from the Soviet bloc nations.

Mr. Chairman, I have noted with interest the statements that you made on the floor of the House of Representatives on this subject. On March 2, 1959, you clearly pointed out that in 1957, the year in which the barter program was emasculated, the Communists shipped over \$89 million worth of the same commodities into the same countries into which they could not be exported from the United States under the barter program. You also pointed out that agreements for 1959 have been signed between the Soviet and these same countries for these same commodities and the projected imports were greatly increased.

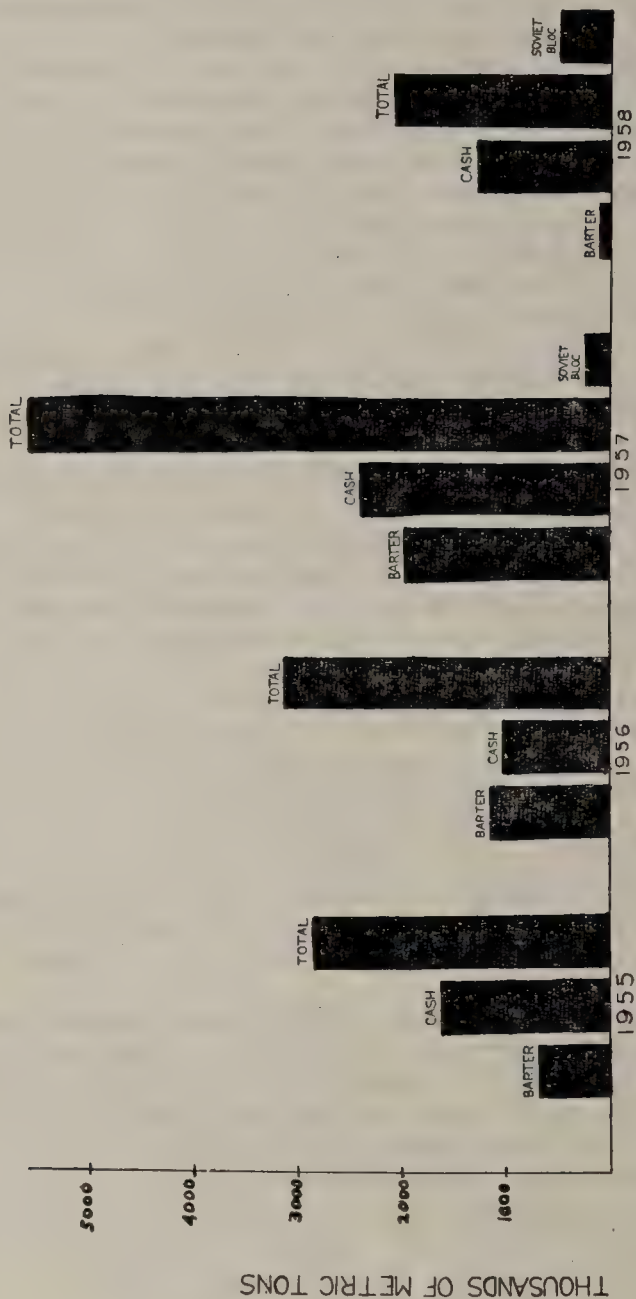
Unfortunately, the complete statistics are not available on this point, but I would like to call the attention of the committee to the chart on page 8. It is limited to wheat exported to Western Europe and covers only the fiscal years ending with fiscal year 1958. That is because that is the latest publication available to us from the Department. Because of the earlier testimony of departmental witnesses it has additional significance beyond the purpose for which it was originally prepared. The statistics are taken from the publication entitled "The World Grain Trades," issued in April 1959 by the Foreign Agricultural Service of the Department of Agriculture.



(The chart is as follows:)

# WHEAT

EXPORTS TO WESTERN EUROPE



SOURCE:  
THE WORLD GRAIN TRADE  
FAS-M-53  
APRIL 1956  
OFFICE OF AGRICULTURAL SERVICE  
U.S. DEPT. OF AGRICULTURE

FISCAL YEAR

Mr. CHAMBERS. While their testimony laid great stress on coarse grains as evidence that they did not need barter in order to sell certain of their surpluses for cash, this certainly does not apply for wheat, if this testimony is correct. Nor does it apply to all coarse grains, cotton, and many other of our agricultural exports.

This chart on wheat shows clearly that in 1955, when the barter program began to operate, our gross exports of wheat into Western Europe were at approximately 3 million metric tons per year. In fiscal year 1956, when barter became more effective, you will note that our gross exports increased tremendously and that the combined exports through barter and cash sales were also greater. There was a slight drop off in the cash sales more than compensating the increase in barter sales and that the combined exports through barter and cash sales were greater than before. Then we can go into the next year. When the barter program was at its highest level during fiscal year 1957, our cash sales were more than doubled, our barter sales alone were approximately 2 million tons per year, and our gross exports were well over 5 million metric tons. But as we look at the figures for 1958, when sales through barter have been cut to a mere trickle, our cash sales, far from increasing, dropped to the lowest level since 1956 and our gross exports were less than one-half of what they were in 1957. Very significantly, Soviet exports of wheat into these same countries began to assume significant proportions. Furthermore, as Chairman Cooley pointed out in his statement to the House, the planned imports by the Soviet bloc into these same countries in 1959 were far larger than those for 1958.

Mr. JOHNSON of Wisconsin. Could I ask a question at this point. I would like to know what the Soviet took back for the wheat?

Mr. CHAMBERS. Sir, there is a Department circular which was introduced in the record yesterday by the chairman, which indicates that most of these transactions were of a barter type, but please remember that when you barter you don't hand away a handful of wheat and get a handful of something else. You sell for the currency of that country, and buy something back with the currency that you are getting. Actually, all foreign trade is based on barter.

The CHAIRMAN. When you finish the statement, I would like to ask you a question on that, but I will wait until you finish.

Mr. CHAMBERS. Yes, sir.

Mr. Chairman, it appears clear that as far as wheat into West Europe is concerned, our exports have dropped far below an acceptable level and that this has coincided with the virtual cessation of the barter program. Similarly, this has apparently opened the door for Soviet bloc imports of wheat into the same countries into which we cannot export under barter except under the most stringent regulations concerning "additionality."

I am told also that this experience with wheat into West Europe is equally valid on a worldwide basis, and that the picture for cotton is even worse.

With this background, I would like to comment briefly on the Department's testimony which they advanced as an argument to support their position on barter. It may be correct to say that they have finally located an instance to which they can point with pride, namely, coarse grains. However, Mr. Chairman, in the document of selected



data relating to agricultural exports published by your committee on July 13, 1959, is the most damning refutation of their case. Table 3 on page 2 shows there has been a net decline of 14 percent in our agricultural exports between 1958 and 1957. Over 70 percent of this decline is in countries where barter sales are not permitted with "additionality" requirements being met, and this is virtually impossible. These simple but complete statistics should speak for themselves. No amount of carefully selected segments can set them aside.

Now, Mr. Chairman, the representatives of the Department of Agriculture may be happy with this situation. But since our commodities cannot be exported under barter into these so-called hard-currency countries which make up the 70 percent referred to above, except under the so-called additionality requirements, it is clear that unwittingly perhaps, the Department of Agriculture and the State Department have created a vacuum into which Soviet bloc farm exports are moving at the expense of our own.

I can assure you and I am sure that the records of this committee will show that many offers involving the movement of surpluses into West European nations have been turned down solely because of additionality requirements, or because of other objections from the State Department at a time when the Soviet bloc exports into these same countries are steadily increasing. Furthermore, we are led to believe that at present consideration is being given to stopping any future movement of soybeans into certain of these so-called hard dollar areas. Starting in calendar year 1958, Red China began to import a large quantity of soybeans into these same areas. Trite explanations are given for this. For instance, we have been told that the Department does not worry too much about it because they feel that Red China will always sell their surplus soybeans at what are virtually dumping prices, and for that reason, they are not disturbed about the growing importation of soybeans from Red China into a particular area. There being the feeling if you stop it there, it will crop up somewhere else. However, present regulations will not, except under very stringent restrictions, permit us to put any soybeans into these nations through barter sales. Perhaps we could blunt the sharpness of this attack if we were permitted to compete through barter.

Mr. Chairman, I am certain that this aid and support to Soviet bloc exports was never intended by our State Department and the Department of Agriculture, but it is a fact that in the programs they have developed to restrict the barter program, they have unwittingly made this result possible.

It is a source of considerable gratification that the chairman and members of this committee and others in the Congress recognize this problem. It is apparent, however, that the executive branch does not propose of its own initiative to take the step which will permit us to successfully compete with the Soviet bloc if it means that barter sales are a part of the solution. Congress alone can be relied upon for such action.

Now, Mr. Chairman, I do not need to refresh the memories of this committee concerning the objections advanced by the Department last year in opposition to amending the barter section of Public Law 480. They constantly took the position that barter sales were displacing

cash sales and that for this reason, they were requiring proof of additionality to be submitted by the contractor before certain commodities could be sold in certain countries through barter. This system killed the barter program, yet at no time did the Department offer evidence to support its position. Notwithstanding their objections, Mr. Chairman, this committee, the House of Representatives, and ultimately the Congress, adopted a bill designed to liberalize these restrictive regulations and practices.

You may be interested to know that instead of liberalizing the restrictions on the movement of commodities, the Department of Agriculture has made it more difficult to dispose of commodities into various countries. It has even made public announcement of this fact. This announcement was in a public letter sent to barter contractors.

Again referring to the statement of the managers, you said that—

This bill is designed to reinstate a barter program of at least a magnitude followed prior to the restrictive regulations issued by the Secretary of Agriculture.

And the statement of the managers is, also, replete with the condemnation of the so-called additionality requirements.

Mr. Chairman, I would like to take one moment to refer to a bit of Mr. Palmby's testimony, which I do not believe received the attention that it deserves from this committee.

We are complaining about the present regulations within the Department. We feel that they are too restrictive and we know they kill the barter program, but in answer to some questions when Mr. Palmby last appeared here, on page 746 of the transcript, Mr. Palmby said, "And if I could comment again, Mr. Chairman, I have to go back to the conscientious effort we have made"—and gentlemen, I agree that he is trying to be conscientious—

and are continuing to make to keep the destination of these commodities from impairing what we can sell for dollars. This is very, very difficult. As we look ahead of us, we cannot help but think there are some countries that may have to be excluded from consideration from barter.

Mr. Chairman, what Mr. Palmby was doing was serving notice on this committee that over and beyond the regulations which we now have to which we object that they are considering removing certain countries, and these are the hard currency countries from the list into which any barter could be made under any circumstances. I think it is well to keep that in mind.

It is my understanding, Mr. Chairman, that the only reason that this regulation has not been issued already, because we are going into a new fiscal year, is because of the hearings of this committee and there was some reluctance to come out with the tight thing of the barter program at this particular time. But you gentlemen are now on notice that they probably are going to tighten it up still more.

The method whereby the CCC continued their additionality requirements and achieved their goal of denying barter sales into the so-called hard-money countries, which was supposed to be killed by a new designation, was by designating certain countries into which certain commodities could not go unless the Secretary first satisfied himself that such sales would be in addition to what he believed could be sold for dollars. These commodities and countries were marked



"A" on the list released by the Department of Agriculture in November 1958. I have already placed this in the record. Mr. Chairman, this, in a slightly different form, is exactly the same system which the Congress intended to change in 1958. The only difference lies in the fact that ostensibly the burden of proof was changed from the contractor to the Secretary. Yet in practice, even this difference does not exist because they invite the submission of evidence from the contractor on this additionality question. I might add that the record shows they seldom approve such transactions and it is our understanding that they are currently revising the country list to further restrict the program.

Furthermore, Mr. Chairman, a further restriction was added because, in addition to the additionality requirement for the "A" countries, any such barter must be bilateral in nature. There are variations in that multilateral transactions are permitted but they are on an even more difficult basis. In these cases, the materials must come from the same country into which the commodities go.

An examination of the table of "A" countries and commodities, which is included within the November press release previously submitted for the record, shows that this "A" category represents these areas of the world whose dollar exchange or credit position is good and where we should theoretically always be able to sell for dollars. Notwithstanding the fact that practically no barter sales have been made to these countries since May 1957, it is in these areas that our exports are off and where Soviet penetration is the greatest.

In these same regulations, they established another category which they call the "B" category. In this case, a finding of additionality is not required like in the "A" group, all "B" transactions have to be bilateral. A casual examination of this "B" list might suggest the conclusion that this is a very generous regulation because of the many countries that are listed as being available for barter transactions. However, Mr. Chairman, if you consider these "B" countries in the light of the materials which they have available, you will find that only a dozen or perhaps 14 have any material of any kind which can be taken. Therefore, so-called B transactions are limited and the bilateral requirement is part of the basis for Agriculture saying present restrictions are more stringent than before.

Furthermore, all "A" and "B" deals must be individually approved by the State Department. Instances have been reported where otherwise acceptable deals have been turned down involving rice to West Europe because Thailand objected. Several instances have also been reported where otherwise acceptable "A" deals were turned down even when the importer, in writing, certified that he would reduce his purchases from the Soviet bloc in the amount necessary to cover the barter transactions.

MR. POAGE. In the case of the individual transaction, we have had testimony from the State Department that they didn't do it. Who does it? I want to know.

MR. CHAMBERS. Mr. Poage, I have to be a little careful but there is a mechanism set up within the State Department to which these proposed barterers are referred by Agriculture. I do not know the names of the individuals in the State Department.

Mr. POAGE. How would we go about getting the State Department statement on this? You heard Mr. Mann's statement. We have, then, to resolve that question somehow or other.

Mr. CHAMBERS. Mr. Poage, I will speak frankly and honestly to this subject. It is factually true, and I am certain if you directly ask the representatives of the Department of Agriculture that it will be confirmed, that all of these "A" and "B"—I will put it even more broadly, all bilateral and multilateral transactions, irrespective whether "A," "B," or "C", which I have not yet described, are referred to the State Department for clearance.

When Mr. Palmby testified, I think his testimony was a little misleading. I do not believe that it was intended to be. But as I recall it, he said no foreign government had the right of veto or any barter transaction. That is the way he phrased it. He is, of course, right.

I am certain that no foreign government can tell the Secretary of Agriculture he cannot approve anything. But, Mr. Poage, I submit to you that if—and this is true, sir, that these multi and bilateral transactions are being referred to the State Department, and if they, as we are told and I don't know it as a fact, but, certainly, they must secure some basis for their decision—if they check these out with the attachés and the Embassies of the countries involved, and I understand this is one of the techniques, and if they then advise Agriculture that they are opposed to it, and Agriculture goes along with them, I would say that indirectly the foreign government is vetoing the transactions. And certainly, our State Department appears to side vigorously with them.

I might add to that, that the chairman, as I recall, read a letter to Mr. Palmby which he had received from Agriculture where a transaction was turned down in part, at least, due to objections of the State Department. That was in talking to Mr. Palmby. Mr. Palmby said he found no conflict between that letter and his testimony. But the trouble is, sir, that we are getting, I believe, a little clouded testimony. I am trying to clear up one part.

The State Department does get for approval of all these "A" and "B" deals.

Mr. POAGE. Where do we go to find out?

Mr. CHAMBERS. I would suggest that you ask the specific question——

Mr. POAGE. You make statements in direct conflict to what we have been told by the Department. I think you have a right to say it. I am not charging you with being wrong in doing so. I am not charging anybody with being wrong. I think that the committee would like to find out which is the correct statement on it. You cannot escape that. I am not charging you with saying a thing that is wrong.

Mr. CHAMBERS. Mr. Poage, obviously, I intended, sir, to make it clear that I believe these witnesses are not saying the right thing. May I suggest——

Mr. POAGE. You are not saying "you believe," you are saying it is a fact. And you know it is a fact and we understand you have checked your statement whether these are facts.

Mr. CHAMBERS. Mr. Poage, it is my understanding that your staff receives a report on every individual barter transaction. Obviously,



these are not available to me. If I am correct in what I am saying, I am sure that those records will show certain transactions turned down and they will say based on advice from the State Department. Right here in your own records, you have the starting point on this.

Second, as I earlier said, the chairman has already indicated that they have, at least, one letter from Agriculture on one particular transaction where, obviously, the State Department had it referred to it. I would submit to you that a direct question to the Department of Agriculture based on what I have said here will get an honest answer, because these are honest men. They are not necessarily going to come up and volunteer anything. But you will get the answer.

Mr. JOHNSON of Wisconsin. The Department of Agriculture does not have to turn them down because the State Department says they should. If the State Department doesn't like it, they turn them down, isn't that the situation?

Mr. POAGE. As I recall, they did not receive any official advice. That is what I am trying to get at. They made a positive statement they didn't do it—Mr. Palmby did. I am not saying that the State Department does or does not. These people all have sense.

Mr. CHAMBERS. If I may comment before going back to my statement, obviously, I do not have the opportunity to do what you gentlemen can do and that is to ask them. You will get it.

Mr. POAGE. That is all I am trying to do, to be told where we can get the facts. You got them somewhere and you made a positive statement.

Mr. CHAMBERS. Right.

Mr. POAGE. And I believe you. I want to know where you got the information. You do not want to tell me.

Mr. CHAMBERS. I will tell you.

Mr. POAGE. I am not trying to tell you to put yourself in an embarrassing position. I am just asking you how we can go about getting it?

Mr. CHAMBERS. This is no leak. One of these, at least, is a transaction that my company personally put in and I will be very happy to tell you what it was. We put in an offer to exchange manganese for certain commodities. The manganese was to come from India. However, the only way the deal could be made to work, because of the commercial aspects of it, required us to take the grains involved to Sweden, to take steel from Sweden and from the moneys that we got for selling the commodities there to buy steel and then sell the steel in India, pay for the manganese, and bring it to CCC. That is a "B" country transaction and bilateral in form.

I can assure you that I was told while negotiating the contract that Agriculture must clear this portion of the offer with the State Department. So these are not leaks. These are the things that I have learned through working with this program.

I want to repeat that I am certain, Mr. Poage, that your committee is getting these detailed reports. You have right in your own staff the information which will show transactions turned down based on advise of the State Department. And that, certainly, is the best starting point I know.

Mr. POAGE. That still does not answer the question I was getting at. It is not of enough importance to argue.

Mr. CHAMBERS. I am trying to be completely responsive to your question.

Mr. HOEVEN. Your statement must be based on either facts or rumors? You say in your statement that instances have been reported where otherwise acceptable deals have been turned down because Thailand objected. Do you have some specific information on that point? What do you mean when you say "instances have been reported"? Have they been reported to you?

Mr. CHAMBERS. Mr. Hoeven, in the case of the "A" deal turned down when the importer certified that he would reduce his purchases from the Soviet bloc, the contractor who had that transaction, and I understand there were several—

Mr. HOEVEN. Well now, again you say "understand."

Mr. CHAMBERS. Excuse me. All right, let's see if I can be specific. Perhaps I ought to be sworn in. The contractor, sir, who had this transaction told me that these were the facts.

Mr. HOEVEN. Why should not such specific information be given to the committee.

Mr. CHAMBERS. I frankly think that the committee—and that was my purpose in putting it in—that the committee should pursue these cases further.

The CHAIRMAN. I have asked for full and complete information on the transactions that have been consummated and those that have been scheduled and Mr. Heimburger assures me that we have that. I do think it is important for us to pursue it a little further to know if the State Department considers these matters individually and specifically.

Mr. CHAMBERS. Mr. Chairman, I would, certainly, hope that will be done. I want to assure Mr. Hoeven my purpose in being here as I said at the inception is that I am trying to point out the difficulties that lay in the program. That is all I am trying to do.

Mr. HOEVEN. You are making statements based on rumor. Unless you give us specific information—

Mr. CHAMBERS. I have given you, Mr. Hoeven, one specific. A little later on in my—well, perhaps I had better wait until I come to that. At any case, where they are based on transactions that I have handled personally, I can give it to you first hand. I am authorized by my company to do so. Where it is based on competitors' transactions, as you can well understand, I do not have the same information. However, some of my competitors, who I believe to be honorable men, have told me these things, and in those cases I have tried to show that, with me at least, it is second hand and not first hand.

Our first hand instance I have given you.

I might add that we have done two deals of that type, and there is one pending right now.

Mr. HOEVEN. We are seeking specific information as to facts and what has actually taken place. When you say "several instances have been reported" that gives us no help, no information.

Mr. CHAMBERS. The unfortunate part of it is, sir, I am being facetious, I would like to know more about what my competitors are doing.



(Discussion off the record.)

The CHAIRMAN. Back on the record.

Mr. HOEVEN. Would there be any objection, Mr. Chambers, if you made available to the chairman of the committee, in all confidence, information relating to the instances of which you complain?

Mr. CHAMBERS. Mr. Hoeven, I say later in my statement and for the record, that in the past I have offered and I continue to offer, if the committee deems it necessary, to submit the entire records of our experience with the barter program in confidence.

The CHAIRMAN. All right, proceed.

Mr. CHAMBERS. The third category is called "C" and are the areas of the world where commodities can be sold through barter without restriction. But again, Mr. Chairman, a casual examination of this category will show that these are the countries into which the United States, seldom, if ever, or with great difficulty, has been able to sell our commodities in the past. Interestingly enough, the procedures within the Department give the "C" category country deals the lowest priority, even though their own standards indicate that all "C" country deals are "additional" United States sales.

These restrictions on the movement of commodities have also had a serious effect on the pricing patterns in the program. This is very important, Mr. Chairman, because the restrictions on the areas of the free world into which commodities can be sold through barter are so stringent and full of risks that the commodity companies have been asking and receiving sales commissions of such a nature as would make the transactions unworkable except for the current distressed price conditions for materials around the world. Discounts or sales commissions to move the commodities have been reported ranging from 8 to 12 percent (and in the testimony before this committee, I have heard others talk of up to about 20 percent), which under normal market conditions would be absolutely unworkable. This compares to sales commissions of approximately  $\frac{1}{2}$  to 1 percent asked for and paid prior to the restrictive regulations of May 1957. The Department in the past has said that it was these small competitive discounts which were hurting cash sales. That is prior to May 1957. Yet they now vigorously support a program which requires the larger discount.

Out of this policy of the Department has grown a very serious threat to the normal sales of commodities for dollars, and many complaints have arisen from the traders in these commodities. Under the old regulations, no complaints were ever heard against the barter program from anyone outside government. Now complaints are heard and basically they are created by the restrictions on disposals and the resulting high sales commissions.

Mr. Chairman, I want to associate myself with some of the testimony given by some of the representatives of the Cotton Council and the Cotton Shipping Association. Those gentlemen complained about the very same thing I am complaining about, that the present barter program, the way it is administered, is requiring high discounts to be paid. I am sure that they did not come here to support my point of view, but it is a fact that we are complaining about the very same thing. And what I am doing is asking that those restrictions be removed from the barter program.

I believe only the Congress will do it. And I think that if we do remove those restrictions that we will drop back to the normal competitive discounts.

Of course, it must be recognized that some of these complaints are from American companies who have large holdings in Mexican cotton and who are objecting to barter sales which have moved American cotton at the expense of their holdings in Mexican cotton. This type of complaint should have little effect on the Congress, although I noticed the departmental witnesses devoted a great part of their statement to quoting it verbatim. In some ways, the weakness of the position of those opposing barter is best shown when, in Mr. Palmby's prepared statement of 12 pages, he devoted over 2 pages to quoting 2 opponents to barter who have their own commercial interests to protect.

Furthermore, because of the bilateral requirements of the "A" and "B" type transactions (I do not know whether I am getting too detailed or not) contractors handling either the commodities or the materials have been approaching the foreign buyers of our commodities and suggesting that they hold up their normal acquisitions because they were trying to work out a bilateral arrangement within that country. If successful, they point out that they would then be in a position to offer discounts to the foreign buyers. This bilateral-type arrangement also has slowed up and disrupted normal purchases of our commodities. While there are criticisms of the high sales commissions it is important to recognize that they are caused by the present regulations devised by the Department of Agriculture to avoid carrying out the barter law as intended by the Congress. They did not exist prior to the establishment of such restrictions and will disappear if the restrictions are removed from the countries of the free world into which barter sales can be made.

Therefore, Mr. Chairman, the situation that exists today is that the restrictions around the disposals of commodities are such that even if there was an unlimited list of materials which no one is recommending, it would be practically impossible to carry out a barter program in excess of \$100 million per year.

Mr. Chairman, while these are the two main problems that exist in the barter program, I would also like to point out some others to you.

Last year you amended the law to make it clear that domestic processors of foreign ores or materials could participate in this program. Not only are the processed materials more desirable for the stockpile, but it offered a chance for our domestic producers to compete with foreign suppliers. In the November announcement, a copy of which has been submitted for the record, Agriculture said that domestic concerns could participate but the requirements of additionality and that the transaction be bilateral virtually eliminated the domestic processors. The Department recognized that these restrictions would make it virtually impossible for American management and American labor to participate. This is another part of the total reluctance of the Department to carry out the law as expressed by the Congress.

There is another very serious area of concern. While the acceptance of prices offered for the materials is the responsibility of the Department of Agriculture, it relies entirely on advice given by the General Services Administration.



I have heard testimony during this week which indicates that some people believe that too high prices are being paid, and that windfall profits are resulting thereby.

It is my understanding that, as a part of the overall fight against barter, there has been criticism of the pricing patterns approved by the GSA on the part of the representative of the Bureau of the Budget on the interdepartmental committee. He took the position that they have been approving prices at too high a level. The GSA has reacted to his unchallenged position by setting their price advice at a level which makes the transaction not only unattractive but in many instances unworkable.

Now, Mr. Chairman, nothing could be further from the truth in such a position. I know of no transaction that has ever been approved by the GSA where the prices were not at or below published market prices. The Government has driven excellent bargains and the best evidence on that is the study made by your staff. On page 18, table 23 shows that according to the Department of Agriculture the contract value of the materials taken at the time of purchase was \$979.6 million.

In other words, they drove a very hard bargain.

The thing that is disturbing is that under the impact of the criticism from the Bureau of the Budget and perhaps other places—when I say they feel, GSA does not have a buying program for these materials, so if they went into the market to buy, why this is what they think they could do—the GSA now advises the Department of Agriculture as to what they feel they would have to pay for the material in dollars, on a spot basis, in the present market. Agriculture then applies that advice against offers for materials paid for through barter, for future delivery, from future markets. In the present distressed condition of materials around the world—I am sure that GSA gets good advice on this—it is possible to buy minimal quantities of materials at low prices for spot delivery. However, when you are offering a major quantity for forward delivery over a period of a year to 18 months, prices cannot be the same. Therefore, without having any recognized responsibility to administer the program, the GSA has contributed materially to limiting the volume of barter business because of their advice on prices. Either they should assess prices quoted in the light of the barter problems or Agriculture should take their “cash purchase” advice and apply it to barter offers with all their ramifications. If the restrictions on the commodities are removed, barter prices can and should be as good or better than cash prices. That was true prior to May 1957. Under present circumstances the Government is losing many chances to move surplus commodities by their pricing practices. As world markets stiffen, this problem will increase.

In fact, this situation is even now becoming acute. When I last appeared before your committee, I offered, and I continue to offer on a confidential basis, the record of our company's transactions in barter if the committee should feel it necessary to examine the pricing and profit aspects of such transactions. You will find that the margin of profits is low and reasonable.

I believe your committee has available to it on a regular basis reports from the Department of transactions offered to the Department and the reasons for their rejection. An examination of these reports

must show that more and more offers are being rejected because of price.

Mr. Chairman, I apologize for having taken so much of the committee's time. I know that this committee, and I think the Congress, have done everything within its power, short of an outright mandate, to activate a proper barter program as one means of disposing of our surpluses.

In the past there has been considerable reluctance on the part of the Congress to require a mandatory barter program set at any given level. It is my opinion, however, that unless some level of barter transactions is required of the Secretary of Agriculture by the Congress I do not believe that the intent of the Congress will be carried out. Therefore, I support and recommend some such plan as envisioned by H.R. 7983.

Any legislation should, in my opinion, specify that any material such as is presently included within the strategic and critical stockpile which meets the criteria of being cheaper to store and its non-deteriorating should be an acceptable material for barter. I do not believe that any further study of these materials needs to be made.

In addition, there are many materials, supplies, and equipment needed by our country for our future economy (because, as has been pointed out, we are a have-not nation in so many materials) and for other strategic programs which we certainly should exchange for our surplus commodities. Every effort should be made to put materials into the stockpile in as usable a form as possible and that in so doing we should maximize the participation of our domestic industry in such a program. The bill must be specific on these points or it won't be done. Also, because of the past record of the executive branch in interpreting this law, I feel it is essential that the Congress establish a level at which they want the barter program maintained.

All of us recognize that the barter program standing alone is not the final solution for our disposal program. It is only one of many methods whereby we can maintain our fair share of the world consumption of commodities that we produce for export. I am certain that we can rely on the officials of our Government to continue in the future, as they have in the past, to use excellent business judgment in determining when and what materials they can take at any given time without disturbing world market prices for those materials. It is unfortunate that they have not shown the same care in the procedures that they have established for the disposing of the surplus commodities.

Thank you for your patience in listening to my testimony. I hope that it will be of some assistance to the committee in arriving at its final decisions.

The CHAIRMAN. Thank you very much, Colonel.

I would like to ask if you can do one thing for the committee which I think would be very helpful. No one so far has done it, that is, to explain to the committee the step-by-step procedure involved in initiating and negotiating and consummating an agreement.

I have asked officials of the Department to supply that for the record. I would like for you to give it to us now, if you can.

Mr. CHAMBERS. I think that I can, sir. I will try to do it simply.



First of all, I must point out to you that there is a very definite distinction between the way such exchanges were handled prior to May 1957, and now. So, with your permission, I would like to take you to the barter steps that we followed prior to May 1957, and then change it to comply with your present procedures.

The CHAIRMAN. All right.

Mr. CHAMBERS. The whole thing starts when Agriculture puts out a list of materials on which they will accept offers for barter. They get that list, as I pointed out, in the old days from ODM, through GSA to them, and now the President gives them a list.

The trade then knows that they will accept offers on these materials. We do not know the quantities that they have for an objective, but by talking to them, if we want to offer 10,000 tons of manganese, or so many industrial diamonds, they will tell you, "Yes, we can consider an offer of that size."

So we then go out in the world markets and try to locate a supply of this material to offer them.

Obviously, gentlemen, I am sure you all understand that we try to get it at the lowest price possible.

We then come in and we make an offer to the Department of Agriculture, saying—this is under the old system, mind you—that, "We hereby offer you 10,000 tons of manganese and will take in turn surplus agricultural commodities for disposal any place in the free world."

We quote them a price. We give them a freight basis, all of the commercial details.

The Department of Agriculture will take that offer, and unless there is some reason why it should be disapproved, *prima facie*, they will send it over to GSA for checking the prices, the reputability of the contractor, the freight transactions and all of these various commercial aspects.

In due course they will get a recommendation back from the GSA.

At that time you go to the negotiator in the barter division to whom this particular transaction has been assigned—they have them on a materials basis—you sit down with that negotiator and he will say, "Your offer looks pretty good, but your price is too high."

We will say, "All right, what do you think is right?"

He will not tell you, but he says, "It is too high."

Unlike a commercial transaction they do not give you a counteroffer. He will simply say that it is too high.

Then you go back and try to guess how much lower you should go. Eventually, you will get your price down to or below what GSA has advised them.

At that time other terms and conditions being correct, we will get a wire of acceptance. And we either confirm, or we do not confirm. If we do not confirm there is no deal. Almost always they are confirmed.

When the confirmation comes back there is a deal and this lays the basis for the formal written contract.

I know of instance where they have taken 6 to 7 months to get the formal contract completed.

But in the meantime the commodities will be lifted. And when these are lifted the materials company, does not ordinarily handle the

commodities. There are a few commodity companies that do deal in materials. One or two materials companies handle commodities, but most of us do not.

So we will nominate, after negotiating with the commodity company, somebody to dispose of the commodities for us. They charge us a commission for handling that phase of the deal.

Under these transactions, prior to May 1957, they could take any commodity available from the Commodity Credit Corporation for sale in any free world country.

These people are all exporters, they are the ones who are selling under all of our export programs. They know pretty well what they can do worldwide. Therefore, they will just include this transaction within the normal exports that they would sell.

We paid them a commission from one-half of 1 to 1½ percent to handle and dispose of these commodities.

As I recall, grains are sold to us on an FAS basis in this country.

Remember, in barter the dealer has to pay for the cost of the ocean freight. Under title I that is usually paid from U.S. dollars.

We now have got a grain exporter. He then comes down and lifts these commodities in accordance with his normal sales. At the time he does it he, or we, put up a 100 percent letter of credit to cover that, or cash. He either buys it or puts up the 100 percent letter of credit.

He then sells it in the foreign market. The money that he gets from that sale is deposited to our account.

We take that money and buy the materials.

Bear in mind these materials must meet Federal specifications which have been established by the experts who work on the materials. And that we are tied down as to, one, the prices we are going to get for them; two, the quality of the material; and, three, delivery schedules.

Sometimes we will be delivering the material before we get the contract. Many times this is true.

So we will take the money that has been acquired by the selling of the commodities, pay for the materials which are delivered to the Commodity Credit Corporation.

The Commodity Credit Corporation never sees these materials. GSA who handles the big Federal stockpile is the custodian of the materials. They handle the inspection of the materials when delivered. Of course, these inspections are against Government specifications.

At every step of the way this transaction, except where Commodity Credit Corporation is concerned, is handled precisely the same as though it were a purchase from the Commodity Credit Corporation of commodities for dollars, because in grain you have to bid to get your materials, and you buy the other materials on a quoted daily market price, at the prices that they are getting for dollar sales.

The difference between those transactions which, so far as I know, did not disturb the markets—and I have heard you all say many times that you never had any complaints about the program—and what we are doing now is very clear.

First of all, there are certain countries of the world into which we cannot sell the commodities except by proving additionality on the A deal, and we must make it a bilateral deal.



When you go to the commodity company first and you make your offer and everything else just like before, except in your offer you have to tell, if it is an A or B country deal—the Department of Agriculture decides in advance what country you are going to put these commodities into and what commodity you are going to take.

So now a grain man, or a cotton man, has no flexibility whatsoever. I mean, he is committed. And within a certain period of time specified in the offer and in the wire of acceptance he has got to lift those commodities and put them into the country that has been specified.

That puts a risk into the transaction that never existed before May 1957.

In addition, we have a problem on the other end, because now we have got to get materials from the same country into which the commodities are going. That is an A or B. Or on these multilateral deals that they talk about, that is the Swedish deal that I described to you, that is a multilateral deal, where you take a commodity in Sweden, pick up a material from Sweden, take it to India and sell it and pick up the managanese there, and bring it to the Commodity Credit Corporation.

I understand that all aspects of those multilateral deals, and Mr. Hoeven, I am saying I understand—I understand that all aspects of that multilateral deal are checked with the State Department, because if India did not need steel, for instance, or there was was some country, perhaps, that they were more interested in than Sweden, in selling steel to India, they might object to that leg in the multilateral deal.

That bilateral complication plus the restrictions on the commodities have created the problems that exist.

The CHAIRMAN. You do not object to the Government knowing the ultimate destination of the accepted commodity, do you?

Mr. CHAMBERS. It is very restrictive, sir, if you require that this be done at the time you make your offer. Certainly, when you lift the commodities you have to tell the Government where they are going. But the difference lies in the fact that if you come in and are making an offer for X quantities of a given material and are taking commodities in exchange, if you have to say, "I am taking corn to put into"—well, let us say, West Germany, which may be a bad example, I do not know—if you have to limit yourself at the time you make your offer the commodity company knows it may or may not be able to put that corn into West Germany within the period of time stipulated. In order to protect that risk he is asking these higher discounts.

The CHAIRMAN. I can understand that he will ask the higher discount, but it seems to me a reasonable requirement for the Government to claim the right to know in advance the names of the countries to which the commodities will be shipped.

Mr. CHAMBERS. The problem is at what point?

The CHAIRMAN. Do you not think it is reasonable for our Government to want to know about the cost of the material and the value of the material that is going into the stockpile?

Mr. CHAMBERS. On that there is no question. There you must quote them at the time you make your offer as to the established Federal specifications on which you are offering and you must quote them a firm price which they can accept. There is no question about that.

The CHAIRMAN. Under the contracts we have now the Government knows in advance the price that they will pay for the material.

Mr. CHAMBERS. For the material, yes, sir.

The CHAIRMAN. They also know the price, or the cost of the agricultural commodity, do they not?

Mr. CHAMBERS. No, sir. We agree to take an equivalent value in agricultural commodities, because the prices of the commodities vary. We may, for instance, have a contract that will run for a year or 18 months. I think 18 months is about the top limit down there now.

The commodity people, obviously, try to lift the commodities at the time when, one, they have a sale and, second, when it is most advantageous to them.

We are the barter contractor. All we know is that the Commodity Credit Corporation has contracted to give us an equivalent value. That is based on their normal sales prices, just as though they were selling for cash. We get an equivalent value of agricultural commodities in exchange for an absolutely fixed value of materials which we are delivering to them.

The CHAIRMAN. As businessmen, the representatives of your company buy the agricultural commodities at the lowest possible price and buy the materials at the lowest possible price, do they not?

Mr. CHAMBERS. I do not think there is any question about that. The only thing we run into is if we were dealing commercially—our company sells for a great deal more to the steel companies and the ferroalloy people than they do to the government—when we sell there, there is a chance for negotiating and whatnot in relation to the market prices.

The U.S. Government drives, so far as prices are concerned, a much tighter bargain on these transactions than you find in your commercial transactions.

Specifically, I am not criticizing GSA, but I disagree with the principles involved. However, on any particular transaction I have never criticized them. They will take what they think they can buy this material for in the spot market right now for dollars. This is applied against the barter deal.

We have sold a certain amount of manganese in the last 3 months at a price which is about \$2 a ton less than it costs us to deliver to GSA. We are selling that similar manganese to the steel companies at \$2 a ton more.

Why can we do this? Because we have tied on to it, the other commercial barter leg of steel from one country to the supplier of the manganese, and we make a profit on that and have passed it on to the manganese leg.

You might ask why we do this kind of business. Under present conditions there is a real advantage for a company that has been in the export-import business for three generations, and I presume wants to continue for three more generations, to maintain a buying position with the suppliers of manganese.

Our sale is one of the few sales for manganese that have been made through the barter program. It is a very worthwhile thing to do.

I might add this is 46 percent grade managanese on Federal specifications. This is about as fine a manganese as you can find in the world.



I do not know whether I have described the barter transaction for you sufficiently or not, sir. I will be glad to elaborate if I have not.

The CHAIRMAN. I believe you have.

Mr. HOEVEN. Do you know whether or not these proposed barter sales have to be approved or are approved by the State Department before they are finally consummated?

Mr. CHAMBERS. To my knowledge, sir, they are. Any barter transaction involving a bilateral or multilateral transaction is referred to the State Department. We may have a little problem on the question as to what is meant by approval.

They are referred to the State Department for advice. And I would suggest that that carries with it the connotation of approval.

Mr. HOEVEN. It has always been my impression that the State Department exercised the veto power. Am I correct in making that assertion?

Mr. CHAMBERS. I have had no transactions turned down that I have offered for my company as a result of State Department advice. However, it is my understanding that transactions have been turned down based on State Department advice.

Mr. HOEVEN. There seem to be two flies in the ointment.

One that the contract must be approved by the State Department.

Mr. CHAMBERS. Not the contract, sir. The approval of the transaction.

Mr. HOEVEN. The proposed contract?

Mr. CHAMBERS. Yes.

Mr. HOEVEN. Either directly or indirectly. And, secondly, the GSA, which you say, has something to do with offers being rejected because of the price.

Mr. CHAMBERS. I would not limit it to that. I think the price problem will clear up, if we remove these restrictions which basically stem from the State Department. If we do not have these restrictions around the movement of the commodities, that is, if we are not told that we cannot put certain commodities into certain countries without additionality requirements, then the commissions, or the discount rates that we must pay the commodity companies are nominal, and under any market conditions we can compete with the cash prices and will sell those materials at or below the cash prices.

I do not quarrel too much with what the GSA is doing. I am simply saying that I think that they are getting an unrealistic price on which they advise agriculture, because it is a cash price, a spot price for delivery in the present markets.

That advice is then translated into a barter transaction which, under present regulations contains all of these ramifications of additionality, high discounts, and things of that kind. That is my area of concern on prices.

Mr. POAGE (presiding). So, if you can arrange to sell in competition with the cash prices, whenever you sell, are you not eliminating a cash sale?

Mr. CHAMBERS. No, sir, because we are selling these materials for the supplemental stockpile. It is a market which is not available to us any other place. We are taking surplus materials, if you will, off the world market and putting them into the supplemental stockpile.

We are not, under any circumstances, competing with cash sales.

Furthermore, Mr. Poage, we must always continue to satisfy our industrial purchaser. This goes on year in and year out. United States Steel and Bethlehem and other companies buy their ores from us, as well as other companies.

We look on the barter program as a means of disposing of or selling materials to the U.S. Government which we otherwise would not be able to sell. And the U.S. Government is disposing of surplus agricultural commodities which they desire to do.

We hope that this program will not go on for a lifetime. It might well do it. But we simply feel that it is an excellent thing for our country to be able to dispose of its commodities through this device. We know it is good for a lot of the producers of ores, precious metals, diamonds, and things of that kind, who have no sale for those commodities, except through this program.

And we, also, Mr. Poage, know that it is helping our own mining industry in part. Mr. Palmby so testified here the other day, because by taking it off the world market, that is, some of these surplus materials, and impounding them in a supplemental stockpile, you are supporting world market prices, which permits the domestic prices to be better. That point may be of interest.

Mr. POAGE. Let us get back to the point I was discussing, the desirability of trading off something that we do not need for something that we do need. I agree with you on that. I do not think anybody disagrees on that. There may be a few. I do not question it at all. It is highly desirable to trade with somebody who cannot buy my goods by this method.

I have something that they can trade and they have something that they can trade with me. That seems generally to be agreed upon as a good thing.

But you just got through saying, if I understood you correctly, that you would be able to bring these agricultural commodities into a market and to sell them in competition with cash deals.

Mr. CHAMBERS. Excuse me, I thought that you were talking about the sale of the materials.

Mr. POAGE. No, I am not. It is the sale of the commodities. I am talking about the sale of wheat and cotton. I understood you to say that you could meet the cash prices, and that you would be on a competitive basis. Do you not think that displaces cash sales?

Mr. CHAMBERS. I will endeavor to ask your question specifically. But may I clear up this point just for a second?

I made the statement, sir, that we could sell at cash prices or below. I was speaking only as to the material side of it when I made the statement.

Now you are talking about the commodity side?

Mr. POAGE. Yes, I am talking about the commodity side of it.

Mr. CHAMBERS. Mr. Poage, I think in all fairness that under the program that existed prior to May 1957, as distinct from now, that there was an opportunity for a commodity man now selling commodities through barter to apply this small discount which, as I say, ran from  $\frac{1}{2}$  to  $1\frac{1}{2}$  percent, depending on how good a bargainer or good a bargain he could drive with us.

There is no question but that that gave him an advantage. Under the present program, Mr. Poage, to which we are objecting so



strenuously, those discounts which he has available to him run as high as 8 and 12 percent. Apparently, however, from what I have been able to gather from the hearings that have gone on, if it was not for these discounts in some commodities—and heavens knows I am not a commodity man—I am not going to debate with you on cotton—but I understand, for example, that the fact is that it is these larger discounts that permitted some of this cotton to move through barter.

And I know, Mr. Poage, for instance, on barley into the United Kingdom—I noted that Mr. Palmby referred to a barley situation in the United Kingdom that there we are butting our heads up against competing exporters of barley in what they call the Empire Preference Act. You know of that.

Our barley or any barley going into the United Kingdom must pay a 10-percent duty unless it comes from the Empire.

So, obviously, if our commodity people, by virtue of our hiring them to sell the commodities for us, can earn a commission from us, it does tend to make them more competitive. So I would think, sir, to answer your question, that they are competing.

But as to the question of displacement, if I recall the testimony of our grain people, that is, the grain exporters who appeared before you last year, they all testified that the barter transaction, that is, their ability to sell through the barter, had helped them to dispose of commodities for cash. I wish that I was more knowledgeable in the commodity end of this business.

MR. POAGE. You heard the testimony of Mr. Goedecke—

MR. CHAMBERS. Yes, sir.

MR. POAGE. The testimony before us of this cotton shipper.

MR. CHAMBERS. Yes, sir.

MR. POAGE. What is your feeling as to the effect of these barter sales of commodities into hard currency countries? I think that we can all agree that you can make a barter deal where a country cannot pay in hard currency and you add to the sum total, but if you are selling either wheat or cotton into hard currency countries—and these are the two major commodities—if you are selling either wheat or cotton into a hard currency country, how does the barter sale ever add to the sum total of the sale of wheat or cotton that we move into the hard currency country?

MR. CHAMBERS. When you say “we” do you mean the United States?

MR. POAGE. I mean the wheat or cotton going into a hard currency country.

MR. CHAMBERS. Mr. Poage, of course, this is the heart of the argument that has been going on. I would refer you to the fact—and I want to repeat, I do not think that you can lay all of the blame or all of the credit to barter as to what has happened.

Again, sir, just looking at this chart on wheat into Western Europe, they are the hard currency countries, it is a fact that during our best barter years the cash sales were higher than they ever were. When our barter sales were way up, our gross exports were way up. It is a fact. And when you cut it out, your cash sales drop down.

MR. POAGE. There are other factors, too. I think it has been explained that they have nothing to do with the barter.

Mr. CHAMBERS. I listened to Mr. Palmby.

Mr. POAGE. I think that you have to consider, more than anything else, in the year in which they imported a great deal of wheat, they did not have any. When they did have a big wheat crop, they did not import by cash sales or barter sales or any other sales. That, to my mind does not prove a thing in the world.

You can look at the chart. It does not show that Russian sales took the place of either cash or barter sales.

Mr. CHAMBERS. I would respectfully disagree, Mr. Poage.

Mr. POAGE. We have the figures according to your chart. What were the Russian sales in 1957?

Mr. CHAMBERS. If you will just bear with me.

Mr. POAGE. You do not have the figures. If the chart is anywhere near correct, you show that it is an infinitesimal amount.

Mr. CHAMBERS. May I answer with some figures?

Mr. POAGE. That is what we need.

Mr. CHAMBERS. Mr. Cooley said before he left that he was going to ask further about it.

Mr. POAGE. I am asking about it now.

Mr. CHAMBERS. This is the circular which he put into the record yesterday. This is the Foreign Agricultural circular, dated May 15, 1959. And the heading of it, "Russian Wheat Exports Rising."

This says that under the current trade developments, although the Russians have not publicized their wheat export intentions, trade developments over recent months very clearly have indicated that a substantial rise in exports is taking shape. Among the earlier significant indications were a pair of bilateral trade agreements which the Soviet Union entered into with France and Japan.

Although France normally is a large exporter of wheat, it has found it necessary to import large quantities this year.

I presume this is a weather change that we have been talking about.

As of the end of March, France contracted for delivery to France and Algeria over 7 million bushels of wheat from the Soviet Union and, roughly, 2 million bushels from East Germany which, also, is to be filled with Russian wheat.

And they discussed Japan. I will skip that, if I may, because we are talking about Western Europe.

Another very significant instance of the Soviet Union's increasing wheat exports has developed in the Netherlands. During the last 3 years less than 300,000 bushels of Soviet wheat annually have come into the Netherlands. This is the last 3 years. However, between September 1, 1958, and mid-March 1959 that country had purchased almost 7 million bushels of wheat.

Mr. POAGE. That is in the record. Let us come back to your chart. I think that I can figure out about what these things represent. You show that for 1957 it was about 300,000 metric tons.

Mr. CHAMBERS. I have the figures here, sir.

Mr. POAGE. They are not on the charts, but if you look it over, that is about 300,000, is it not?

Mr. CHAMBERS. That is right.

Mr. POAGE. And about 5,500,000 total in Europe, was it not?

Mr. CHAMBERS. The total in Europe, sir, according to the statistics from which that chart was made, from the United States in 1956-57—that is the fiscal year 1957—was 5,600,000, roughly.



Mr. POAGE. All right. Then turning to the next, you have the total going to Europe.

Mr. CHAMBERS. 2,099,000.

Mr. POAGE. And I presume that Russia shipped in about 600,000, roughly.

Mr. CHAMBERS. It is slightly less than that. It is 489,000.

Mr. POAGE. I was guessing at it from the size of the columns. There was a total reduction of imports into Europe of  $3\frac{1}{2}$  million, and there was an increase in Russian imports of only about 200,000. You cannot suggest that the Russian wheat by 200,000 tons substituted for the  $2\frac{1}{2}$ -million loss that you had here. They just were not importing as much. They did not import as much from anybody. They just did not buy by barter, but by cash, or credit, or any other way. They just did not need as much wheat. All that happened was that they had a better year.

Mr. CHAMBERS. I would like to point out to you in that same year—this chart does not show it—Canadian exports into these same countries were 5,204,000 tons in the first year. That is the fiscal year 1957.

Maybe they did not buy as much from us, but they bought 5,117,000 tons from Canada. In other words, less than 100,000 tons reduction on Canadian wheat at a time when there was a 3-million reduction on ours.

Mr. POAGE. That 3-million reduction on ours did not go to Russia, because theirs was only 200,000 tons.

Mr. CHAMBERS. Yes.

Mr. POAGE. It did not go to Russia. It simply meant that the Europeans did not buy that much wheat.

Mr. CHAMBERS. From the United States.

Mr. POAGE. I thought that this was the total European.

Mr. CHAMBERS. Oh, no, no, sir; that is the total United States. I am sorry that the chart is not clear on that point.

Mr. POAGE. It does not show that. I assumed that it was the total. If it is not the total, then it is something else. We will have to get another chart to understand what happened in Europe.

But again I come back to the fact that Europe had a very poor harvest in 1956 which was reflected in the 1957 imports. She imported a lot of wheat in 1957.

Mr. CHAMBERS. May I give you the exact figures, sir?

Mr. POAGE. Yes, sir.

Mr. CHAMBERS. The total exports into Western Europe from all nations was 14,912,000 tons in fiscal year 1957.

In fiscal year 1958 it was 11,912,000 tons. So you have exactly a 3 million, approximately, ton reduction.

Mr. POAGE. That is right.

Mr. CHAMBERS. Quite significantly, I would think that corresponds to the point that I was trying to make, sir, that the 3-million reduction happens to correspond with the fact that our exports to Western Europe dropped a little better than 3 million during that time. My point is simply this: that, perhaps, our exports would not have dropped to that same degree, and maybe Russia would not have come up with the extra 200,000 tons, whatever it is, if we could have put in a little barter wheat.

Mr. POAGE. It seems to me quite clear, if we got the total figures, it clearly proves that when Europe reduced its total consumption of wheat for all practical purposes the United States lost the sale.

Mr. CHAMBERS. That is correct, sir. That is the point I am making.

Mr. POAGE. Now then, the reason for that is what I think we were told the other day, that the United States is a residual supplier and that Europe is never going to buy wheat from us until she has purchased all she can buy from everybody else, from Canada, from Australia and everybody else. Europe is never going to buy, nor are the hard currency countries going to buy from the United States as long as they can meet their requirements elsewhere, as long as we have our present price policy.

Of course, we can overcome that if we were to subsidize our products, if we were willing to sell our commodities cheaper than anybody else in the world.

We seem to be a residual supplier.

The CHAIRMAN. Will you yield?

Mr. POAGE. Yes.

The CHAIRMAN. Under all of these barter transactions, are you not required to export American commodities, American wheat and cotton?

Mr. CHAMBERS. Yes, sir.

The CHAIRMAN. You cannot put your transaction into Canadian wheat, can you?

Mr. CHAMBERS. No, and even if we could I doubt that the Canadians would stand for it.

The CHAIRMAN. Does that not indicate that to barter we might get into markets that we might otherwise not get into?

Mr. POAGE. There is no question about that. What I am saying is that as long as the United States does not lower the price on all of their wheat, or cotton, they remain a residual supplier. To the extent that you do subsidize through barter you can move a given amount. You can move exactly the same amount for cash, if you would put the same subsidy into it.

If you sell wheat at \$1.50 instead of \$1.77, you can sell more wheat in Europe. If you will subsidize it down to \$1.25 you can sell still more wheat in Europe.

If you allow a specific transaction to move a million bushels of wheat into Europe under barter or cash or any other method at \$1.25 you can displace a million bushels that would otherwise move into Europe. But unless you are going to let the United States be something more than a residual supplier you will not have added anything to the sum total that the United States can sell in Europe.

Mr. CHAMBERS. May I, at the risk of getting over my head, sir, comment on that?

First of all, I agree with you. I think all of us recognize that the only reason that you can make your barter transaction is because there is a profit motive in it.

Obviously, the only reason we have been able to sell our American surpluses in competition with foreign surpluses is because we have been able, through barter, to give them a better price.



The substantial difference is, Mr. Poage, that while we are coming out with a better price on our commodity, we are not subsidizing it. I do not think you intended to imply that we were although you used the word. This is a commercial commission that is being paid by the commercial company.

Mr. POAGE. I did not intend to imply it. I understand that when we pay something more than the market we have to do something. There is no way in the world that you can pay that commission unless you have leeway in there which the U.S. Government pays. Consequently, it is a subsidy.

Mr. CHAMBERS. Excuse me, sir, the material is the only thing that the U.S. Government pays us for.

Mr. POAGE. That is right.

Mr. CHAMBERS. It has set a price at which to buy these materials. We are not debating that, I am sure. I know how you feel about the exchange of materials. We are not talking about that. The price that we are going ultimately to get is set in these controls. And that is the materials end of it.

If we, through our ingenuity, Mr. Poage, can—and I will go back to the deal I referred to—there are many others that I will be happy to describe, but preferably privately, because I know a lot of my competitors are sitting right back here, but in this particular case through our ingenuity we found a sale for steel in India and found a seller of steel in Sweden, which is a country where the Department of Agriculture would approve the commodity to go to, we were able to take away about a million and a half of the surpluses.

Now the amount that we pay the grain company to do that, that did not come from the Government, unless you are saying that the materials price included it, which it did not.

I have told you—our records will show it to you—that we actually sold that manganese to the United States at around \$2 a ton less than it cost us to lay it down here, but we had other transactions tied onto it, which made it possible. If that is a subsidy, all right. But it is not a subsidy from the U.S. Government. If it is a subsidy, I would say, that we the mineral men are subsidizing the grain companies in this case.

May I say one thing else on this general proposition? But I do not think you, of all people, Mr. Poage, because I know you too well, and I respect you too highly, are trying to say that we are going to stand back and allow all of the competing nations of the world, including the Soviet Union, to get rid of all of their exports before we will sell ours and be content.

I have heard you talk to other people. I know that you do not mean that.

Mr. POAGE. I am saying that that is what we are doing and going to continue to do, unless we are ready to make our price as low as anybody else's in the world.

The CHAIRMAN. Will you yield to me?

Mr. POAGE. Yes.

The CHAIRMAN. I am sitting on the sidelines. I do not think that there is any difference between you two gentlemen on that point at all. He agrees with you. He has to be competitive. You have got to know your prices.

Mr. POAGE. The only point I am trying to make is—I agree with you—please do not get me wrong——

Mr. CHAMBERS. I know.

Mr. POAGE. There is a place for these barter transactions. But I do not think that we can increase our sum total share of the hard currency market when we do not drop all of our prices to meet it. We just get a small share of that market.

In Europe it is about 3 million.

Mr. CHAMBERS. It is 2,099,000.

Mr. POAGE. That is all we sell in Europe. Another year we sell 500 million, because they did not have any. Others could sell more or less. We could not. We could not sell anything but that which was left after everybody else had sold their wheat.

Mr. CHAMBERS. The place I disagree with you, sir, while I again say I do not think that barter is the total solution. On that I agree with you 1,000 percent, but as a result of barter, we could have sold more, sir.

Again I am speaking out of my own knowledge. Transactions during these years involving wheat and feed grains into Western Europe have been turned down because of the additionality reasons. If you say that those sales would displace a part of our American exports, then your argument is perfectly sound. We do not believe this to be true.

And, second, and now I am in the realm of what has been told me, if these transactions which were turned down in the Netherlands, where the importers said that they had been buying Soviet wheat and they would reduce their purchases from the Soviet in a quantity to satisfy the barter transaction, if that is correct, Mr. Poage, then it would be clear that the United States could have sold more.

But, to me, in this economic war—I am not just waving the flag—in this economic war that we are engaged in with Russia, every time we can check them, every dollar's worth of business that we can take away from them, it will help our country, and I think that we are all in accord on that, all of us.

We know we can do this through a barter program.

I at one time suggested, in fact I had it in my prepared paper, that maybe a real solution to this would be to go ahead—and this is not an unrestricted, wide open barter program—far from it—thus are many safeguards built into the language of H.R. 7983—but I was going to suggest that, perhaps, you might want to give this authority with a 2-year limitation on it, maybe 3 years, to test it out.

I do not think we have properly tried this weapon, sir, in this economic war that is getting worse with Russia. Certainly this trade battle that we are in on agricultural commodities is quite similar to the other trade wars that we are waging with Russia.

I would like to see a proper barter program tried for a couple of years, and then, Mr. Poage, reluctantly, if it were proven wrong, I would agree with you.

Mr. POAGE. You say, Mr. Chambers, you felt that if you had made the deal with the Netherlands, it would not have in any way displaced any other American sales. It would not have resulted in a total addition of movement to the Netherlands. You indicated the reason why you believed that. But you expressed the view that if we could have



displaced that Russian offer that that would have been all to the good. It may have been. I am not so clear on it.

But as I understand it, the Russians, probably, had a certain amount—and that is something else to talk about—whether it was feed grains—the Russians, obviously, in 1958, had 400 million bushels of wheat that they were willing to sell in Europe and they were going to move it, and they did move it. They could have moved more if they had wanted to put more in there at a price under everybody else's market, but they had 400 million bushels. And they offered to sell that.

Now then, had you prevented them from selling any part of that in the Netherlands, the 400 million bushels would still have been in existence, would still have been ready and available to sell to anybody else who had hard currency and wanted to buy it and it would still have been available at a price less than the American market price for wheat.

Consequently it is perfectly clear that it would have come out of American wheat. It would have displaced American wheat rather than Canadian wheat, because it was selling cheaper than ours.

American wheat being at the highest price would have been the first to be displaced.

I think the mere fact that you prevented the Russians from selling it in the Netherlands did not destroy the sale of wheat that the Russians had. It was available. What is your opinion on that?

Mr. CHAMBERS. I do not want to twist what you say. I respect you too much. However it seems to me like it could be interpreted that we recognize the hopelessness of the situation that we will not endeavor to compete until Russia has sold all she has to sell.

Mr. POAGE. That is the wrong interpretation, because I have always advocated, as you probably well know, that we ought to let our cotton and our wheat move on the world market at world prices, and to meet anybody's price, instead of paying the exporter, pay the American producer, which would make us competitive with everybody.

We would cease to be a residual supplier, but would become a competitive supplier.

Mr. CHAMBERS. In world business every time you take a sale away from a man you tend to build up the dependency of that customer on you. It may well be that if we had taken a sale or several sales—you will recall there were several such instances, we would have gained an advantage in this trade war.

Mr. POAGE. All that I am saying is that the Russian wheat was still there, available for sale to any hard currency country. And if they did not sell it in the Netherlands they could sell it in Germany or some place else.

Mr. CHAMBERS. Every time Russia loses a sale somewhere, it is just like in battle, you do not win a battle in one big explosion—it is the attrition that goes on that counts. Every time you take a sale from Russia any place in the world you hurt them and you help yourself. And if we can do this enough it will help.

This argument has been advanced, if you will recall, by a witness, in his testimony on the question of soybeans—why worry about Communist China soybeans in West Germany—if you stop it there, they will show up some place else.

If we can stop them in West Germany, if we can stop them in two or three other places, sir, we will begin to build up our trade relations there, and maybe we can do a better job.

Mr. POAGE. If we had the competitive price structure that was competitive on the rest of our commodities, I would agree with you. But if we are to sell 50 percent under barter at a low enough price— whoever pays the subsidy is immaterial—at a low enough price to make it competitive, and the other 50 percent is not going to be competitive, then I am saying that you still have not added anything to the total, because the low price of the soybeans is going to displace the other half of our soybeans on the market.

Mr. CHAMBERS. I would say to you that I believe that if exporters who sat here—and they did not testify this year, I concede—but last year they sat here and told you that the ability to have barter transactions helped them to sell their commodities for cash.

Mr. POAGE. Yes.

Mr. CHAMBERS. That being true, and if we can go into these areas where Russia is trading—and by the way I am sure that you will read this FAS circular in detail—where they are making their main efforts in these very countries that we are talking about—if we can check them even 1 percent that is velvet.

The barter sales, sir, as compared to our total exports, our other Government programs, our dollar sales is a very small portion. I concede this completely. I think the testimony has convinced me that it does help in selling for cash.

I do not think that there is any basic difference between us. However, we are not using to the extent that we should a good weapon that the Congress gave us and which we cannot use downtown. That is what worries me.

Mr. POAGE. I agree with you. It has nothing to do with barter. We have a residual supply before us. I think that would be true whether we do or do not have barter. I do not think that with the present price structure we can have anything else without barter.

Mr. CHAMBERS. Yes, sir.

Mr. McINTIRE. I would like to cover three areas that you pointed out in your testimony. Well, in the first area there is a limitation on materials. Is that right?

Mr. CHAMBERS. Correct, sir.

Mr. McINTIRE. That being true, then in order to expedite this program this limitation should not be as narrow as it is.

Mr. CHAMBERS. Within reason I think it should not be.

Mr. McINTIRE. Then the second limitation is that in the current programs and in the making of transactions you do not have an opportunity to go wherever you wish in making these transactions.

Mr. CHAMBERS. May I state my answer this way, that in restricting the countries of the world into which you can sell, through the life of your contract, you have greatly impeded your opportunity to make sales.

Mr. McINTIRE. Well yes. I think you and I have said the same thing.

Mr. CHAMBERS. I originally said it differently. The essence of this is restrictions around the movement. Your statement is correct.

Mr. McINTIRE. You would like the opportunity to say where you wished to go.



Mr. CHAMBERS. In the free world.

Mr. McINTIRE. In the free world.

Mr. CHAMBERS. I might add, Mr. McIntire, that, obviously, when you lift the commodities you have to tell at that time where they are going. The only difference is that now you have to tell at the time you make your offer, which makes it very difficult.

Under the other system a commodity man, acting as your agent, could tie this in with his sales throughout the life of the contract, and he only had to advise agriculture at the time he took the commodities from them as to which country they were going.

Mr. McINTIRE. Then the third area, which is not nearly as important as the first two, is the pricing policy of GSA, the spot pricing as against the forward position.

Mr. CHAMBERS. I think that the problem there—and if I seem to be a little blunt on my friends in the Department of Agriculture, I am perfectly willing to be so interpreted—that they use GSA as the experts on pricing, and they get this price advice on a cash basis. And they will not go one iota beyond what GSA tells them.

GSA takes the position—

We are not interested in disposing of the commodity. That is your problem. We are not interested in what all of the difficulties are. All we are doing is that we are telling you what we think you can buy for now on a spot and dollar basis.

And I think that if the Department of Agriculture—if they were trying to carry out the law—this basically is a matter of philosophy within the departments to a great extent—they could very easily say, “All right, GSA says this to be true for dollars, and under present conditions we would anticipate,” or they could require us to show how much additional cost there might be as the result of the barter and agree to the higher price. So far they have never gone beyond GSA. Incidentally, that is why I am certain when you gentlemen inquire into the prices paid you will not find any high prices.

Mr. McINTIRE. Let me go back over these to just generalize.

In the first instance, the matter of a limitation on materials.

Mr. CHAMBERS. On the materials, yes.

Mr. McINTIRE. This comes within the framework of determining whether or not the acquisition of a particular material is or is not a good deal?

Mr. CHAMBERS. No, sir. I respectfully point out that in a portion of my statement I tried to show the difference between the language that Congress wrote into the law for title I where you talk about the strategic and critical materials for the stockpile, and the language you put into title III where you talk about strategic and other materials that do not deteriorate and so on.

I do not think that the Congress ever intended in title III that you only take the materials from the strategic and critical lists. I say that due to the language of the law and the history on it.

Mr. McINTIRE. You go behind that to the consideration that somebody must make a determination as to whether you are going to have a strategic material list, on the one hand, under title I, or whether you are going to have a sort of a wide-open gate through which you can bring these same articles through under title III.

Mr. CHAMBERS. It never should be unlimited.

Mr. McINTIRE. I realize it should not be.

Mr. CHAMBERS. But there is a list.

Mr. McINTIRE. It is a question of whether you find it uncomfortable.

Mr. CHAMBERS. It is a question of what I think the Congress intended as to the exchange of strategic materials. We are again in a battle of semantics. There is a list of strategic and critical materials limited to these 74 major items which our experts deem to be sufficiently important to us to build up a national stockpile.

But that is not the only group of strategic materials, Mr. McIntire, by any manner of means. There are a great many other materials which are very vital to our war effort, God forbid, we ever get into it, and of which we have not any, because nature did not give them to us or we have exhausted them.

The fundamental purpose of Public Law 480, as I understand it, was to effectuate a disposal of our surplus commodities. If we can take our surplus commodities which are costing us through the years to support and pay for in storage—if we can exchange those for materials which we will either need 10 or 20 years from now in our economy—you cannot look on this as a short-haul thing—then I think that we should do it, particularly, when these materials do not deteriorate—and according to the Department of Agriculture's records here which I think is about twice as much as it should be—it is costing us at the ratio of about 50 to 1 to store the commodities, according to these figures.

The reason I said these figures were too high is because they do have the French housing interest in there, and I submit that is not a storage charge.

I think you have no place else to put it. So they threw it into storage.

Mr. McINTIRE. Then there is the area of limitation on the freedom of trading in the free world, and, in addition there is also the question of source of these commodities because of the established policy for trade.

Mr. CHAMBERS. Mr. McIntire, most of these materials come from the underdeveloped countries, most of them. In some few instances it is different.

What you do is that you take these commodities to one of the free world countries that has dollars or hard exchange and you sell them there. Then you take exchange to this third country, and buy the materials to bring into the Commodity Credit Corporation.

Mr. McINTIRE. This limitation in the present category is not a limitation as to the source of the strategic material?

Mr. CHAMBERS. It is on the place of the sale of the commodity.

Mr. McINTIRE. The sale of the commodity?

Mr. CHAMBERS. Yes.

Mr. McINTIRE. So that is the area around which you can operate in connection with the free world and internationally?

Mr. CHAMBERS. It gets into a question of whether we want to go along with the way it is being administered, which many have objected to, and others have said it is very excellent.

Mr. McINTIRE. Thank you very much.

The CHAIRMAN. How old is your company?

Mr. CHAMBERS. It has been in business, sir, for about three generations.



The CHAIRMAN. You did not organize the company merely to go into the barter business, did you?

Mr. CHAMBERS. Me? I have my own company, called J. M. Chambers & Associates. I would like to advertise this fact.

I am in the business of representing various concerns that have business in Washington that do not maintain full-time Washington offices.

Ever since I left Government in 1954, M. Golodez has been one of my clients.

The CHAIRMAN. Is that the company that has been engaged in some barter transactions?

Mr. CHAMBERS. Yes.

The CHAIRMAN. What part of the total volume of the company's business is in barter?

Mr. CHAMBERS. Much too small. Oh, you mean the company's business? I thought you meant what percentage of the barter program that we get. I would say, sir—I cannot answer this question specifically—they are extremely strong in sugar. I think it is safe to say that sugar is their largest.

The CHAIRMAN. As a private operation?

Mr. CHAMBERS. A private operation.

I would think that the barter transactions is, probably, less than 1 percent of their total business.

The CHAIRMAN. That is what I wanted to know.

There is one other question. We have to adjourn now.

Have you heard any complaints from any of your clients or business associates regarding the barter program?

Mr. CHAMBERS. The way it is being administered now?

The CHAIRMAN. I mean, have you heard complaints about how it is being administered—especially with regard to the charge that barter transactions are displacing dollar transactions and interfering with normal trade and commerce—have you heard any complaints of that kind?

Mr. CHAMBERS. No, sir. And I have a very wide circle of contacts with people in the international field, in the export-import field, with producers of materials, and people in the mining industry, and I have never heard any complaints about it, except, in fairness, last year there were some problems concerning lead and zinc which have long since been overcome.

The barter program is now looked upon by the lead and zinc people as being helpful. I have not heard of such.

The CHAIRMAN. You said something about lifting the restrictions. Do you realize those restrictions were imposed by Executive order?

Mr. CHAMBERS. That is right.

The CHAIRMAN. Mr. Teague.

Mr. TEAGUE of California. I understand that this company has been in business for a great many years and successfully so, I hope.

Mr. CHAMBERS. Yes.

Mr. TEAGUE of California. I, also, understood you to say that in your opinion less than 1 percent of the business is involved in barter transactions under Public Law 480. Is that correct?

Mr. CHAMBERS. I do not know all of the ramifications of the business. I work with the ores and minerals department.

Mr. TEAGUE of California. That is your estimate. I am just a little curious to know what you would say to this, if this company has been in business successfully for all of these years, without any barter program under Public Law 480, and it now participates in a total business of 1 percent, that is, of its total business in the barter program, why then does the company become so interested in expanding the barter program, unless it is possible that very large profits are possible, or are in the making for such barter transactions?

Mr. CHAMBERS. Mr. Teague, Golodetz has, as I understand it—and I do not know all of the ramifications of the Golodetz Co.—some 21 different departments.

As far as the ores and minerals department is concerned, with which I am directly connected, since 1940 it has been selling ores and minerals to the strategic stockpile for dollars.

I know that the first contract that was ever made for manganese ore was worked out by Golodetz.

Mr. TEAGUE of California. That was not a barter transaction.

Mr. CHAMBERS. No. Barter actually got going in 1954.

So over the years Golodetz has had, as a part of their total business—we fight for the resources of our company just like Government departments fight for their share of the appropriated dollars—the ores and minerals department has, as a part of its business, Government business.

Starting in 1953 most of the dollar acquisitions for the stockpile programing were stopped. There was a period of time when the ores and minerals department's business with the Government, was dead. I mean, they had no sales to the Government, which had been one of their customers.

When Public Law 480 was enacted we had nothing to do with the enactment of that law. Even though I was working for them, to my regret, I did not know that this language was coming in. But once it was enacted it was a chance again to sell to the Government. And just like in any commercial business company this department of Golodetz tries to do some business through barter.

We would like to keep the barter program going in a way which makes it possible to work transactions.

I can in all sincerity turn my hat around and talk out of my long experience in the Federal Government. I was on the planning board of the National Security, when I was with Civil Defense. I have never seen a better program, in my opinion, for our Government than this barter program.

But so help me, I have been completely confused—and these people are friends of mine—as to why some of the changes were made.

Mr. TEAGUE of California. That is all.

Mr. CHAMBERS. So far as profits are concerned I might add I have offered to make our records available. I think you will find that the profits will surprise you.

Mr. QUIE. If you do not get any profits from the Government how do you derive this discount of between 8 and 12 percent, as you put it—does CCC not have to pay you 12 percent more for the minerals than the actual market prices?

Mr. CHAMBERS. The contrary is true.



It so happens that at the time when the restrictions on the program became so acute as to cause the higher discounts to be asked by the grain people—I do not like to use the word “discounts,” actually, they are sales commissions, that is what they are—they can take the sales commissions and then discount their prices abroad out of them.

So far as we are concerned we are paying them a commission to sell the grain for us. At the very time those restrictions were the highest was the period of time when GSA's pricing patterns began to get tighter and tighter.

Mr. QUIE. How do you get the discount?

Mr. CHAMBERS. You mean how do you work the deal?

Mr. QUIE. How do you get the 8 to 12 percent?

Mr. CHAMBERS. We do not gain it. We sell to the Government. We want to continue to sell. I will be perfectly frank about that. Again, the essence of international trade is having suppliers abroad from whom you can buy, and people to whom you can sell.

India has been in the doldrums. I wish somebody would ask me a question about the Indian manganese deal. India is hurting terribly. That is, in their manganese industry, for 2 or 3 years. They have not only been affected by our recession, but in many areas they have a distressed industry.

Golodetz is one of the few people who are buying from them.

The way we got our money to make this deal work was because of the fact that we were able to take steel from Sweden to India and sell it at a profit sufficiently large to pay for the expenses involved and still make a slight profit to ourselves.

Mr. QUIE. I understand that. The middleman buys for less than he sells for, and makes a profit.

Mr. CHAMBERS. We hope to.

Mr. QUIE. How do you get the 8 to 12 percent discount?

Mr. CHAMBERS. We do not get it. We pay it. We do not get it. My heavens, we pay that to the grain company.

Mr. QUIE. And you lose it?

Mr. CHAMBERS. No, sir; we take it out of the other increments of the transaction. Nobody pays us this. This is what we have to pay the commodity people to move the commodity.

Mr. QUIE. I understood the cotton people came in here the other day and claimed that they were doing that and that it went up to 20 percent.

Mr. CHAMBERS. They went as high as 20 percent?

Mr. QUIE. They complained about that. I would like to know who gets the money.

The CHAIRMAN. I asked the GSA if they could give us the information. They said that they could not.

Mr. CHAMBERS. I can tell you in part.

The CHAIRMAN. Mr. Chambers is actually involved in the transactions.

Mr. CHAMBERS. I can tell you who is getting part of it, Mr. Quie.

It is the only way we are selling the commodities. Let us take this barley situation, since Agriculture brought it up. We have to pay 10 percent duty on our barley going into the United Kingdom, as compared to that which comes from Empire nations duty free. While

that was not our deal, I can tell you what must have happened. The grain company that wanted to sell in there got his commission and passed it on to the buyer in the United Kingdom.

If he were on a competitive basis with Canada, which is the main importer into the United Kingdom, he would make his normal profit if he did not have this 10 percent Empire preference to worry about.

Now he asked for and received enough from the materials man, a sales commission sufficiently high to permit him to pass on a sufficient amount to sell his goods in the United Kingdom.

The man who is making the money, really, if there is money to be made, is the importer in the foreign country who is buying the material, because of the greater discount he can get.

If you want to know where the money is coming from, it is coming strictly out of the hide of the foreign traders, and when I say "foreign traders", I mean we who trade in foreign commerce. We have got to make that money to be able to pay him.

Mr. QUIE. I think that the taxpayers pay it myself.

You said that prior to 1957 you only needed one-half to 1½ percent.

Mr. CHAMBERS. About one-half to 1½ percent.

Mr. QUIE. But now because it is so difficult to meet your requirements, or, rather the requirements of the Department, you need the additional discount in order to protect yourself. That is the way I understood it.

Mr. CHAMBERS. Not to protect ourselves, sir. But the commodity company.

Mr. QUIE. Or you lose money otherwise. You have to provide for the additional contract.

Mr. CHAMBERS. No, sir; Mr. Quie. First of all, the U.S. Government is just accepting these offers. When I say accepting, I mean they will consider them when they come in. They do not originate. As a matter of fact the indications are that they do not want to do very much in the way of barter. Otherwise we would not be up here complaining to you. Let me see if I can make this in my own fashion more clear.

When we buy abroad, obviously we are going to buy our material at the lowest price possible, and we hope to sell it at a profit. This is, as I recall, the essence of every bit of business I have ever heard of. That is No. 1.

Second, when we sell to the Government, unlike selling to industry the Government is fixing a price. We never have a chance to negotiate with the people who set that price. That is the GSA. We negotiate with the Department of Agriculture which stays right within the limits established by the GSA. And they are driving good bargains.

Right here in this staff document it shows that they buy much cheaper than the world market price.

When we get this contract, if we were just going over to India and buy the material and bring it over here to the Commodity Credit Corporation, we would lose and never come in again.

When we work a barter type arrangement it almost always involves some type of commercial transactions in foreign trade. There is nothing nefarious or underhanded or crooked about it. We are in the business of trading between nations. We will try to work out



other deals which will ultimately get us the materials that we have to deliver to the Commodity Credit Corporation.

And on the whole combined transaction we hope to come out with a profit.

The CHAIRMAN. With regard to barter transactions what actually happened is that Congress directed the Government to sell these commodities for materials.

Mr. CHAMBERS. Yes, sir.

The CHAIRMAN. Is that not correct?

Mr. CHAMBERS. That is correct.

The CHAIRMAN. And it is supposed to be a dollar for dollar value?

Mr. CHAMBERS. Yes, sir.

Mr. PIRNIE. I want to inquire along that line as to the origin of the commodity that we gain in this.

Mr. CHAMBERS. The origin of the commodity—you are talking about the agricultural commodity?

Mr. PIRNIE. Yes.

Mr. CHAMBERS. Those come 100 percent from Commodity Credit Corporation stocks.

Mr. PIRNIE. They come 100 percent from those stocks?

Mr. CHAMBERS. Yes, sir.

Mr. PIRNIE. Thank you.

Mr. JONES of Missouri. Let us get down to maybe a more simplified operation. Of course, what we have been talking about here this morning has gotten to become more complicated than we formerly considered a barter. In the old days when we bartered we traded metal for some other material.

Now it has to go through the various channels of trade. And your company buys and sells materials. Then you call on the Commodity man to arrange that for your company.

We are faced with this right now. In wheat, for instance, we have an overabundance of wheat on which we are paying tremendous storage charges and which presumably will go out of condition within a foreseeable future.

Many of these countries have strategic materials we want and need, and which are not perishable. We may not need them for 10 years. But to me I have always visualized that it would be better to store a material that would not deteriorate than to have that money tied up in our Commodity Credit Corporation commodities.

So, therefore, do I have a correct understanding that some countries that produce the materials—all of them—have to have wheat from somewhere, if they are not a producer, and many of them do not produce their own requirements?

Mr. CHAMBERS. I would assume that to be true. That is, if a country uses wheat. Some nations do not.

Mr. JONES of Missouri. It might be wheat or it might be rice.

Mr. CHAMBERS. Yes, some staple.

Mr. JONES of Missouri. That we have and that they do not have.

Mr. CHAMBERS. Yes.

Mr. JONES of Missouri. Those people tell us that they have a commodity, and they are faced with this problem—they say, we have manganese here. We have got to sell that. If we sell it to the United States we will get dollars, and we can use those dollars to buy the

wheat. If we sell to Russia we will have to buy whatever they have.

What I had hoped for through this entire barter program is resources of a perishable commodity being exchanged for nondeteriorating commodities that we will be using in some foreseeable future. And, also, I think it has been well established that the cost of storage of metals, the alloys and things like that, is less than it costs to store wheat or rice or other commodities that we are storing.

What I have always envisioned was some way that we could actually carry on with the details of exchanges for these other commodities.

I understand that it may be correct that we have to have these multilateral and bilateral deals in order to complete this.

One of the things that has been burdensome to us is the fact that the Government has not looked with favor upon some of the deals where we tried to move some commodities. Can you see any great objection to those deals? What is the main objection that they told you about?

Mr. CHAMBERS. I think that the main objection has been made abundantly clear before this committee. The State Department has received complaints from nations with whom we have been competing successfully through the barter program, where we could not do it for cash. So they have complained to the State Department. And that has been translated into a virtual embargo of barter into those nations.

Mr. JONES of Missouri. That has been my observation, too. The State Department, trying not to make anybody mad, have prevented us from carrying on business.

Mr. CHAMBERS. I think the State Department has been definitely protecting the exports of any nation that complained to them, at the expense of our own people.

Mr. JONES of Missouri. They have been objecting to doing the thing through the barter arrangement that we do through the normal channels of trade where it has been sold for dollars. When it is barter, they do object.

Mr. CHAMBERS. We are not able to compete very successfully for dollar sales, as the record shows.

With some of these nations we have sold quite a bit of material through the barter arrangement. For instance, into the United Kingdom, when they put the restrictions on, that stopped.

We have a "Buy American" law, too, similar to their Empire Act. We cannot compete too well on a strict dollar basis. Because there are two legs or more legs to the deal we can compete through barter where we cannot do it otherwise.

Mr. JONES of Missouri. The exchange of perishable commodities for nondeteriorating commodities, that is the sole requirement?

Mr. CHAMBERS. I think it is the very best program.

The CHAIRMAN. Thank you very much.

We will adjourn until 10 o'clock Monday morning.

(Whereupon, 12:50 o'clock p.m., the committee adjourned, to reconvene Monday, July 27, 1959, at 10 a.m.)





## EXTENSION OF PUBLIC LAW 480

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MONDAY, JULY 27, 1959

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, D.C.*

The committee met at 10 a.m., Hon. Harold D. Cooley (chairman) presiding.

The CHAIRMAN. The committee will please be in order.

We are delighted to have you with us this morning, Mr. Marshall. We will be very glad to hear from you.

### STATEMENT OF HON. FRED MARSHALL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. MARSHALL. Mr. Chairman, I want to say it is a pleasure to appear before this committee. I have a statement that I would like to place in the record, and if it is agreeable to the chairman I would like to highlight some of the remarks that I have made. There will be other witnesses appearing this morning who will be appearing on exactly the same subject that I am appearing upon, and I am sure that they will be able to give this committee some very complete technical information which will be of more value to the committee than some of the remarks that I might make. So, if it is agreeable to the chairman of the committee, I would like to highlight my statement.

The CHAIRMAN. You may file your statement for the record and proceed as you desire.

Mr. MARSHALL. Thank you.

(The statement referred to follows:)

STATEMENT OF HON. FRED MARSHALL, MINNESOTA, IN SUPPORT OF AMENDMENTS TO  
PUBLIC LAW 480 EMBODIED IN H.R. 7146, BEFORE THE HOUSE COMMITTEE ON  
AGRICULTURE, JULY 27, 1959

Mr. Chairman and gentlemen of the committee, it is a pleasure and a privilege to appear before you today and to make this brief statement urging that you amend Public Law 480 in the manner specified in H.R. 7146, which was introduced by me on May 14, 1959.

Let me say at the beginning that I think this committee has done a remarkably fine job in endeavoring to work out programs for the disposition of surplus agricultural commodities. Also, it is entirely appropriate for this committee to check closely from time to time on the manner in which the powers and authorities contained in legislation approved by this committee are used by the executive branch.

While I am not a member of your committee, being a Representative of one of the largest dairy districts in Minnesota, naturally I follow the work you do as well as my time permits.

I am sure you want to know, and to ascertain the facts, as to whether legislation endorsed by your committee, and in many instances written right in your



committee, is carried out by the executive branch in the manner in which you intended.

I introduced H.R. 7146 for the very simple reasons that I think (1) the manner in which the Public Law 480 program has been administered in respect to encouragement of exports of nonfat dry milk, particularly, are contrary to a basic principle of Public Law 480; (2) the aggressive promotion of the production and marketing of filled milk products, made from coconut oil mixed with subsidized nonfat dry milk from the United States, is wrecking normal commercial export markets for natural U.S. dairy products abroad; (3) official reports indicate that a vigorous drive is in the making to expand filled milk production throughout many of the nondairy producing nations of the world, which will inevitably redound to the disadvantage of ourselves and of friendly nations who depend upon dairy product exports for a large portion of their foreign trade; and (4) the aggressive production and marketing of filled dairy products abroad by our dairy industry coupled with the encouragement given such operations by our own Government through payment of subsidies under Public Law 480 and other U.S. law, will, over a period of time, result in efforts being made in the United States to produce imitation fluid milk and fluid milk products.

The bill which I introduced, H.R. 7146, would accomplish the following:

1. Prohibit sale or disposal, either under Public Law 480 or with the assistance of the Secretary of Agriculture under any other act, of dairy products for use outside the United States for manufacturing filled milk products.

2. Specify that the Secretary may pay subsidies on dairy products other than those purchased under price support. It is to be realized that the limitation of price-support purchases to butter, American cheese, and nonfat dry milk, is purely an administrative decision. While I do not quarrel to any great degree with the limitation of price-support purchases to such commodities, I do think that export encouragement should be granted all export dairy commodities when needed. This thought arises from the fact that our major commercial export markets for dairy products concentrate very heavily in evaporated milk and dry whole milk.

Inasmuch as milk used for manufacturing can be used or shifted from one use to another, it seems to me to follow that encouragement of exports of manufactured dairy products other than those purchased under price support would be helpful in reducing our basic surplus and be of benefit to producers.

Also, it seems to me utterly silly to subsidize exports of one dairy commodity at the expense of normal commercial export marketings of other dairy commodities.

3. Publications of the U.S. Department of Agriculture which I have seen show clearly that subsidization of nonfat dry milk under Public Law 480 and currently under other provisions of law, has wrecked the export market of the United States for evaporated milk in the Philippines.

Furthermore, it appears that plans are in progress to expand filled milk production and marketing to many other areas, particularly the southeastern Asian area. If this is done, any potential development of export markets for natural dairy products in these areas will have been destroyed.

4. My bill provides that the Secretary of Agriculture may establish differential rates of exports so that he can furnish butterfat at low prices to be used in foreign countries which cannot afford to pay the world prices for butter and butterfat. It is my opinion that this provision will enable us to encourage the development of natural dairy products in these markets and, hence, hold out some hope of developing future natural dairy products markets.

5. The bill makes more specific that the powers and authorities of Public Law 480 or of any other act shall not be used in a manner so as to disrupt or displace any usual marketings of, or any normal patterns of commercial trade in, any dairy product produced in the United States.

In closing, I would like to state that I am not unmindful of the fact that there are those in the dairy industry who might oppose amending Public Law 480 as provided in H.R. 7146 because of possible loss of some export outlets for nonfat dry milk.

I want you gentlemen to know that I am fully cognizant of such arguments and I do not think they are compelling.

You may not know it, but the district which I represent is one of the heaviest dairy producing districts in Minnesota and in the United States. In the town of Browerville, Minn., there is located one of the largest and most modern nonfat dry milk manufacturing plants in the world. I am sure that the farmers in my

area do not want any action undertaken to promote the production of filled milk products abroad nor do they want action taken abroad which may in time lead to serious competition with filled milk products in this country.

I urge that you amend Public Law 480 in the manner suggested in H.R. 7146.

Mr. MARSHALL. Mr. Chairman, I introduced bill H.R. 7146.

This bill has to do with the filled milk program and it would seem to me perfectly proper for this committee to include the provisions of that bill in the bill that you are now considering.

I think this is a very serious problem as it affects the dairy industry. It seems to me one of the things we must do is protect our milk industry. Now, to me, when we talk about the dairy industry, we talk about all phases of the dairy market, and because of the sale of this nonfat dry milk into some areas, particularly the Philippines, we have assisted in destroying the market for whole natural dairy products. That has been mentioned by a number of people from the Department itself. They have pointed out the fact that we have dropped in that regard.

My bill is a very simple one. The bill proposes in section 306(a):

No dairy commodity produced in the United States shall be sold or disposed of pursuant to this act, or with the assistance of the Secretary of Agriculture under any other act, for use outside the United States for the manufacturing, blending, or compounding of filled milk or filled cheese.

It is also providing for an export subsidy in order that we might meet the competition of the foreign countries moving in and taking our natural milk market away from us.

Now, it also provides in section (c) that we can provide means for competing with these exports; in other words, it will allow the Secretary to subsidize the movement of this milk so it will meet the competition.

This seems to me to be a very serious matter. I think a very strict interpretation of the law you people have passed would mean it was never the intent of the law that we use our Government's funds, the taxpayers' money, to subsidize the movement of a commodity like nonfat dried milk to displace the milk that we send as evaporated milk. In other words, where the Department through the Commodity Credit Corporation has moved this milk, this dried milk into the Philippines, the Philippines then put in the coconut oil. That is where it gets its name filled milk. That means that they substitute the natural and animal fats with the coconut oil, and that has been used to hurt our market for evaporated milk.

At one time we sent approximately 60 percent of our evaporated milk to the Philippines. At one time the Philippine Islands, as a market for American dairy products, was almost a monopoly as far as the United States was concerned. Now, we stepped in and we subsidized that by sending nonfat dried milk to the Philippine Islands. They use that nonfat dried milk to blend with their coconut oil and it means that we have that much less market for our natural milk products. It means that we have a backing up of the fats in this country.

I want to make this point clear, as far as I am personally concerned if the commercial dairy corporations do that with a subsidy from the taxpayers of this country that is one thing, but when we sell nonfat dry milk at a price in the Philippine Islands less than we could sell it for animal feed in this country, to permit the Philippine Isles to use that



nonfat dry milk which is subsidized by the taxpayers of this country to undercut dairy markets, I think that is going too far and I think that it is a rather extreme and ridiculous situation.

Now, Mr. Chairman, that is the gist of what I am intending to do with the bill that I have presented to this committee.

I want to say that I appreciate this opportunity of appearing before the committee this morning.

The CHAIRMAN. We thank you very much, Mr. Marshall, for your appearance.

How does this milk compare in quality with ordinary milk?

Mr. MARSHALL. That, of course, is a question it would be rather difficult for me to answer because knowing the makeup of that milk to me it would be far below the quality of ordinary milk. I am a firm believer that milk, one of our best products, is a natural product that comes from the cow. It is a balanced product. I have often heard of our whole milk being talked of as one of the most perfectly balanced foods we have. When it is blended with a lot of things then it is something different. I do know that the Pure Food and Drug people a number of years ago made it possible for milk to be camouflaged and sold artificially in interstate commerce in this country. I assume that the Pure Food and Drug people made a very good investigation of that before they came out with that regulation.

The CHAIRMAN. Thank you very much, Mr. Marshall.

Our next witness will be Mr. Otie Reed.

#### STATEMENT OF OTIE M. REED, WASHINGTON REPRESENTATIVE, NATIONAL CREAMERIES ASSOCIATION

Mr. REED. Recognizing that you people have been engaged in lengthy hearings on Public Law 480 and that there is a large panel of witnesses to follow me, and more in the days to come, I have a full statement here which I would like to file for the record. It is entitled "Statement of Otie M. Reed, Washington Representative, National Creameries Association, Before the House Committee on Agriculture, July 27, 1959, in Respect to Proposed Amendments to Public Law 480."

The CHAIRMAN. Without objection you may file your statement for the record.

(The statement referred to follows:)

#### STATEMENT OF OTIE M. REED, WASHINGTON REPRESENTATIVE, NATIONAL CREAMERIES ASSOCIATION

Gentlemen of the committee, my name is Otie M. Reed. I am Washington representative of National Creameries Association. My office is located at 1107 19th Street, N.W., Washington, D.C.; our headquarters office is located at 817 New York Building, St. Paul, Minn.

National Creameries Association is a nonprofit organization. Its membership is comprised of local, independent dairy plants located in Wisconsin, Minnesota, North Dakota, South Dakota, Nebraska, Iowa, and Kansas. Our member plants are, for the most part, locally owned, independent cooperative associations of producers with a few locally owned, independent, private business partnerships or corporations. We have no regional cooperative selling associations or line or regional cooperative or corporate firms in our membership.

Our member plants manufacture butter, nonfat dry milk, some cheese, and about 30 of them, in addition to butter and nonfat dry milk, have grade A milk plant facilities from which they ship grade A milk to city fluid milk markets.

We appreciate the opportunity of appearing before you this morning to discuss certain aspects of Public Law 480. Also, if the committee will indulge me, I wish to follow the discussion of Public Law 480 operations with a brief description of a proposal which has been made by the National Creameries Association in respect to the expansion of commercial marketings of nonfat dry milk within the United States.

#### I. STATEMENT REGARDING PUBLIC LAW 480

1. *National Creameries Association supports the general principles and purposes of Public Law 480.*—National Creameries Association, while not familiar with all the operational details of the working of Public Law 480, is of the opinion that this legislation has been of value to the U.S. dairy farmer in disposing of surplus commodities and it is to be expected that some long-range benefits will accrue if export operations authorized by Public Law 480 are handled in such fashion to result in a permanent expansion of export markets for dairy commodities.

We do not presume to recommend to the Congress the length of time which Public Law 480 should be extended, although it should be recognized that an extension of at least 1 year is the shortest practical extension that should be made.

2. *Problems that have arisen in the administration of Public Law 480.*—As we understand the matter, the basic principle of Public Law 480 is to provide the means whereby commercial export markets for dairy products and other export commodities can be developed and maintained.

It is our understanding that the powers and authorities granted the Secretary of Agriculture by Public Law 480 are to be exercised in such fashion as to safeguard usual marketings of the United States and to assure that sales under this act will not unduly disrupt world prices of agricultural commodities.

As we understand this provision, it means that the Congress did not want the Secretary of Agriculture to use the powers of the act in such fashion as to disturb or disrupt established commercial export markets for commodities produced in the United States, nor did the Congress wish the Secretary to disrupt world prices of agricultural commodities through assistance granted under Public Law 480.

It seems to us that a provision of this nature is just plain commonsense and we heartily approve of it.

In respect to some of the operations conducted by the Department of Agriculture under title I, Public Law, however, we regret to inform the Congress that, in our considered opinion, the Department of Agriculture has disregarded the provision of the law described above. The reasons for our opinion in this matter are set forth in the following section.

3. *Disruption of regular U.S. commercial exporting marketings through use of authority granted in Public Law 480.*—It is our opinion that the U.S. Department of Agriculture, through its action in subsidizing nonfat dry milk solids which are shipped abroad and used in producing commodities that are highly competitive with regular U.S. commercial exports of natural dairy products, is disregarding the provision of Public Law 480 which requires the Secretary of Agriculture to take reasonable precaution not to disrupt commercial marketings of the United States.

We wish to emphasize that a large portion of the nonfat dry milk exported under subsidy is not used in such fashion as to merit the criticism voiced above. However, subsidized exports to the Philippines and, to a lesser degree, Mexico, most definitely, is our opinion, violate one of the basic principles of Public Law 480.

Figures furnished me by the Commodity Credit Corporation showing sales of nonfat dry milk under title I, title II, and sales for dollars under authority of CCC charter and other laws, are set forth in tables 1, 2, and 3 in the appendix.

In 1958, commercial exports under title I were 56.8 million pounds of nonfat dry milk, of which 10.5 million pounds went to the Philippines.

CCC sales of dairy products under barter agreements were 10.3 million pounds in 1958, of which 1.6 million pounds went to the Philippines.

In 1958, CCC sold under its charter powers and other provisions of law, through commercial channels, 35.3 million pounds of nonfat dry milk solids, of which 18.8 million pounds were sent to Mexico and 6.9 million pounds were sent to the Philippines.



Total export sales of nonfat dry milk in 1958, per the above, were 102.5 million pounds of which 37.8 million pounds were shipped to the Philippines and Mexico.

In order to give you a well-rounded story as to our reasons for objecting to the operations respecting the Philippines and Mexico, it is necessary to give you certain background information.

In regard to shipments to Mexico, it is to be remembered that, according to our understanding of the matter, the Mexican Government embargos the importation of all dairy products except nonfat dry milk. We understand that this embargo is in effect because the government of Mexico is desirous of protecting and promoting its own local dairy industry.

The nonfat dry milk shipped to Mexico is mixed with coconut oil of Mexican origin, reconstituted to a fluid, and sold as filled fluid milk. Such milk, so we are advised, is sold through stores that are either owned or controlled by the Mexican Government to, presumably, persons on low incomes.

It is to be seen that this Mexican operation does not, in our opinion, violate Public Law 480 for the reason that we have no export market of any significance in that country except nonfat dry milk, due to the embargo placed upon imports by the Mexican Government.

The situation in respect to shipments of nonfat dry milk under export subsidy to the Philippines, however, is, in our opinion, not only violative of Public Law 480, but also sets in motion forces which seem to us to be destructive of international trade in dairy products rather than its enhancement.

Starting in 1957, two United States dairy firms opened plants in the Philippines which, as we understand it, are subsidiaries of parent United States companies.

Both of these plants in the Philippines started manufacturing a commodity called evaporated filled milk. It is manufactured in the Philippines by combining water and coconut oil with nonfat dry milk exported from the United States, then evaporated, canned, and sold through retail outlets in a fashion similar to the manner in which evaporated milk is sold.

The Philippines has long represented one of the major export market for evaporated milk. The Foreign Agricultural Service, U.S. Department of Agriculture, estimates that world exports of evaporated whole milk in 1957 total 441 million pounds. (Foreign Agriculture Circular, U.S. Department of Agriculture, Foreign Agricultural Service, FD 16-58, published Dec. 31, 1958.)

The circular named above states:

"Exports from the United States in 1957 continues to be highly concentrated, about 75 percent of total shipments going to the Philippines and 20 percent to Western Hemisphere markets, mainly Mexico and Cuba.

"The Philippines continued to be the principal market for evaporated milk in 1957, taking about 60 percent of total world exports. Africa, Western Europe, and South America were also important outlets."

Since the start of production and marketing of evaporated filled milk in the Philippines in 1957, the exports of United States evaporated milk to the Philippines have shown a very significant decline.

Foreign Agriculture Circular FD 9-59, published by the Foreign Agricultural Service, U.S. Department of Agriculture, under date of June 26, 1959, carries the official story as to the manner in which filled milk production is reducing the Philippine market for United States evaporated milk. This publication states that:

"The combined capacity of the plants producing filled milk is, or soon will be, great enough to supply the total needs of the Philippine market for unsweetened canned milk and a substantial proportion of the needs for sweetened canned milk. Whether this will occur depends upon the consumer desire for established brands of canned milk, and the recognized superiority of evaporated milk in infant feeding. These 2 factors may result in an indefinite continuance of an import demand at a sharply reduced level.

"Total imports of evaporated milk into the Philippine market rose steadily in recent years until 1957, when they fell about 10 percent below 1956. In 1958, there was a sharp decline in imports, and a further substantial drop is likely for 1959. After 1960, imports of evaporated milk may be no more than 10 to 15 percent of the annual average for 1953-57 (approximately 135 million pounds). While United States brands may constitute nearly all of this total, their volume will nevertheless mean a drastic shrinkage in total United States exports of evaporated milk."

However, this is not the end of the story. The circular quoted immediately above indicates that filled milk production probably will expand materially in southeastern Asian areas in the near future. The circular states that Philippine filled milk interests are intending to export this commodity to other areas in the very near future. Thus:

"Indications point to development in the near future of a Philippine export interest in canned, unsweetened, and sweetened filled milk, after the domestic market has been fully supplied. The development of this new industry has had vigorous support from the Philippine Government in its drive to expand domestic industrial output, reduce needs for foreign exchange for imports and where possible, increase earnings of foreign exchange through increased exports.

"There are potential export markets in nearby Asian countries which traditionally have been large buyers of sweetened and unsweetened canned milk. Total exports of canned milk, chiefly sweetened condensed milk, to countries within easy shipping distance of Manila were approximately 375 million pounds in 1957. There are various restrictions on either or both the import and sale of canned vegetable-fat filled milk in many of these countries; however, the widespread availability of indigenous vegetable fat in this area makes it uncertain how long it will be before there is a substantial weakening of these restrictions."

Perhaps the most striking indication of the manner in which nonfat dry milk with subsidy aid from the U.S. Government is being used in the Philippines to wreck a normal commercial market of the United States for a natural dairy commodity is shown in table 2 of the circular quoted immediately above, included in the appendix as table 4.

The figures in table 4 show the startling fact that in the Philippines in 1956 regular evaporated milk comprised 100 percent of the total disappearance, i.e., consumption, of canned milk in the Philippines. In 1957 evaporated milk comprised 93 percent of total disappearance, in 1958 only 57 percent of total disappearance, and in 1959 it dropped to an estimated 32 percent of the total disposition.

On the other hand, starting in 1957 evaporated filled milk accounted for 7 percent, 43 percent, and 68 percent of total canned milk disappearance in 1957, 1958, and 1959, respectively.

It seems to us that only one conclusion is possible in connection with this matter and that is that the encouragement of filled evaporated milk production by the U.S. Government through its subsidization of nonfat dry milk has been of most material assistance in the development of filled milk production in the Philippines which, in turn, has led to a drastic disruption, one might very well say destruction, of a regular commercial export market for U.S. dairy products.

We think it is impossible to conclude other than that the U.S. Department of Agriculture has, in this particular instance, most seriously violated Public Law 480 and the intent of the Congress in passing such law.

Please bear in mind, gentlemen, that these figures I have quoted to you are taken from an official report, so that the U.S. Department of Agriculture's own review of the matter bears out very clearly our contention that USDA is violating Public Law 480 in this operation.

Worse yet, it seems to us entirely logical to believe that the development of an imitation commodity in tropical and subtropical areas will have most serious deleterious effects upon the future development of dairy markets in areas which now do not have an established dairy enterprise.

Such development will be not only to the disadvantage of U.S. dairy farmers, but will result in very serious harm indeed to major exporting countries such as the Netherlands, Denmark, and New Zealand.

**4. Potential export dairy markets.**—One factor of importance in this entire problem of expanding export for dairy products through instrumentalities such as Public Law 480 and others, is, where are the potential markets?

It is, of course, rather axiomatic that the largest consumers of dairy products are either those which have a dairy industry of some magnitude in relation to their total population, or have traditionally been heavy consumers of dairy products which they import from other areas.

Indications are that the major importing countries are situated largely in Western Europe. In 1957 Western Europe imported 88.6 percent of all butter moving in international trade; 76.5 percent of all cheese; 25.0 percent of dry whole milk; 46.2 percent of nonfat dry milk; 14.0 percent of evaporated milk; and 5.3 percent of condensed milk.



Of the countries in this area, the United Kingdom, in general, represents by far the largest import market.

Basically, the major potential markets for the export volume of dairy-producing countries outside of Western Europe are South America, Asia, and Africa. Vast concentrations of people live in these areas, and their dairy industry is either extremely limited or, to all practical purposes, nonexistent.

The major export market for evaporated milk and condensed milk in 1958 was Asia, which took 51.2 percent and 69.4 percent of total world trade in these commodities, respectively. In Asia, the Philippines is by far the largest single market.

It would therefore seem reasonable to believe that the only areas in the world which constitute a large potential market for dairy products are those where the local dairy industry is relatively small or nonexistent and which have large populations.

In these areas relatively important markets have been developed for some dairy products.

For example, the most important single market for dry whole milk is Venezuela; for nonfat dry milk, India; for evaporated milk until the advent of filled milk, the Philippines; and for condensed milk Malaya and Singapore comprise by far the largest market.

Since South America, Asia, and Africa are the major remaining areas in which we may expect it to be possible to develop a strong export trade in dairy commodities on the part of the major exporting nations, it would seem to us to be the height of folly to promote the development of cheap imitation commodities which use only a portion of natural milk.

Thus, if we and other dairy exporting countries follow the pattern set in the Philippines in other tropical and subtropical areas where coconut oil is in relatively heavy supply, it would seem to us that two results would obtain. These are (a) current markets for natural dairy products which utilize all of the milk produced by the cow, namely, evaporated milk, dry whole milk, and condensed milk, will be destroyed, as is clearly indicated by the trend of events in the Philippines; and (b) any further expansion of export markets for natural milk products will be eliminated.

We do not believe that the Congress intended that this should happen through operations under Public Law 480.

We are not the only persons who are disturbed about the general situation in respect to Philippine filled milk. In recent days I have reviewed articles published in dairy journals of major exporting dairy countries concerning the filled milk operations, and all of them exhibit a great deal of concern.

5. *Recommended corrective legislation, H.R. 7146.*—It is to be recognized that two types of corrective action could be taken to stop the practices of which we complain, these being: (a) administrative action, or (b) failing administrative action, legislative action should be taken.

Inasmuch as it is our view that the U.S. Department of Agriculture is violating the general principle of Public Law 480 through subsidizing nonfat dry milk to be used in the manufacture of filled dairy products abroad, the most simple corrective procedure would be for the Department of Agriculture to admit its error and cease violating the law. However, we do not expect the Department to take any such action inasmuch as in conversations with officials of the Department of Agriculture, we have encountered a most marked unwillingness to admit error in this matter, even though the Department's own figures show very clearly that a serious error has been made.

Inasmuch as the Department of Agriculture will not correct the situation by the very simple administrative expedient of ceasing to pay subsidies on nonfat dry milk exported for the manufacture of filled milk, we have no other recourse than the Congress.

Hon. Fred Marshall, of Minnesota, has introduced a bill into the Congress, H.R. 7146, to correct this situation which we will describe as follows:

Section 306(a). Prohibits the sale or disposition of any dairy commodity under the act or with the assistance of the Secretary of Agriculture under any other act, for use outside the United States for manufacturing, blending, or compounding of filled milk or filled cheese.

Section 306(b). This section provides that the Secretary may accomplish sale or disposition of any dairy commodity outside the United States by sale of stocks from the Commodity Credit Corporation, or by cash payment to exporters at the export rate or rates determined by the Secretary, or, at the option of the exporter, by transfer to the exporter dairy commodities in CCC stocks.

This paragraph (b) also is so framed as to authorize specifically export subsidization of dairy commodities which are not purchased by CCC under the price-support program.

Section 306(c). Provides that the Secretary may establish different export rates for dairy commodities produced in the United States and sold or disposed of in different countries if he finds such different rates necessary to maintain or expand markets for dairy commodities in competition with filled milk or filled cheese.

As drafted, this paragraph (c) permits the Secretary of Agriculture, in those areas where he finds it necessary because of competition with filled milk products, to establish a large enough export subsidy to permit butterfat to compete with coconut oil in areas where necessary.

Section 306(d). Provides specifically that no dairy commodity produced in the United States shall be disposed of pursuant to the act or with the assistance of the Secretary of Agriculture under any other act if the Secretary finds that such sale or disposition will disrupt or displace any usual marketings of, or any normal pattern of commercial trade in, any dairy product produced in the United States.

Thus this paragraph spells out in more specific detail the current prohibition in the act which provides that the powers of the act are not to be used to burden or disrupt normal commercial marketings of the United States abroad.

Inasmuch as it would appear that the U.S. Department of Agriculture has ignored this principle of Public Law 480, paragraph (d) appears to be necessary in this bill.

Section 306(e). Carries definitions necessary to the bill.

We urgently and respectfully recommend to this committee that it approve the bill introduced by Congressman Marshall and make it an amendment to any extension of Public Law 480 which this committee recommends to the House of Representatives.

6. *What arguments may we expect in opposition to the Marshall bill?*—Since the Marshall bill was introduced, a few comments have been brought to our attention indicating disagreement with some portions of the Marshall bill on the part of some factors in the dairy industry. We will list these objections and comment upon them as follows:

(a) It has been stated that section 306(a) of the bill places the U.S. Government in the position of telling foreign countries what they may do with commodities purchased from this country.

The bill does not do any such thing. The bill, in section 306(a) merely prohibits the U.S. Government, either under Public Law 480 or under the general charter powers of Commodity Credit Corporation or other legislation, from paying a subsidy on nonfat dry milk to be used abroad in the manufacture of filled milk.

Even with the Marshall bill, export buyers of nonfat dry milk could purchase nonfat dry milk at regular U.S. market prices to be used in filled milk products abroad and the Marshall bill would not prohibit this action.

In any event, why should not the United States attach conditions to the utilization of commodities which it furnishes to foreign countries through aid of one form or another?

(b) But, it is stated, the Marshall bill will deprive American farmers of a vast outlet for surplus nonfat dry milk. It is stated that if the United States does not furnish the nonfat dry milk for use in filled milk abroad, other dairy exporting countries will do so.

It is pertinent to note in this connection that throughout their entire export history, there has been practically no development of the encouragement of filled milk production by major dairy exporting countries, other than the United States. We must bear in mind that it was the United States which started the wide-scale development of filled milk production abroad.

Furthermore, we do not believe that, if they were left to their own devices, major foreign dairy exporting countries would endanger their commercial export markets for dairy products through the development of imitation products which use only a portion of the ingredients of natural milk.

We should bear in mind also that major exporting countries, excluding the United States, depend very heavily upon the exportation of dairy products in their foreign trade. Thus, New Zealand, Australia, Denmark, the Netherlands, and, to a lesser extent, Switzerland, Italy, and Canada depend upon foreign markets to dispose of their dairy products.



Switzerland and Italy specialize very largely in the production of special types of cheese.

The Netherlands exports butter, condensed and evaporated milk products, and dried milk products.

Canada exports some butter and nonfat dry milk.

New Zealand exports large volumes of butter and cheese and some nonfat dry milk.

Denmark exports butter, condensed and evaporated milk, some dried milk products, and some cheese.

I have not attempted to describe their full export operations, commodity by commodity, but the records show conclusively that these countries depend upon export markets for a large proportion of the dairy products they produce.

In any event, if the United States continues to subsidize the exportation of surplus nonfat dry milk for use in filled milk, it is a foregone conclusion that other dairy exporting countries will be forced into this business whether they like it or not. We would be naive in the extreme if we think for one moment that dairy exporting countries are going to sit idly by and see the United States expand the production of filled milk throughout the nondairy countries of the world without themselves going into the business, as a matter of self-protection.

Further justification for our position that foreign exporting dairy countries are viewing the development of filled milk production with extreme disfavor is to be found in articles in the dairy presses of Australia and New Zealand.

One example of this attitude is the article entitled "Mock Milk" which appears in the September 10, 1958, issue of the New Zealand Dairy Exporter. This article, among other things, severely criticizes the advertising used in selling filled milk in the Philippines, and I have included the full text of this article in the appendix.

Other examples of the attitude of other exporting nations could be included, but would be repetitious.

We submit that this and similar articles in the foreign dairy press cast a very large measure of doubt on the statements of opponents of the Marshall bill that if the United States does not furnish the nonfat dry milk for use in filled milk products abroad, other exporting dairy nations will do so.

Now, specifically, as to the point that the Marshall bill would deprive American dairy producers of a vast outlet for nonfat dry milk, we wish to make the point that currently this outlet is very small indeed in relation to the total disposition problem facing the U.S. Government in respect to nonfat dry milk purchased under the price-support program.

In 1958 the Commodity Credit Corporation purchased under its price-support program 783.4 million pounds of nonfat dry milk. In addition, there were purchased and removed from commercial channels of trade during 1958 through use of section 32 funds, 150.5 million pounds of nonfat dry milk.

There is set forth in table 6 figures showing purchases and utilization of nonfat dry milk under the price-support and section 32 programs, 1958.

The largest class of utilization was foreign donations accounting for 59 percent of the total volume of dispositions of 915.3 million pounds in 1958.

Section 32 disposition accounted for 16.4 percent of total dispositions, followed by commercial export sales of 11.2 percent, feed sales of 5 percent, noncommercial export sales of 4.9 percent, and 1.7 percent each was accounted for by ICA transfers and domestic donations.

Under the assumption that all nonfat dry milk shipped to the Philippines and to Mexico in 1958 was used in the production of filled milk products, we find a total of 37.8 million pounds going to these two countries of which 18.8 million pounds were shipped to Mexico and 19 million pounds were shipped to the Philippines.

Thus, of our total dispositions of nonfat dry milk during 1958, 4.1 percent went to countries where we may assume that most if not all of it was used for filled milk. Shipments to the Philippines where filled milk production and marketing are being most aggressively pushed on a strictly commercial basis accounted for 2.1 percent of total U.S. nonfat dry milk dispositions in 1958.

It is very hard indeed, I would say impossible, to conclude other than that, currently, utilization of nonfat dry milk in filled milk products abroad does not account for a really important proportion of our total nonfat dry milk dispositions and therefore it can hardly be stated that the Marshall bill will deprive dairy farmers of markets for a vast quantity of nonfat dry milk.

It is interesting to note that in 1958 sales of nonfat dry milk for feed in the United States accounted for 5 percent of total dispositions and, furthermore, the price for nonfat dry milk sold for feed in this country is quite significantly higher than the export price charged exporters by CCC. During most of 1958 and 1959, the export price for nonfat dry milk varied from a high of 9.9 cents to a low of 7 cents. Currently (as of July 1, 1959) the price of milk sold for animal feed is 10.6 cents per pound and the price for milk sold in export channels is 8 cents per pound f.a.s. vessel.

It is to be noted also that, while the utilization of nonfat dry milk in filled milk products abroad does add another outlet to the total of disposition outlets available for nonfat dry milk, at the same time nonfat dry milk sold in this particular outlet deprives farmers of a market for the milk entering evaporated milk and condensed milk products which the filled milk product replaces. There is no way to conclude other than that the farmer is the loser in this transaction inasmuch as utilization of nonfat dry milk in filled milk products would have to increase many times to offset the losses caused by the substitution of filled milk in natural milk products.

6. *Summary.*—Our position in respect to this matter may now be summarized as follows:

(a) Subsidization of nonfat dry milk for use in filled milk products which compete with regular commercial marketings of other dairy products and which disrupt such commercial marketings is improper under Public Law 480, and should cease.

(b) Inasmuch as the Congress has stated that it does not want the authority of Public Law 480 used in such manner as to disrupt normal commercial marketings of the United States, it is our opinion that proper administrative procedure would apply such restriction to any export encouragement granted under other legislation. Thus, merely shifting the source of funds from Public Law 480 to other funds which may be used by the CCC does not, in our opinion, carry out the desires and intent of the Congress as expressed in Public Law 480. Hence, the argument that may be advanced that utilization of other legislation and funds is not subject to the restrictions set forth in Public Law 480, is a technical maneuver which should not be permitted from an administrative point of view or, if permitted in the administration of the laws, should be stopped by the Congress.

(c) Encouragement of filled milk production abroad by this Government and by American dairy firms will unquestionably operate to the disadvantage of other dairy exporting countries.

(d) Over the long-run, expansion of production and marketing of filled-milk products in tropical and subtropical areas which have readily available supplies of coconut oil will work to the long-time stultification of the development of export markets for natural dairy products, rather than carrying out the purposes of the law which are to expand and maintain export markets for U.S. commodities.

(e) It is our opinion, furthermore, that aggressive production and merchandising of filled-milk products abroad will almost certainly, over a period of time, raise questions as to why production and interstate marketing of filled-milk products in the United States should be prohibited. We in the dairy industry who have seen our markets for butter drastically reduced since the time an imitation commodity was permitted to imitate all the major characteristics of butter by synthetic means, such as color, flavor, and addition of vitamins, do not want the development of similar imitations for other dairy commodities in the United States such as filled-fluid milk, vegetable oil frozen desserts, filled cheese, and the like.

We should bear in mind that the all-important market for the American dairy farmer is our market right here at home. The most important segment of our U.S. dairy market is the market for fluid milk and fluid milk products, both in volume and value.

It is our opinion that if U.S. dairy firms aggressively promote the production and marketing of imitation milk—"Mock Milk" as it is called by the New Zealanders—the least important result, unfortunate as it may be, will be the stultification of export markets for natural dairy products and backing up of the butterfat displaced by coconut oil in the hands of exporting dairy countries, including the United States. The U.S. Department of Agriculture, through payment of a subsidy on nonfat dry milk to be used in the manufacture of filled-dairy products in foreign areas, is aiding in the achievement of this unfortunate result.



Of greatest importance, however, is the very strong probability that sometime in the future, probably the near future, the steady development of filled-milk production throughout large areas of the world will practically certainly be associated with a growing demand for the production and marketing of filled-milk products in the United States. If this situation should be permitted, the wreckage of all dairy markets in the United States, fluid milk as well as manufactured milk products, would be appalling.

The members of my association, and those persons who have appeared or filed in support of the Marshall bill, want nothing whatsoever to do with the filled-milk business anywhere at any time.

We sincerely hope the members of this committee agree with us and will take action to withdraw U.S. Government support from the filled-milk production and marketing operations of which we complain in this statement.

## II. STATEMENT REGARDING SOME ASPECTS OF GENERAL DAIRY PROGRAM

We think that there are several things which the Department of Agriculture could do which would hold out material promise of expanding the consumption of dairy products. These actions could be taken under existing legislation, and in our opinion would be very constructive.

Efforts to increase commercial consumption of nonfat dry milk in the United States are particularly desirable because of the relatively heavy surplus position of this product.

Table 7 shows the volume of nonfat dry milk sold commercially in 1957, classified according to end use of the commodity, as reported by the American Dry Milk Institute.

At this time, the U.S. Department of Agriculture estimates that about 3.3 percent of the volume of bakery production in the United States is accounted for by nonfat dry milk. It is rather generally agreed that a much larger percentage of nonfat dry milk could be used in bakery products, as well, perhaps, as in the other products listed in table 7.

We believe the U.S. Department of Agriculture should institute a program for increasing commercial utilization of nonfat dry milk. This idea is not original with us, but the method of endeavoring to achieve such increased commercial utilization which we formally recommended to the U.S. Department of Agriculture in January of this year is new in respect to this particular commodity.

In January 1959, we sent formal recommendations to Secretary Benson, and have followed this up with conversations with him and a number of his top officials, that the Department of Agriculture institute an incentive-use program for nonfat dry milk here in the United States. The broad outline of the program we recommended follows:

(a) Type of program—Subsidy to commercial users for increasing their utilization of nonfat dry milk.

(b) Volume on which subsidy would be paid—The volume represented by increased use over a base-period use.

(c) To whom would subsidy be paid—To all commercial users who submit evidence of additional use.

(d) When would subsidy be paid—After proof of additional use.

(e) What is source of funds—Section 32.

(f) Is additional legislation needed—No.

(g) What would be the rate of subsidy—That would be left to the Secretary.

(h) What volume of increased use might be expected—We do not know, nor does anyone else. Estimates range from 100 million pounds additional use to perhaps several hundred million.

(i) Would the program be more costly than the current program—No, it would be less costly because (1) there is no return to CCC on current giveaway programs which constitute the largest volume of dispositions, and (2) CCC would not have to purchase, store, and transport the commodity since the program would operate through commercial channels.

(j) Is this proposed program designed to take the place of the current nonfat dry milk purchase-and-disposition program of the CCC—No, it is proposed merely as a means of securing another potentially large outlet for nonfat dry milk.

The feature of our proposal that, as far as I know, is original with us, is that the program requires no one to do anything. It is merely contemplated as an offer, in the true sense of the word, that is, take it or leave it.

If bakers as a whole, or individual bakers, did not want to take advantage of the offer, that would be their decision—entirely their decision.

Even if this proposed program, if effectuated, failed to move significant additional volumes of nonfat dry milk, who has been harmed? No one. Failure of the program would merely show that this is one method of helping solve the nonfat dry milk surplus which does not work, and we could then go on to consider other methods.

Inasmuch as our proposal has been before the Department for 7 months and no action has been taken to make final disposition of the proposal one way or another, we would suggest that this committee, if it thinks the proposal worthwhile, formally request the Secretary for a report on the matter.

We wish to express our appreciation for your courtesy in listening to our discussion of what we consider to be a very important and pressing problem.

Respectfully submitted.

OTIE M. REED,  
Washington Representative.

#### APPENDIX

TABLE 1.—CCC sales of nonfat dry milk for foreign currency under title I, Public Law 480, by country of destination, 1958

Country	Nonfat dry milk	Percent of total
Colombia.....	790, 907	1.4
Peru.....	490, 500	.9
Poland.....	10, 961, 644	19.3
Turkey.....	2, 412, 830	4.2
Israel.....	15, 799, 727	27.8
India.....	15, 000, 423	26.4
Pakistan.....	590, 686	1.0
Thailand.....	360, 000	.6
Philippines.....	10, 466, 868	18.4
Total.....	56, 873, 585	100.0

Source: Commodity Credit Corporation.

TABLE 2.—CCC sales of nonfat dry milk for unrestricted use under barter agreements, by country of destination, 1958

Country	Nonfat dry milk	Percent of total
Guatemala.....	266, 930	2.6
El Salvador.....	216, 800	2.1
Central America.....	227, 253	2.2
Venezuela.....	1, 542, 200	14.9
Peru.....	721, 875	7.0
Brazil.....	36, 000	.3
South America.....	216, 950	2.1
Philippines.....	1, 569, 839	15.2
Hong Kong.....	72, 000	.7
Japan.....	1, 775, 541	17.2
Pacific Far East and Philippines.....	687, 077	6.7
Asia.....	238, 250	2.3
Ghana.....	36, 225	.4
Various countries.....	2, 709, 133	26.3
Total.....	10, 316, 073	100.0

Source: Commodity Credit Corporation.



TABLE 3.—CCC sales of nonfat dry milk for dollars for unrestricted commercial export, by countries, 1958

Country	Nonfat dry milk	Percent of total
Canada	61,875	0.2
Mexico	18,777,442	52.2
El Salvador	232,500	.6
Honduras	180,000	.5
Nicaragua	97,760	.3
Panama	156,000	.4
Bermuda	40,000	.1
Central America	40,000	.1
Venezuela	315,700	.9
Ecuador	36,000	.1
Peru	675,894	1.9
Chile	228,623	.6
Brazil	72,000	.2
West Germany	2,250,055	6.4
Europe	207,850	.6
Saudi Arabia	43,200	.1
Pakistan	46,575	.1
Philippines	6,900,365	19.5
Taiwan	168,000	.5
Asia	106,000	.3
Morocco	120,000	.3
Libya	252,225	.7
North Africa	66,000	.2
Various countries	4,238,745	12.2
Total	35,312,809	100.0

Source: Commodity Credit Corporation.

TABLE 4.—Philippine Republic: Estimated disappearance of imported evaporated milk and domestically produced canned filled milk, 1953-58; and tentative estimates, 1959

[Stated in thousands of cases]

Year	Disappearance		Canned filled milk <sup>1</sup>	Proportions	
	Total	Evapo-rated milk		Evapo-rated milk	Canned filled milk
1953	2,238	2,238		100	
1954	2,678	2,678		100	
1955	3,372	3,372		100	
1956	3,814	3,814		100	
1957	4,150	3,850	300	93	7
1958	4,228	2,428	1,800	57	43
1959 <sup>2</sup>	4,500	1,200	3,300	32	68

<sup>1</sup> Based on unofficial trade estimates.<sup>2</sup> Provisional.

Source: Copied from Foreign Agriculture Circular, USDA, FD 9-59, table 2, published June 26, 1959.

TABLE 5.—Total exports of dairy products by major exporting countries to areas of destination, 1957

[Stated in millions of pounds]

Area of destination	Commodity					
	Butter	Cheese	Dry whole milk	Nonfat dry milk	Evapo-rated milk	Con-densed milk
Western Europe.....	989.7	665.1	51.4	109.3	61.6	28.1
Eastern Europe.....	5.8	13.9	1.6		.3	
North America.....	18.4	71.7	16.2	33.0	54.3	39.2
South America.....	8.2	18.9	79.2	7.3	28.4	8.1
Asia.....	23.3	21.1	35.1	75.0	225.9	368.7
Africa.....	32.3	63.9	11.1	7.9	58.9	77.1
Oceania.....	2.2	1.3	1.8	.8	2.8	3.3
All others.....	37.2	13.7	8.6	3.1	8.9	6.4
Total.....	1,117.1	869.6	205.0	236.4	441.1	530.9

NOTE.—U.S. exports included in the above, exclude donations under Public Law 480 and concessional sales for special uses.

Source: Compiled from tables 1 through 6, World Trade in Dairy Products, Foreign Agriculture Circular, FD 16-58, Dec. 31, 1958.

TABLE 6.—Purchases and utilization of nonfat dry milk by CCC under the price-support program and section 32 program, 1958

	Volume (millions of pounds)	Percent of totals—Pur- chases and dispositions
Purchases:		
Price support direct.....	783.4	83.9
Section 32.....	150.5	16.1
Total.....	933.9	100.0
Utilization:		
Commercial domestic sales.....		
Feed sales.....	45.6	5.0
Commercial export sales.....	102.4	11.2
To filled milk areas.....	(37.8)	(4.1)
Other areas.....	(64.6)	(7.1)
Noncommercial export sales.....	44.8	4.9
ICA transfers.....	15.6	1.7
Donations:		
Domestic.....	15.6	1.7
Foreign.....	539.9	59.0
Other.....	.9	.1
Total.....	764.8	83.6
Section 32.....	150.5	16.4
Total all dispositions.....	915.3	100.0

Source.—Compiled from published reports of Commodity Credit Corporation.



TABLE 7.—*United States: Commercial domestic sales of nonfat dry milk by end-use, 1957*

Use	Volume (millions of pounds)	Percent of total com- mercial use
Bakery products.....	332.5	36.5
Dairy products.....	216.8	23.8
Packaged for home use.....	155.0	17.0
Meat processing.....	109.3	12.0
Prepared dry mixes.....	52.8	5.8
Confectionery.....	18.2	2.0
Soup manufacturers.....	4.6	.5
Institutions.....	3.6	.4
Soft drink bottlers.....	1.8	.2
Chemicals; pharmaceuticals.....	.9	.1
Animal feed <sup>1</sup> .....	5.5	.6
All other uses.....	10.0	1.1
Total commercial use.....	911.0	100.0

<sup>1</sup> This is nonfat dry milk processed for human consumption only and is not to be confused with dry skim milk for animal feed.

Source: Census of Dry Milk Distribution and Production Trends, American Dry Milk Institute, Inc.

[Excerpt from New Zealand Dairy Exporter, Sept. 10, 1958].

#### "MOCK MILK"

Synthetic "milk" made from skim milk powder and vegetable fats is providing a new headache for dairy industry leaders of the world, not yet recovered from their efforts to cope with the international problem of dumping. While this "mock milk" has not had any direct effect on New Zealand's sales as yet, it is gaining in popularity on several markets and repercussions in this country will be evident if the trend is not halted. However, efforts now being made to control this commodity on an international scale should do much to counter the damage that synthetic "milk" could do to the market, and the dairy board and dairy commission intend to do all they can to ensure that this "margarine of milk" is not passed off as the real thing.

#### A CLOUD ON THE MARKETING HORIZON

At a time when the industry is just recovering from an adverse market created by politically inspired production and dumping of butter, it is discouraging to find another cloud looming up on the marketing horizon. The success of synthetic "milk"—referred to also as "filled" milk—on several markets is good reason for concern, and dairying interests are ready to tackle the problem on an international level without delay.

When butterfat is removed from whole milk to make butter, skim milk powder can be made from the residual; synthetic "milk" is made by putting the fat back in the form of groundnut or coconut oil. This vegetable fat comes from countries with low standards of living in the main and the produce is therefore bought very cheaply. "Mock milk" can sell at considerably less than the price of the real thing. It is reported to taste quite well and can be stored easily.

It is clear that milk and "mock milk" could both share the world market, the latter selling where cow's milk is too expensive, or not available. Since one basic commodity is skim milk powder, synthetic milk could well be a sideline to dairy production.

#### FALSE CLAIMS

What worries dairy industry leaders here and abroad is that the synthetic product is being sold as the real thing. The manufacturers are, in fact, cashing in on the "drink more milk" and similar advertising campaigns that dairy farmers have sponsored in many countries. The public, in many cases, are not aware that they are getting a substitute product.

This is the point of objection with the dairy produce marketing organizations. Clearly, in underdeveloped countries, such as the Philippines, Malaya, and others, this "vegetable milk" will have a place, especially since the working class of that country is paid low prices for the vegetable fats they produce. They should get the benefit of cheap milk not otherwise available to them.

But organizations such as our own dairy board and dairy commission do object strongly to the advertising being indulged in by manufacturers of the new "milk" substitute.

Too often the suggestion given by the label or by advertising copy is that the "mock milk" is simply ordinary milk with something extra added. By such techniques the synthetic milk salesmen are getting their product on to the U.K. and other markets with a high standard of living.

#### GOVERNMENT ACTION

There are good reasons why European governments should ensure that synthetic milk does not replace the pure product. Under the farming subsidization schemes in operation in European countries in general, the public have paid part of the price of a pint of milk before they get it, because of farming subsidies. If butterfat is removed from whole milk they lose on the butter made from it because that butter inevitably sells at below cost of production. And to get their milk they have to pay to import vegetable fats. Though it may appear to be cheaper than whole milk, in the long run they pay much more.

The subject will therefore receive considerable attention at future meetings of the IFAP (International Federation of Agricultural Producers) and FAO organization of the United Nations. New Zealand representatives at any such meetings will obviously be concerned to back any attempt to get government backing for a restriction on the use of misleading advertising by the manufacturers of the synthetic product.

#### SURPLUS BUTTERFAT

As far as New Zealand is concerned, "mock milk" will have no direct effect within our own Dominion, but it will obviously have an effect on our traditional and potential markets. If butterfat is to be taken from whole milk in the U.K. instead of that whole milk being sold as such, butter production there must inevitably increase. The same situation would apply to European countries, the butter finding its way to the U.K. market to fetch any price it can. Close cooperation on this matter between the New Zealand Dairy Board and Commission and the Milk Marketing Board and Ministry of Agriculture of Britain will ensure that synthetic milks sail under their true colors and do not "pirate" a market created by the true product.

#### MEDICAL RETRACTION

One of the claims that has been made for the new "milk" in some quarters is that it will not cause damage to the arteries as animal-fat products are accused of doing. In this respect it is worth noting that among the medical fraternity who first sponsored the theory—the popular press boosted medical uncertainty into pseudo scientific fact—there has been a complete about-turn.

An American scientist, Dr. ———,<sup>1</sup> who was among the first to condemn dairy products for causing artery thickening and coronary thrombosis, recently came down to earth when he stated: "It was first suspected that cholesterol, present in animal fats, might be a culprit but there is convincing evidence that it is not the cholesterol we eat that causes the trouble but rather the high total fat level in the American diet. The present average adult diet contains at least 40 per cent calories from fat. This should be cut to about 25 per cent. And the safest way for us to lower our fat intake is to eliminate the processed and chemically manipulated fats which are newcomers to our diet. Other fats, such as butterfat, meat fats, and the fat in poultry and eggs, are combined with high-quality protein and essential mineral and vitamins. We do not want to reduce intake of these nutrients and reduce the quality of our diet."

It is apparent that synthetic "milk" has a place, especially in countries with low standards of living and inadequate supplies of fresh milk. In such countries, vegetable-milk will be a valuable addition to a diet at present lacking in several essentials. Equally obvious is the fact that it should not be allowed to pose as the real thing on markets where fresh cows' milk is readily available. International organizations, if they are backed by Governments with the public good in mind, will ensure that such masquerading does not continue.

<sup>1</sup> The spelling of the name is not clear.



Mr. REED. I have appeared before this committee a number of times, and it will take some of my time to identify myself. If you wish, I shall proceed to do so.

My name is Otie M. Reed. I am Washington representative of the National Creameries Association. My office is located at 1107 19th Street NW., Washington, D.C.; our headquarters' office is located at 817 New York Building, St. Paul, Minn.

The National Creameries Association is a nonprofit organization. Its membership is comprised of local, independent dairy plants located in Wisconsin, Minnesota, North Dakota, South Dakota, Nebraska, Iowa, and Kansas.

Our member plants are, for the most part, locally owned, independent cooperative associations of producers with a few locally owned, independent, private business partnerships or corporations. We have no regional cooperative selling associations or line or regional cooperation or corporate farms in our membership.

Our member plants manufacture butter, nonfat dry milk, some cheese, and about 30 of them, in addition to butter and nonfat dry milk, have grade A milk plants and facilities from which they ship grade A milk to city fluid milk markets.

Now, I will proceed with my summary statement. The points that I wish to make in the summary statement are set forth below.

1. Point 1: We approve wholeheartedly the basic principles and purposes of Public Law 480 and urge this committee to extend it for a period of time, and with sufficient funds, which in the judgment of the committee would be satisfactory and appropriate. We do not have any recommendation to make to the committee as to the length of time the law should be extended, nor other features such as the amount of funds necessary, because we have not made the analysis necessary to give you a recommendation that would have any merit.

Public Law 480 covers many agricultural commodities and we do not possess the information or profess to know everything about agriculture.

In connection with certain aspects of Public Law 480 we disapprove wholeheartedly of certain features of the manner in which Public Law 480 has been administered in respect to dairy products for the reasons set forth below. The first is the subsidization of the export of nonfat dry milk solids which are used abroad for the manufacture of filled or imitation milk and milk products.

Second is the destruction of regular export markets for U.S. dairy products through subsidization of nonfat dry milk exports to be used in cheap filled milk products abroad.

It seems to us that U.S. Government encouragement of filled milk production abroad, and aggressive promotion and merchandising of filled milk products abroad will, in our opinion, have two results that are very disadvantageous to dairy farmers of the United States. We would list these as follows:

The future development of export markets for natural dairy products will be stultified in large areas of the world which do not have well developed dairy industries and hence represent our major potential export markets. We believe this to be quite contrary to the basic purpose of Public Law 480.

Second, the development of filled milk production—"mock milk" as it is called by New Zealanders—throughout large segments of the population of the world will in time lead to a growing demand in this and other dairy-using and dairy-importing countries for the widespread production and marketing of filled milk products here in the United States and in other dairy areas.

It is to be emphasized that the major market for U.S. dairy farmers is the United States. Any action on the part of our Government and segments of our dairy industry which tends to weaken our laws regulating the production and interstate shipment of filled milk products is to be deplored and condemned, in our opinion.

We in the dairy industry who have seen our butter market, and in some areas the frozen dessert market, suffer great inroads from the competition of vegetable oil imitations, do not want anything whatsoever to be done which would expose the market for fluid milk and fluid milk products to competition from commodities made with vegetable oils instead of butterfats.

Now, as to the facts in the case, there is no doubt that subsidization of nonfat dry milk exports for use in filled milk in the Philippines already has resulted; in just 2 years time, in a sharp reduction of normal commercial U.S. exports of evaporated milk to the Philippines. Proof of this statement is to be found in official USDA releases. I would refer the committee to the Foreign Agriculture Circular FD-9-59, published June 26, 1959, which carries quite a résumé of the situation, and whose lead section is entitled "Filled Milk Reduces Philippine Market for U.S. Evaporated Milk."

The CHAIRMAN. May I interrupt you right there to have you explain to me just how this filled milk transaction displaces milk in any great volume?

Mr. REED. How it does it is this: The nonfat dry milk is shipped to the Philippines under subsidy. In the Philippines it is reconstituted with water and coconut oil, evaporated and sold through retail channels to regular sales outlets.

The CHAIRMAN. Up to that point does not the American industry profit by having that much taken out of our market and shipped to the Philippines?

Mr. REED. No, they do not, for the reason that this product, which carries only a portion of the whole milk, that is, the solid nonfat, displaces a lot of evaporated milk which carries the whole product that goes abroad.

The CHAIRMAN. What becomes of that displaced product?

Mr. REED. The milk backs up in this country and becomes an addition to our surplus here in the form of butter, cheese, and nonfat dry milk.

The CHAIRMAN. Just what part of the whole milk is sent to the Philippines?

Mr. REED. Only the solid nonfat.

The CHAIRMAN. Is that what you call nonfat dry milk?

Mr. REED. Yes.

Mr. JOHNSON. I think that the witness should go back and say that this has been going on only about 2 years. How much have our exports of evaporated milk dropped?



Mr. REED. Our exports of evaporated milk have dropped very greatly. I think the best figures I could give you on that would be from a table taken directly from this circular which lists the disappearance of evaporated milk, the disappearance of canned filled milk in the Philippines. I guess they use that word "disappearance" synonymously with consumption.

In 1956 there were 3,814,000 cases of evaporated milk from all sources consumed in the Philippine Islands. It had 100 percent of the market. These filled-milk plants were started late in 1957, and in that year 3,850,000 cases of evaporated milk were consumed and 300,000 cases of canned filled milk. At that time evaporated milk had 93 percent of the market as compared to 7 percent of the market for canned filled milk.

In 1958 the department figures show that 2,428,000 cases of evaporated milk were used in the Philippines whereas the production and disappearance of canned filled milk jumped to 1,800,000 cases. Evaporated milk had only 57 percent of the market and canned filled milk had 43 percent. The estimate this year, Mr. Chairman, is there will be only 1,200,000 cases of evaporated milk used in the Philippines and 3,300,000 cases of filled milk, and that 32 percent of the market will be evaporated and 68 percent will be canned filled milk.

That is not the total picture. In this publication the Department shows that there will be another plant opened in the Philippines very shortly and they are looking forward to expanding their production to the point where they can export evaporated milk into nearby Asian countries.

The CHAIRMAN. May I interrupt you there? How can we control that situation?

Mr. REED. I do not suppose that you can control it at all, Mr. Cooley, except for one thing. We certainly do not have to encourage it by paying a subsidy of approximately 7 cents a pound of nonfat dry milk which would work out to about 36 percent per hundredweight of milk.

The CHAIRMAN. This bill contemplates a subsidy program on whole milk, does it not?

Mr. REED. Yes.

The CHAIRMAN. Do you think that we could force the Philippines to take whole milk when they can buy this nonfat dried milk and reconstitute it after they receive it?

Mr. REED. I do not know whether we can or not.

The CHAIRMAN. Years ago we did not know anything about reconstituting milk, did we?

Mr. REED. Oh, yes.

The CHAIRMAN. How long ago has that been?

Mr. REED. I do not know when it started, but the techniques of manufacturing filled milk have been known for many years.

Mr. POAGE. Nobody liked the stuff.

Mr. REED. Filled evaporated milk has been in existence in this country, and still is, in a few plants, and has been for many years.

The CHAIRMAN. I am talking about the process of reconstituting milk. I thought that that was something of recent origin, in the last 5 or 6 years.

Mr. REED. It is just a few years old, yes.

The CHAIRMAN. In the first section of this bill there is this language:

No dairy commodity produced in the United States shall be sold or disposed of pursuant to this act, or with the assistance of the Secretary of Agriculture under any other act, for use outside the United States for the manufacturing, blending, or compounding of filled milk or filled cheese.

Then there is this language:

Except as limited by paragraph (a) and paragraph (d) hereof, the Secretary may establish different export rates applicable to dairy commodities produced in the United States and sold or disposed of in different countries, if he finds such different rates necessary to maintain or expand markets for dairy commodities in competition with filled milk or filled cheese.

That just leaves it entirely to the discretion of the Secretary whether or not he establishes a rate. He may end up by prohibiting the export of nonfat dried milk.

Mr. REED. Perhaps that section of the bill should be made more positive, Mr. Chairman. As a matter of fact, the Secretary, in our opinion, has the authority right now to subsidize exports of other dairy products other than those purchased under price supports, but he does not do it.

The CHAIRMAN. That brings me to this question: Why would the Secretary of Agriculture carry on an export program involving subsidies when it is actually resulting in damage to the very industry in question, rather than aiding the dairy industry?

Mr. REED. I do not know. That is what I have often wondered. The facts are, and they have admitted them, that is exactly what they have done in this situation.

The CHAIRMAN. Have you discussed this problem with the officials of the Department of Agriculture in an effort to persuade them?

Mr. REED. I have discussed it with the officials of the Department, and I have also written a letter to the Secretary concerning the matter. I have not as yet received a reply in connection with my official protest about it.

The CHAIRMAN. You have not received a reply?

Mr. REED. Not yet, but it has been several weeks since I officially protested.

The CHAIRMAN. Suppose that we were to pass this bill, are there not other places in the world, and other sources of supply from which the Philippines could acquire the nonfat dry milk?

Mr. REED. There are, yes.

The CHAIRMAN. Would not the net result of this bill be to force us out of the Philippines, the Philippine market?

Mr. REED. I do not think so, Mr. Chairman. It might well be that as far as the Philippines are concerned, that might happen.

The CHAIRMAN. Where else will be send this nonfat dry milk?

Mr. REED. We are sending it to a large number of other places. There are only two places where it is being used in filled products. That is in the Philippines and Mexico. If you look at this situation, true, they say—if we do not do it—and you can find evidence that was the thinking of the Department—other nations will. Well, the facts are that other nations like the Netherlands, New Zealand, Australia, Denmark, which have been exporting nations of dairy products for many, many years, whose export market is very important to them, they never did this. I do not believe that those nations are



going to go in and try to wreck their own export markets in the areas where they ship lots of milk in the manner in which we have accomplished it in the Philippines.

The CHAIRMAN. Who initiated this program?

Mr. REED. I do not know.

The CHAIRMAN. Was it looked upon with favor by the dairy industry, or looked upon with disfavor?

Mr. REED. I think that a large number of us looked upon it with extreme disfavor.

The CHAIRMAN. And up to date you have not done anything about it until about 3 weeks ago?

Mr. REED. Up to date we have not been able to do anything about it. That is why we are asking you.

The CHAIRMAN. Do you know who started it?

Mr. REED. No, sir; I do not. Do you mean who started the program to develop this?

The CHAIRMAN. Do you know whether the Secretary has a dairy advisory committee to advise him in regard to programs of this type?

Mr. REED. I think he does, but whether or not he cleared this with them I do not know.

The CHAIRMAN. Are you members represented on the advisory committee?

Mr. REED. I do not think that we have a member on it; no.

The CHAIRMAN. I am awfully ignorant on the subject that we are discussing. I was under the impression that it was a good thing to do. Now you say that it is a bad thing.

Mr. REED. We think that it is an extraordinarily bad thing.

Now, a week or so ago the Department of Agriculture had witnesses before this committee and some of you inquired as to the filled milk operation in the Philippines. The Government witnesses stressed the point that the Public Law 480 agreement with the Philippines is finished and all shipments thereunder have been completed. Then they went on to indicate that it was improbable that a new Public Law 480 agreement would be consummated, and that if it were efforts would be made to enter provisions in the agreement which would protect the U.S. export market for evaporated milk. It seems to me in reading their testimony that these witnesses were quite vague respecting the volume which would be protected.

The CHAIRMAN. How are you going to protect the market by prohibiting the export of dry nonfat?

Mr. REED. The way that would be done would be by taking away the Government encouragement. That would be No. 1.

The CHAIRMAN. We do not have to pass an act of Congress to stop that if the Secretary now has it within his own power to stop it. He can stop it tomorrow without waiting for us to send a bill to the White House.

Mr. REED. They will not do it.

The CHAIRMAN. You said that you called it to his attention a few weeks ago and you have not received an answer.

Mr. REED. That is right. It had been called to their attention in conversations prior to that. Mr. Chairman, they testified before you people here, your committee, a couple of weeks ago, I believe, and this

question was raised. They did not say that they were going to stop it. As a matter of fact they made it specific that they were not.

The CHAIRMAN. I do not recall any member of the committee urging them to stop it.

Mr. REED. Nobody asked them.

The CHAIRMAN. We have people on this committee from the dairy section. It seems to me we would have heard something about this long before now if it was actually a detrimental program.

Mr. PIRNIE. I think that I was the one who asked the question at that time, and a further question as to whether someone else would supply this nonfat dry milk if we did not make it available. Do you not think that some other source will be provided?

Mr. REED. It might be. As I stated in answer to the chairman's question, I do not believe that other foreign governments are going to be interested in pushing this business because it will wreck a lot of their regular export market which they now have for their natural commodities. I just do not believe that they are going to do it.

The CHAIRMAN. You do not believe they will do it, but we are doing it?

Mr. REED. We are doing it, and we should not.

The CHAIRMAN. Mr. Poage reminds me that we are subsidized and perhaps the other sources or countries would be willing to subsidize this nonfat dry milk.

Mr. JOHNSON. Mr. Pirnie and I brought the testimony out before the Department witnesses. They said at that time they could sell the dried milk in the countries for 10 cents and they were selling it to the Philippines for 8 cents and destroying our evaporated milk market. They said in the future they were going to require the Philippines to take a certain amount of evaporated milk in order to get the dried nonfat milk.

Mr. PIRNIE. At that time we were disposing of a product we had in surplus and so it was the evident intent of the Department, was it not, to try to move this nonfat dry milk? Would not that be true, Mr. Reed?

Mr. REED. Why, I assume that is why they did it in the first place, Mr. Pirnie, but I would like to give you some figures as to how basically unimportant this particular outlet is for us to be indulging in this type of operation.

In 1958 the official USDA figures show that they purchased 783.4 million pounds of nonfat dried milk under direct price support and removed another 150.5 million under section 32. That is a total of about 934 million pounds purchased, removed from commercial channels of trade under purchase programs. Now, when it comes to what they did with it, during 1958 they disposed of 915.3 million pounds, and the biggest disposition of that commodity was foreign donations of 59 percent. Sixteen percent of it went to section 32. Then commercial export sales in all categories accounted for 11.2 percent of the nonfat that we disposed of. The total volume of nonfat dry milk which was shipped to filled milk areas—and I assume we can assume that most of it was used in filled milk—was 37.8 million pounds. In other areas where it may be assumed that it was used in something else there was about 65 million pounds, or 7.1 percent. The Philippines, if I recall the percentage right, accounted for



about 2.1 percent, or something on that order, of the nonfat dry milk which was disposed of by the United States. Here we are, for an outlet which is very, very small, starting in motion forces which the Department's own figures show, and their own statements show, are going to replace natural dairy products. They have done it in the Philippines and they are going to do it elsewhere. Also, I feel very sure, Mr. Chairman, that unless this Government stops encouraging this development through the payment of a subsidy that other foreign dairy areas are going into the business as a matter of self-protection. They have not done it yet, but I will bet they do.

The CHAIRMAN. Do you know how much the Commodity Credit Corporation now has invested in dairy stocks?

Mr. REED. I do not have the figures with me.

The CHAIRMAN. Very little.

Mr. REED. I can get you the figures if you wish them for the record.

The CHAIRMAN. We can get them from the Department.

Mr. REED. You would use the same figures as I.

The CHAIRMAN. I was under the impression that we have a small inventory in dairy products now.

Mr. REED. Quite small, yes.

The CHAIRMAN. It seems to me that you ask for legislation before you even get an answer to your inquiry of the Department.

Mr. REED. I do not want to mislead you on that, Mr. Chairman. We have found in our discussions with the Department officials they do not intend to do anything about this. The letter was written to the Secretary.

The CHAIRMAN. Do they insist upon selling this product to the Philippines at less than the cost of the feed value here?

Mr. REED. They do.

The CHAIRMAN. It does not make sense to me.

Mr. REED. You are our last recourse. The last thing we would do would bring a bill up here if we could get them to stop it.

The CHAIRMAN. I can send this bill to the Department today for a report and we can have an official report from the Department pretty quick, I think.

Mr. REED. I feel quite sure that it would be adverse.

The CHAIRMAN. They would be opposed to the bill?

Mr. REED. That would be my bet on it.

The CHAIRMAN. Are not American businessmen operating these reconstituting plants?

Mr. REED. They are.

The CHAIRMAN. Is not at least one of these concerns a member of your organization?

Mr. REED. No.

The CHAIRMAN. You have been able to police your members very well.

Mr. REED. Our members have not shipped any milk to the Philippines. We have one member that ships milk to Mexico to be used in their special fluid filled milk program in Mexico. I might say that particular member is also in favor of this bill.

The CHAIRMAN. Is not there one member of your organization now operating a plant in Europe?

Mr. REED. No, sir.

The CHAIRMAN. In the Philippines?

Mr. REED. No, sir.

Mr. POAGE. Who is this gentleman from Seattle, Wash., who owns a plant in the Philippines?

Mr. REED. Well, that is the Consolidated Dairy Products Co.

Mr. POAGE. The Consolidated Dairy Products Co.?

Mr. REED. Yes.

Mr. POAGE. With whom are they affiliated?

Mr. REED. Consolidated Dairy Products is not a member of our association; they are a member of the National Milk Producers Federation. They are not members of our organization.

Mr. POAGE. They are a part of the National Milk Producers Federation?

Mr. REED. Yes.

Mr. POAGE. Is not there a plant owned in the Philippines by somebody in Tucson, Ariz.?

Mr. REED. The only other plant that I know anything about in the Philippines, and I get my information from a statement that Mr. True D. Morse made in a statement to Senator Cooper, and in that statement he stated the two plants operated there are, one, owned by Consolidated Dairy Products Co., and another owned by the General Milk Co., which is a subsidiary of Carnation/Pet Milk Co., in the United States.

Mr. Morse's letter, which is to be found in the hearings, part 3, Department of Agriculture Appropriations for 1960, on page 2312, states:

Evaporated milk is being produced and actively promoted in the Philippines by Consolidated Dairy Products Co., which is the marketing affiliate of a west coast cooperative, and also by an affiliate of Carnation Co.

Now, in the testimony of Government witnesses there is the inference left that they are through with this whole business of subsidizing nonfat, dry milk to be shipped to the Philippines, or elsewhere, for use under Public Law 480, since they stated there was no Public Law 480 agreement now current. They are negotiating one, but they doubt if it will be consummated if I recall the testimony correctly, and they would protect the American natural dairy industry if this were done. That definitely left me with the opinion that the testimony conveyed the idea that this question is moot. Well, it is not any such thing. The exports are still being subsidized and the records of that are to be found in regular issues of information brought out by the Department of Agriculture, such as contained in the pink sheets here, U.S. Department of Agriculture, Commodity Stabilization Service, which give export sales during certain periods.

Now, I do not believe that the Congress ever intended to enact a law carrying a provision that regular commercial marketing should be protected, and at the same time wished the Department of Agriculture to use other authority which they are now doing to accomplish a different purpose.

The CHAIRMAN. This bill will have the effect of imposing an embargo on nonfat dry milk solids.

Mr. REED. For use in filled milk, which accounted for only a few percentage points last year.



The CHAIRMAN. But you just emphasized that a large percentage of the Philippine market was taken over by this commodity.

Mr. REED. It has taken a lot of the evaporated milk market.

The CHAIRMAN. If this bill is passed, is it not natural for the Philippines to retaliate by embargoing some of our agricultural commodities?

Mr. REED. Perhaps.

The CHAIRMAN. I think we should not engage in that sort of a program.

The bill says:

No dairy commodity produced in the United States shall be sold or disposed of pursuant to this act, or with the assistance of the Secretary of Agriculture under any other act, for use outside the United States for the manufacturing, blending, or compounding of filled milk or filled cheese.

That is one paragraph. It goes on to say he may subsidize the whole milk but he cannot subsidize and he cannot sell the nonfat dry milk solids for manufacturing purposes outside the United States.

Mr. REED. That is correct, because we do not think there is any point to subsidizing one commodity to wreck the market for another commodity.

The CHAIRMAN. You admit the Secretary has the authority to do what you want him to do?

Mr. REED. Yes sir.

The CHAIRMAN. I want him to exercise his authority or tell us why he does not exercise it. I am willing to go that far. But we have been having a little trouble with the Philippines because they are embargoing Virginia tobacco. But I do not believe we should retaliate.

Mr. REED. This is not a matter of retaliation. We do not care about their producing filled milk. We do not think we ought to encourage it. We think we ought to set up conditions under which we furnish aid to other nations. It does not make sense to subsidize a commodity that takes the market away from another commodity.

The CHAIRMAN. I agree with you on that.

Mr. REED. We would like the Secretary to change this situation and we think he has the authority, but I am tell you he will not do it.

The CHAIRMAN. There seems to be some question about it. But is there any question about the fact that under the first paragraph of this bill we will be embargoing and prohibiting the sale outside of the United States of nonfat dry milk solids for the purposes set out in this bill?

Mr. REED. For use in filled milk.

Mr. POAGE. I do not think that is right. I think it prohibits subsidized sales. It does not embargo, as I understand the term "embargo." It says "with the assistance of the Secretary of Agriculture under any other act." He cannot do it under this bill or cannot give assistance under any other act, which means he cannot subsidize it. If the Carnation Co. wants to buy six shiploads of nonfat dry milk and move it to the Philippines and sell it in normal commerce, it has a right to do so. All the bill does is stop the movement under a subsidy. That is vastly different from an embargo.

Mr. REED. You make that clearer than I do, and I am grateful for it.

The CHAIRMAN. The paragraph says it cannot be sold outside of the United States for these specific purposes. If you pass this bill Carnation or no other company can ship it outside the United States.

Mr. POAGE. It does not say that. It reads:

No dairy commodity produced in the United States shall be sold or disposed of pursuant to this act, or with the assistance of the Secretary of Agriculture under any other act.

That is still subsidy.

Mr. REED. That is right.

Mr. POAGE. It says it shall not be sold under a Federal subsidy.

Mr. JOHNSON. Did not the gentleman say he did not object to its going to Mexico? Do you know what they are paying for nonfat dry milk in Mexico?

Mr. REED. No. The Government of Mexico is getting nonfat dry milk under the subsidy which they take into Mexico and which they combine with coconut oil of Mexican origin and make a filled fluid milk which I am advised is sold through stores either owned or controlled by the Mexican Government, presumably to low income people. That is considerably different from the Philippine situation. Mexico embargoes the importation of all dairy products except nonfat dry milk for this purpose, and the reason is, I am informed, they want to build up their own dairy industry.

However, I want to insist that the way we read this bill, and I am sure what was intended, was that we remove the subsidy from this particular feature of the disposition of this commodity.

The CHAIRMAN. You probably do not understand the bill. Look at the bottom of page 2. You said this was displacing the marketing of evaporated milk in the Philippines. Beginning on line 20, page 2, it says:

No dairy commodity produced in the United States shall be sold or disposed of pursuant to this act, or with the assistance of the Secretary of Agriculture under any other act, if the Secretary finds that such sale or disposition will have the effect of disrupting or displacing any usual marketings of, or any normal patterns of commercial trade in, any dairy commodity produced in the United States.

He cannot send it out of this country.

Mr. REED. Was that not the intention of Public Law 480?

The CHAIRMAN. The purpose of Public Law 480 was to dispose of our surplus commodities.

Mr. REED. But there is a restriction in that law that the Secretary shall take precautions and that is what this bill intends to do, to carry out the original principle of the act, that we were going to encourage the export of these commodities but not at the expense of regular export markets. This is entirely consistent with Public Law 480.

The CHAIRMAN. If the only thing you want to do is deprive the Secretary of the right to pay the subsidy, why do you not say so instead of all this language?

Mr. REED. That suits me fine.

The CHAIRMAN. You still think if we pass this bill the Secretary could close his eyes and let all the nonfat dry milk go out anyway?

Mr. REED. Yes, sir.

Mr. POAGE. He would not have to close his eyes if we passed this bill. There would be a perfect right for anyone to export all the



nonfat dry milk solids he wanted so long as it was not "with the assistance of the Secretary," and "with the assistance" means a subsidy.

Mr. REED. That is right.

Mr. POAGE. Why did you put all this language in about "for the manufacturing, blending, or compounding of filled milk or filled cheese"?

Mr. REED. I would say the reason was for purposes of clarity. All I want to get across is this principle—and I do not care how it is stated—and that is that we are not going to subsidize with funds from the U.S. Government the development of a commodity which will for the destruction of a regular export market anywhere.

The CHAIRMAN. Suppose we let you file your statement and go on with some of the other witnesses.

Mr. QUIE. Mr. Chairman.

The CHAIRMAN. Mr. Quie.

Mr. QUIE. You were discussing whether this would be an embargo. This in effect would be an embargo because the reason a subsidy is paid is that the world market is 7 or 8 cents and that is why a 7-cent subsidy is given right now, whether under Public Law 480 or under the regular dollar sales.

Mr. REED. Well, they would not have a subsidy, and whether or not they would buy it here is something I do not know. If you take the volume of nonfat dry milk shipped to the Philippines last year, the subsidy value of approximately 20 million pounds would be \$1.6 million. But we are keeping on until we will wreck the market for 4½ million cases which runs at least \$6.50 a case. It seems to me that is a bad thing. The official reports of the Department of Agriculture show that we are selling in this country nonfat dry milk for feed at 2.56 cents a pound above what we get for it sold in export.

Mr. QUIE. Every bit of nonfat dry milk that leaves this country goes at a price less than the price that could be received for it for animal feed in this country?

Mr. REED. That is true, but I do not think stopping this particular small movement will mess up our distribution program.

Mr. QUIE. You do not think this would jeopardize our whole export market?

Mr. REED. No. I think what we are doing is jeopardizing it.

Mr. QUIE. I think that is where the Department has a difference of opinion.

Mr. REED. I think, Congressman Quie, if the Department of Agriculture would look at some of the articles in the foreign dairy press they would change their minds on what other countries think of this. They do not like it. If you will examine my statement, I have attached to it an article from the New Zealand Dairy Exporter. They are raising Cain about the way it is produced there.

Mr. QUIE. The way it is now, are there two plants producing filled milk in the Philippines?

Mr. REED. Yes.

Mr. QUIE. And you say another is about to be built?

Mr. REED. Yes.

Mr. QUIE. Who will build that?

Mr. REED. I do not know.

Mr. QUIE. Is it an American plant?

Mr. REED. I do not know.

The CHAIRMAN. How much is the subsidy?

Mr. REED. About 6 cents per pound now. It was 7 cents. Actually it is a little more than that.

The CHAIRMAN. You mean they are losing 6 cents a pound and at the same time destroying our market for whole milk?

Mr. REED. Yes.

The CHAIRMAN. Off the record.

(Discussion off the record.)

The CHAIRMAN. We will refer H.R. 7146 to the Dairy Subcommittee for reconsideration and ask the subcommittee to meet as soon as possible, and the staff will ask the Secretary for a report as soon as possible, and I am sure the subcommittee can meet at an early date.

Does that suit you, Mr. Tiffany and Mr. Hall?

Mr. TIFFANY. That is perfectly all right.

The CHAIRMAN. Without objection we will include Mr. Tiffany's statement and Mr. Hall's statement in the record at this point, to follow Mr. Reed, then you can go before the subcommittee, the Dairy Subcommittee, and discuss it.

Mr. HALL. I have no written statement, Mr. Chairman. I was going to make an oral statement which will take about 5 minutes.

The CHAIRMAN. Do you live here in Washington?

Mr. HALL. No; I live in Boston.

The CHAIRMAN. Then we will be glad to accommodate you right now if you will just take 5 minutes. Come forward, and we will hear you right now.

**STATEMENT OF REUBEN HALL, LAWYER, BOSTON, MASS., REPRESENTING THE NEW ENGLAND MILK PRODUCERS ASSOCIATION AND THE CONNECTICUT MILK PRODUCERS ASSOCIATION**

Mr. HALL. My name is Reuben Hall. I am a lawyer. My offices are at 75 Federal Street in Boston. I am representing the New England Milk Producers Association and the Connecticut Milk Producers Association.

The New England Milk Producers Association is a cooperative organization made up of milk producers located in all of the New England States and eastern New York, and we are engaged principally in the distribution or sale to distributors of milk for whole milk purposes. We do some small amount of manufacturing of whole milk, butter, and dry milk powder, none of which has up to this date been purchased by the Government. All of it is sold commercially.

The CHAIRMAN. Then you people are not hurt, are you?

Mr. HALL. Yes, we are hurt very seriously, and I will tell you why in a moment.

The Connecticut Milk Producers Association is a cooperative, marketing its milk in the Connecticut milk markets. Their producers are all located in Connecticut, a few in Massachusetts and a few in Rhode Island. They do no manufacturing of this dry milk. Their markets are fluid milk markets.

We are strongly in support of this proposed legislation. We feel it is wrong in principle for this Government to subsidize the export



of nonfat dry milk to be manufactured into a commodity which this Government has condemned both legislatively and in the courts from two standpoints. The legislation which was passed by the Congress back in 1923 is the so-called Filled Milk Act, which prohibited the manufacture and sale in interstate commerce of this commodity, from the standpoint of health and the standpoint of prevention of fraud. This legislation was challenged by various manufacturers in the courts and was sustained by the Supreme Court as being constitutional both as respect to the Federal law and similar laws in several States.

The CHAIRMAN. Do you not suppose the Secretary of Agriculture is aware of that?

Mr. HALL. He ought to be.

The CHAIRMAN. Do you not think you should go there and present your views to him, because if we prohibited the transportation in interstate commerce of this particular commodity, it seems the Secretary should sit up and take notice when it goes into foreign commerce.

Mr. HALL. He ought to, and it is surprising to me that he would consider the export of a commodity for the manufacture of a commodity that we condemn.

The CHAIRMAN. I am not criticizing you, but it seems first you should appeal to the Secretary. If you appeal to him and he says, "All right, we will stop the program," then we do not need to consider this legislation any further.

Mr. HALL. Very true. I would like to take a minute to say that in 1923 when this legislation was originally enacted, the Filled Milk Act, it came as a result of long efforts by the Milk Producers Federation, with which the associations I am representing were affiliated at the time, and we spent long hours convincing the Congress that it was a poor product from the health standpoint and that it was being sold fraudulently.

The CHAIRMAN. It is being sold fraudulently in the Philippines right now, is it not?

Mr. HALL. I do not know.

The CHAIRMAN. Somebody showed me a lot of advertisements of filled milk in the Philippines and the advertisements indicated to me there might be a fraud involved.

Mr. HALL. If they followed the same practice in the Philippines as in this country, it is being misrepresented.

That is my statement, Mr. Chairman.

The CHAIRMAN. Have you been to see the Secretary?

Mr. HALL. No, sir.

The CHAIRMAN. Why do you not go see him? He does not live far down the street.

Mr. HALL. I know. I have known him for a good many years.

The CHAIRMAN. Mr. Tiffany, did you have something to say?

#### STATEMENT OF GEORGE O. TIFFANY, LAWYER, REPRESENTING NESTLE'S PRODUCTS (EXPORT), INC.

Mr. TIFFANY. Yes, Mr. Chairman.

You asked if we have taken this up with the Secretary. In this large statement that is before you gentlemen, two exhibits are at-

tached, one a letter addressed to the Secretary of Agriculture under date of November 24, 1958, and a reply from True D. Morse dated December 18, 1958. They are attached to the statement as exhibits A and B.

The CHAIRMAN. What page is that?

Mr. TIFFANY. They immediately follow the end of my formal statement, which takes up the first 17 pages, so starting on page 18 is the letter written to the Secretary of Agriculture on November 24, 1958, attached as exhibit A, and then there is attached as exhibit B, True D. Morse's reply to that letter, which is dated December 18, 1958, and in which Mr. Morse said:

The laws and regulations of the Philippine Republic, like other independent foreign countries, are the province of its Government. We understand that the Philippine Government is encouraging the production and sale of evaporated "filled" milk to provide a market for coconut oil which is one of its principal products. If CCC refused to sell nonfat dry milk at its export price, for use in evaporated "filled" milk in the Philippines, the nonfat dry milk for that use undoubtedly would be obtained from foreign sources.

So it is known to the Secretary.

The CHAIRMAN. We will include in the record the summary of your statement, and will you leave a sufficient number of copies of your other statement for members of the committee?

Mr. TIFFANY. That is perfectly all right if you will refer the entire document to the subcommittee.

The CHAIRMAN. We will put the summary statement in without the exhibits, and you can show all of this to the subcommittee.

(The statement above referred to follows:)

#### SUMMARY OF STATEMENT OF GEORGE O. TIFFANY IN SUPPORT OF H.R. 7146

Mr. Chairman and gentlemen of the committee, I appreciate this opportunity to appear before you and summarize my statement in support of H.R. 7146.

My name is George O. Tiffany. I am a lawyer. My office is located in Stamford, Conn.

I have been connected with the dairy industry for the past 25 years. As general counsel to the Evaporated Milk Association, Chicago, Ill., from 1934 to 1939, I had the unique opportunity of becoming intimately acquainted with the filled milk problem, in all of its ramifications. As secretary and general counsel to Nestle's Products (Export), Inc., Stamford, Conn., from 1939 to date, I have been thoroughly immersed in the intricacies of international trade in dairy products.

Together with its predecessor companies, Nestle's Products (Export), Inc. has been one of the United States largest commercial exporters of dairy products over the past half-century and, as an important part of that business, has consistently exported the second largest volume of evaporated whole milk of U.S. origin to the Philippine Islands.

In the light of this background, permit me to outline the reasons why H.R. 7146 should have the approval of this committee and be enacted into law.

#### ABUSES COMPLAINED OF

Public Law 480 provides that its administrators shall take "reasonable precautions to safeguard usual marketings of the United States." Despite this mandate the U.S. Department of Agriculture is making available to certain American interests Commodity Credit Corporation surpluses of nonfat dry milk at the favorable Commodity Credit Corporation export price, knowing that such nonfat dry milk is to be used in the manufacture of filled milk for consumption in the Philippine Islands, and probably elsewhere, and knowing further that the same filled milk could not be manufactured and shipped in the interstate or foreign commerce of the United States because of the Filled Milk Act of 1923. See exhibits A and B attached.



The net results of this willful disregard of congressional mandates are:

(a) *Encroachment upon and possible destruction of the U.S. historic commercial market for evaporated whole milk in the Philippine Islands*

Proof of this allegation lies in the documented testimony of dairy industry witnesses at the hearings before your Subcommittee on Dairy Products on the price supports bills H.R. 10669 and H.R. 10671, held in May 1958, and the similar testimony of the same dairy industry witnesses at the hearings before the Senate Committee on Agriculture and Forestry on the bill "To Provide an Export Program for Dairy Products," S. 4013, held July 14, 1958, and is fully confirmed by exhibits C, D, E, and F, attached, which provide a conclusive record of the adverse economic effects of the failure of the Department of Agriculture to honor the demand of Congress that, in paraphrase, "reasonable precautions (shall be taken) to safeguard usual marketings of (dairy products) of the United States."

The filled milk operations in the Philippine Islands, which are owned by American interests, possibly in combination with Filipino interests, are utilizing U.S. surplus nonfat dry milk to which is added, or which is blended or compounded with, coconut oil of Philippine origin, so that the resulting reconstituted product is in imitation or semblance of evaporated whole milk.

An on-the-spot investigation in the Philippines, attached as exhibit G, discloses that total Philippine imports of evaporated whole milk in 1957 amounted to 4,073,000 cases; that inroads on this business by filled milk manufactured in the Philippines since said product was first introduced on that market in August 1957 have been such that the amount of evaporated whole milk which it is estimated will be imported by the Philippines in 1959 will not exceed 1,520,000 cases; that it is foreseen as a strong possibility that in 1960 Philippine imports of evaporated whole milk will approximate only 500,000 cases; and that, due to the anticipated saturation of the Philippine market with filled milk, a total ban on Philippine importations of evaporated whole milk will become an accomplished fact by 1962.

(b) *Detriment to the American dairy industry, generally*

The Department of Agriculture by its aforementioned actions is making a ludicrous mockery of the laudible objective stated in section 2 of Public Law 480, viz:

"\* \* \* to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels \* \* \*."

Moreover, by so doing it is committing an unpardonable sin against the good reputation of the American dairy industry as a whole. May I remind you that in the 19th century the United States was one of the largest, if not the largest, exporter of cheese in the world; and that this extremely valuable export trade was lost to this country, and has never been regained, because certain unscrupulous manufacturers of cheese in the United States, erroneously believing their oversea customers to be ill-informed or stupid, manufactured and exported to them "filled cheese" in lieu of the genuine product. This unfortunate incident not only ruined this country's cheese export business, but jeopardized its then budding export trade in other dairy products—the same thereby becoming suspect of likewise being "filled."

The grim factual picture of the detriment to the American dairy industry inherent in filled dairy products which was portrayed to the House and Senate committees of the 67th Congress and which, ultimately, led to enactment of the Filled Milk Act of 1923, is prophetically applicable to the current situation and is, for convenient reference, extracted and attached as exhibit H.

Unless heed is paid to the obvious truths and warnings of exhibit H, the vital significance of which has not been lessened by the passage of time nor by man's ingenuity and alleged improved moral responsibility, the laudible objective of Public Law 480 will be rendered an absolute nullity, and filled dairy products will spread over the earth like a cancer, to the infinite detriment of the dairy industry of America, with its high labor costs and expensive quality controls. (See the actual threat to this effect contained in the Philippines Herald news item of January 29, 1959, attached as exhibit I.)

(c) *Misuse of the American taxpayers' dollar*

The American taxpayers' dollar is misused for the purchase by the Commodity Credit Corporation of surplus butter and nonfat dry milk which, otherwise

and normally, would constitute a commercial export of evaporated whole milk to the Philippines at no expense to the American taxpayer.

The Department of Agriculture through its staff publicly and vigorously opposed the legitimate and seriously presented efforts of the industry to put an end to this misuse of the American taxpayers' dollar—as witness the testimony of administration spokesmen at the aforementioned hearings on H.R. 10669, H.R. 10671, and S. 4013.

Viewed in the light of the solemnly sworn obligation of administration officials not to waste or misuse the public funds, this unwarranted expense to the American taxpayer must not escape scrutiny—exhibit J, attached, establishing as an arithmetical fact that \$733,560.59 was misspent in 1957, \$4,181,546.09 was misspent in 1958, and it is estimated that this program of disservice to our industry will improperly cost the American taxpayer \$64,705,733.79 during the period 1959–63, or an overall total of \$69,620,840.47 in misused public funds since filled milk was first manufactured in the Philippines in August 1957.

Add to this the inescapable fact that Federal income taxes, estimated to average \$0.466856 per case of USA evaporated whole milk exported to the Philippine Islands during the period 1954–58, have been, and will be, denied to the U.S. Treasury, due to the displacement of USA evaporated whole milk by Philippine filled milk, to the extent of \$10,530,207.86 during the period 1957–63.

The net result is that the Philippine filled milk fiasco holds the potential of improperly costing the American taxpayer an overall \$80,151,048.33 by the end of 1963.<sup>1</sup>

*(d) Frustration of valid national policy*

On March 4, 1923, the Filled Milk Act became the law of the land. Subsequently, on April 27, 1935, that act was amended by the following addition:

"SEC. 4. The Secretary of Agriculture is hereby authorized and directed to make and enforce such regulations as may in his judgment be necessary to carry out the provisions of this act."

Thereby establishing a historical record, the existence of which the Secretary of Agriculture cannot, as a matter of law, be heard to deny, even though, in the meantime, the enforcement of the Filled Milk Act of 1923 has been transferred to the Food and Drug Administration in the Department of Health, Education, and Welfare.

Similarly, it is a matter of public record, official notice of which is chargeable to the Secretary of Agriculture and all employees of the United States, that the Filled Milk Act of 1923 has not only never been repealed, but has been sustained repeatedly by the Federal courts as a constitutional exercise of sound legislative judgment by Congress.

In *Carolene Products Co. v. Wallace* (DC D.C.), 27 F. Supp. 110, in which case, as in the other cases cited herein, I played an active part in opposition to the filled milk interests involved, the court stated in part:

"We think the reports of the congressional committees clearly show the purposes of the act and the reason for the prohibition therein provided. It had three aspects: to forbid the competition of a coconut grove with the American cow; to prevent the practice of frauds on the consuming public; and to avoid harm to the public through the substitution of inferior fats for butterfat in an important food product. It is not for this court to question the wisdom of Congress. Plaintiff's products are not shown to be different from other articles of food within the prohibited class, and the addition of needed vitamins through the presence of cod liver oil does not take plaintiff's products out of the prohibited class. There was expert medical testimony before the congressional committees that no vegetable oil can be made an effective substitute for butterfat. The determination of the question was within the judgment of Congress."

In utter frustration of the valid national policy spelled out in the constitutional and unrepealed Filled Milk Act of 1923, the Department of Agriculture is knowingly making available to American interests engaged in the manufacture of filled milk in the Philippine Islands, and in the reconstitution of filled milk for certain elements of U.S. Armed Forces overseas, subsidized surplus nonfat dry milk publicly owned by the Commodity Credit Corporation. See the admissions to that effect contained in exhibits B, C, D, E, F, L, and M, attached

<sup>1</sup> Add to this the fact that on June 30, 1958, an investment guarantee of \$660,000 was granted by the Export-Import Bank of Washington to Consolidated Dairy Products Co., reportedly "To furnish working capital to form company to engage in marketing of dairy products" in the Philippines (see exhibit K). Said company actually is engaged in the manufacture and distribution of filled milk in the Philippine Islands.



As stated in *Carolene Products Co. v. Wallace*, supra, the Filled Milk Act of 1923 was designed "to prevent the practice of frauds on the consuming public," and it is clear from the opinion of the Supreme Court in *United States v. Carolene Products Co.* (304 U.S. 144), that the Filled Milk Act resulted from ample evidence placed before the committees of the 67th Congress that the use of filled milk as a substitute for whole milk facilitates fraud on the public and that "the danger is greatly enhanced where an inferior product \* \* \* is indistinguishable from a valuable food of almost universal use, thus making fraudulent distribution easy and protection of the consumer difficult." See exhibit "N-1" through "N-35", attached, on the reverse side of each of which is an identification of the source from whence it came, the date of its publication, where applicable, and your specific attention is called to the statements or claims made in each of these exhibits which would be prohibited as being misleading, if not fraudulent, if made or claimed in the United States.

I leave it to you gentlemen to determine, after you have studied exhibit N-1 through N-35, attached, whether that conclusion of the committees of Congress quoted with approval by the Supreme Court of the United States was justified.

For the Department of Agriculture to become a party to the flooding of the Philippine Islands with filled milk is, indeed, a distressing example of how not—

"\* \* \* to expand international trade among the United States and friendly nations \* \* \* to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States \* \* \*," as provided in section 2 of Public Law 480.

See the editorial entitled "Evaporated Whole or Filled Milk?" on page 3 of the October-December 1958 issue of Nutrition News, published as the official organ of the Philippine Association of Nutrition, Manila, P.I., attached as exhibit O.

Moreover, the Department of Agriculture is enabling the aforementioned American interests to do indirectly that which they could not do directly—that is to say, they could not manufacture filled milk in the United States and ship it to the Philippines. Why then should our Government pay a premium to American interests to make available to the Philippines a product which Congress has said is injurious to our own people? Is it because there is one standard of health for us and another for our neighbors, or is it that the Secretary of Agriculture has substituted his judgment for that of the Congress and the courts of our country?

Whatever the answer may be, the results are not appreciated by the American dairy industry, as is so forcefully demonstrated by the Dairy Record of February 11, 1959, attached as exhibit P.

The most effectual piece of evidence corroborating the results of the abuses complained of in this statement is "Foreign Agriculture Circular" No. FD 9-59, released by the Foreign Agricultural Service on June 26, 1959, and attached as exhibit Q. I commend it to your careful scrutiny and, in doing so, would call your particular attention to its glaring omission of any reference to the fact that it is subsidized surplus nonfat dry milk once publicly owned by the Commodity Credit Corporation which is utilized in the manufacture of filled milk in the Philippines, and which makes it possible for that circular to bear the caption "FILLED MILK REDUCES PHILIPPINE MARKET FOR U.S. EVAPORATED MILK."

The word Reduces in the caption of that circular is a prize understatement. It should be changed to read "Destroys", because not being content to wait for U.S.A. exports of evaporated whole milk to die a lingering, inevitable, death at the hands of the filled milk orge that the U.S. Department of Agriculture has nurtured on subsidized Commodity Credit Corporation surpluses of nonfat dry milk, the Philippine Congress, reportedly motivated by a powerful filled milk lobby, on July 6, 1959, legislated evaporated whole milk out of the Philippine market, as witness the letter dated July 17, 1959, which I received from Manila too late to be included among the exhibits attached to my statement and which, because my allotted 15 minutes of speaking time is almost exhausted, I can do no more than hand to you in photocopy form.

Since moral suasion and the admonition of Public Law 480 seem to have no deterring effect upon those who administer the Department of Agriculture, it would appear that the only way to put an end to the practices of ignoring the congressional intent expressed in Public Law 480 is to amend it so as effectively to manacle the hands of those who would act in derogation of its plain and manifest intent.

Accordingly, Nestle's Products (Export), Inc., respectfully urges the approval by this committee and the early enactment of H.R. 7146.

The CHAIRMAN. And I would suggest, Mr. Johnson, that you call somebody from the Department.

Mr. JOHNSON. When would you suggest that we hold hearings? We are pretty well filled up for the rest of this month, are we not?

The CHAIRMAN. You mean you will postpone the hearings for a month?

Mr. JOHNSON. No. It just seems our time is pretty well filled up for the rest of this month.

The CHAIRMAN. You can hold them any night you want to.

We will now hear from Mr. George Goddard, representing the National Dry Bean Council. All right, Mr. Goddard, we will be glad to hear you.

#### STATEMENT OF GEORGE GODDARD, SECRETARY, NATIONAL DRY BEAN COUNCIL

Mr. GODDARD. My name is George Goddard, and I am secretary of the National Dry Bean Council, a nonprofit organization of producers, shippers, dealers, and processors of dry beans as represented by five regional associations covering the States of California, Colorado, Idaho, Michigan, Montana, Nebraska, New Mexico, New York, Washington, and Wyoming.

Near the close of the hearings on Public Law 480 a year ago, I appeared before this committee and voiced, I believe, the only objections raised on the operations of this program, with particular reference to the criteria being followed in determining the eligibility of a commodity for the program.

For 3 years, despite obvious surpluses, the interagency staff committee had insisted that a surplus was not a surplus until CCC had acquired title. Possibly because of our wee small voice raised before this committee, they relented and dry beans were eligible for Public Law 480 the past year.

We are proud to report to you the results. Using CCC's official figures, in 1956 they sustained losses on price support operations for dry beans of \$9,821,596, in 1957 \$13,823,587, and in 1958, \$3,408,593, for an average of \$9,017,925 for each of the 3 years. For this fiscal year 1959 (10 months) the losses have been \$450,271, despite substantially larger crops and with the same level of support. In the past year agreements under Public Law 480 for only 538,000 hundredweight of dry beans were signed and 332,000 hundredweight shipped. The results of this highly successful program are, in my opinion, due to an unusual blending of Government and industry efforts in working together to accomplish a sound marketing job. The efforts of the officials and staffs of CSS and FAS are to be commended.

In final summary, a near record crop was marketed with a substantial savings to the taxpayers and with benefit to producers who received, according to official figures, 74.5 percent of parity compared with a support level of 68 percent. We are proud, grateful and feel that Public Law 480 has the potential to be of real value to our agricultural economy.

I trust that nothing that I have said so far will in any way jeopardize my position as a member in good standing of the anvil chorus. With 1 year's experience with Public Law 480 we have some very



definite ideas for changes that we believe would result in an improved program. The most successful part of the export program has been the industry-suggested payment-in-kind program, in which the domestic prices of our surplus commodities were equalized with world prices in export sales. This program in every instance in which it has been used has been an outstanding success—in wheat, wheat flour, corn, oats, barley, grain sorghums, and rice. We suggest that this program be made mandatory for all price supported commodities in surplus supply, by payment of export subsidies in certificates redeemable in feed grains in CCC stocks. CCC now has the administrative authority to make these changes but, despite the success of the payment-in-kind program, is reluctant to make it generally applicable. It was refused for dry beans and flaxseed last year, and there are undoubtedly other commodities to which it could be applied.

In the beginning, Public Law 480, as its title indicates, "An Agricultural Trade Development and Assistance Act," was intended to help American agriculture. In the passing years it has become a tool of our foreign policy first with little concern for the well-being of American agriculture. Its shepherds are not the Secretary of Agriculture or any of his associates, but rather Mr. Randall, Presidential Assistant for Foreign Policy, and Under Secretary of State, Mr. Dillon. We hope in time that the Congress will see fit to rearrange the balance and emphasis in this act or pass a Trade Development Act for American agriculture. In many ways the present law has shifted to a giveaway program in which the interests in real markets, such as Western Europe, are submerged while our surpluses are directed to underdeveloped areas that probably will always be merely giveaway markets, while we are denied help and assistance in reestablishing ourselves in what were formerly and historically our export markets.

We believe that the American agricultural industry, with governmental cooperation, could and should work out the details of a sound trade development program. There is no lack of authority, only desire and initiative. It would be helpful if further raids on local currency balances were directed to securing a greater degree of convertibility of the local currencies into other foreign currencies.

We also feel that it is not enough that authorities, in following the directions of the act, use normal trade channels in the United States but should attempt to get the foreign countries to use normal channels of trade in their countries.

For example, in agreements with Japan, the Japanese Government, after signing the agreement, auctioned off the licenses to their importers, who then negotiated purchases with U.S. exporters—normal trade relations on both sides. This proved to be the most satisfactory arrangement—trade promotion and market development schemes were worked out and financed by both importers and exporters with some help from local currencies earned by Public Law 480. The results were expanded markets for U.S. wheat, tobacco, tallow, and soybeans, a perfect example of trade development.

In conclusion, we support the extension of Public Law 480. We believe it has a great potential. But serious questions can deservedly be raised as to the actions of the policymakers. The suggestions we

have made we believe are constructive and we commend them to your serious attention.

The CHAIRMAN. Are there any questions?

We thank you very much, Mr. Goddard, for your statement.

This seems to be the last witness for this morning's session, so the committee will stand adjourned until tomorrow morning at 10 o'clock.

(Thereupon, at 11:25 a.m., on Monday, July 27, 1959, the hearing was adjourned until Tuesday, July 28, 1959, at 10 a.m.)





## EXTENSION OF PUBLIC LAW 480

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TUESDAY, JULY 28, 1959

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, D.C.*

The committee met, pursuant to recess, at 10:10 a.m. in room 1310, New House Office Building, Washington, D.C., Hon. Harold D. Cooley (chairman) presiding.

The CHAIRMAN. The committee will please be in order.

Our first witness is Mr. Roy Battles of the National Grange.

We will be very glad to hear you now, Mr. Battles. I notice you are accompanied by a former distinguished member of the staff of this committee, Mr. Joseph Parker, one of the leading lawyers of this community. We are glad to have you here, also, Mr. Parker.

Mr. PARKER. Thank you, Mr. Chairman.

### STATEMENT OF ROY BATTLES, THE NATIONAL GRANGE; ACCOMPANIED BY JOSEPH PARKER

Mr. BATTLES. Mr. Chairman and members of the committee, it is a genuine privilege to come before you this morning and to counsel with you as best we can in our humble way on the Public Law 480 program known as the Agricultural Trade Development and Assistance Act.

My name is Battles. And I am the Assistant to the Master of the National Grange.

As this committee knows, the National Grange was instrumental in the development of Public Law 480 and has consistently advocated and supported programs to develop foreign markets and to stimulate exports.

At the last annual session of the National Grange, the following resolution was adopted by the delegates.

The Grange recognizes that foreign markets are essential to an expanding and prosperous agriculture and that constant effort is required to develop and hold markets.

Many markets are now limited or completely closed to American agricultural products because of exchange controls, import licenses, quotas, and in many instances, because our products are new and unknown to such markets.

The Grange supports measures such as the Agricultural Trade Development and Assistance Act (Public Law 480), section 32 and other programs designed to further develop and expand foreign markets.

We urge increased emphasis in the administration of Government foreign assistance programs, on the development of markets which offer promise of substantial and sustained commercial trade. We favor an earmarking of a larger share of Public Law 480 exchange currencies to strengthen and assure a continuation of market promotion and development programs of direct benefit to agriculture.



The delegates went on by saying:

We also favor a more effective use of section 32 and the authority of the Commodity Credit Corporation, separately or in conjunction with Public Law 480, to introduce U.S. agricultural commodities into new market areas and to increase market opportunities in dollar areas.

The importance of this legislation not only to agriculture but to the Nation as a whole can readily be seen from the large volume of our agricultural exports which are effectuated under this act and of the many uses to which large amounts of the foreign currencies generated from the sales are being put which benefit the Nation as a whole instead of being of direct benefit to agriculture. There is no question but that Public Law 480 has proved to be an effective instrument in implementing national policy as well as aiding in the sale of agricultural commodities. There should, therefore, be no question about the extension of this measure. The principal question before the committee, in our opinion, would seem to be largely one of the length of the extension, the amount of authorization, and what, if any, further steps should be taken to make the act and its administration stronger and more effective.

The Congress last year, as you well know, extended the act for 1½ years, from June 30, 1958, until December 31, 1959. An extension of 1 year would permit sales now programing through the remainder of 1959 and 1960. The act does not limit the period of time over which the foreign currencies generated may be programed for market development. Although the Grange has consistently urged a longer extension as being more realistic and in the belief that it would permit better programing, we also realize the importance of annual review by the Congress. Furthermore, the Department apparently has construed the act as authorizing forward sales programing of commodities. Under such circumstances, the length of the extension seems to be of lesser importance than the amount of the authorization. We do not believe that the amount of the authorization should be less than 1.5 billion dollars a year for title I, and we would support a larger authorization to make certain that export opportunities will not be lost because of any lack of authorization.

At the time of the enactment of Public Law 480, and in every subsequent extension, the Congress and this committee in particular has made it clear that it was the intention of the committee and of the Congress that the act in addition to serving as a vehicle for selling our surplus commodities also has a primary objective, the return of some permanent benefit to agriculture in the form of new and expanded markets. This objective is clearly expressed in the law and this committee has repeatedly pointed out the need for furthering this objective by providing a greater share of the foreign currencies received for this work. The Senate Committee on Agriculture and Forestry in its report on the extension of Public Law 480 issued on July 15, 1959, has also stressed the need for greater emphasis on market development. It stated:

The Agricultural Trade Development and Assistance Act of 1954, as amended, declared trade expansion as the policy of Congress. A stated objective of this policy was:

\* \* \* To stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States \* \* \*.

Section 104(a) was listed as the first currency use: To help develop new markets for U.S. agricultural commodities on a mutually benefiting basis.

The report goes on to say:

This was no accident. It was and is the intention of Congress that foreign currencies be used to the maximum extent possible for agricultural market development and that first priority be given this use.

This committee is concerned by reports that funds are inadequate for continuation and expansion of section 104(a) market promotional work abroad. This problem has developed as a result of increased claims for foreign currencies for other uses and few title I sales being made in commercial market areas with a corresponding increase in underdeveloped countries. To insure that sufficient funds are available for section 104(a) market promotional activities, this committee recommends:

1. The use of foreign currencies for section 104(a) should be given priority over other nonreimbursable U.S. uses. The committee, in approving the enactment of new currency uses, did not contemplate that this would result in a reduction of currencies available for section 104(a).

2. The Secretary of Agriculture should determine the level of funds needed for section 104(a) before foreign currencies are made available for other non-reimbursable U.S. uses authorized in the law.

3. The committee commends the Department for negotiating convertibility to nondollar currencies in title I sales agreements. However, the amount of conversion included in such agreements should be increased to permit greater market promotion looking toward the creation of permanent dollar markets in commercial market areas. Further, the inclusion of convertibility for section 104(a) should be a condition for the approval of future title I sales agreements.

That ends the statement by the Senate Committee on Agriculture and Forestry.

The position taken by the Senate committee is substantially the same as that taken by this committee and set forth in its report in connection with the extension of Public Law 480 in 1957. However, notwithstanding the fact that market development is the very first of the several objectives of the law set forth in section 104 and notwithstanding the repeated urgings of the committees of the Congress to give greater emphasis to this activity, to date only about 11½ percent of the foreign currencies generated have been set aside for market development work. In most of the hard currency countries of the world where market development work could have its greatest impact and provide the greatest returns, there is such a real shortage of foreign currencies as to seriously endanger the carrying out of this very important work. The reason for this shortage is obviously that from the many millions of dollars worth of agricultural commodities which have been sold for local currencies insufficient amounts of these needed currencies have been set aside for market development. Apparently the procedures followed in the executive branch in agreeing upon the uses to which these currencies are to be put and in the allocation of such currencies among such uses has resulted in relegating the development of markets for the benefit of agriculture to the end of the line instead of making it a primary objection as we think was originally contemplated by Congress. This failure to follow what has been the clear intent of the Congress, we believe, demonstrates a need for further amendment to the law itself to require the earmarking of a specific percentage of foreign currencies for this primary purpose of the act. The greatest potentials for development of new and expanded commercial markets are in the very areas where funds for market development are very limited or even exhausted. These are the very countries to which there recently has been a serious decline



in our total agricultural exports. These are the areas in which full-scale market development work should be constantly carried out and any postponement would be detrimental to the national interest. If we do not take the necessary steps now to introduce, develop, and establish markets for agricultural products, we can be sure that other nations will move in and that manpower and energy which might be put to higher economic uses in those countries will be put into agricultural production and establish economic patterns which will be difficult to alter and which will, in the long run, we think, result in the establishment of further barriers against United States agricultural products. The European common market and the free trade zone, when they become fully effective, are practically certain to make it more difficult for U.S. agricultural products to be marketed, particularly unless there has been a strong market already established in such countries. In order to assure that these necessary market development activities may be carried out in countries which hold the greatest potential, we believe that authority should be provided, without regard to the general limitations and restrictions of the act, to sell limited quantities of surplus agricultural commodities to the hard currency areas and to use the currency, resulting from such sales, exclusively for cooperative market development activities.

In addition to utilizing Public Law 480 to stimulate market promotion and development activities for agriculture, we believe that increased and more effective use could be made of other authorities available to the Department, such as the authority contained in section 32 and the authority available under the Commodity Credit Corporation Charter Act, to assist in the development and establishment of new markets for agriculture. The introduction of U.S. agricultural commodities, some of which have never been exported or which are being offered in new forms, is a very important factor in market development, and full and effective use of these additional authorities should be made in conjunction with Public Law 480 to assist in introducing our agricultural products to new market areas.

The decline in our total agricultural exports and in particular the decline which has taken place in the hard currency or commercial market areas in the last 2 years forcefully illustrate the need for redoubling our efforts to maintain and expand our agricultural markets. The committee document entitled, "Selected Data Relating to Agricultural Exports," shows that our exports have declined substantially in the hard currency areas in which Public Law 480 sales have not been made or in which only limited sales have been made. Since this is the area of greatest market potential both at present and for the immediate future, we believe that consideration should be given to taking steps to maintain and expand our markets in these areas. One way by which we believe that exports of surplus agricultural commodities to these areas might be increased would be to authorize and permit the sale of our surpluses to these areas on a long-term, low-interest credit basis with payment in dollars or in hard convertible currency.

Since the sales made in this manner would be in all respects the same as dollar sales, but with payment delayed, they should not be subject to the limitations and restrictions which are imposed upon sales made for soft currencies which are either turned back or used in a

manner agreeable to the importing country. We believe that it will be far better to have good notes of the national bank of a good solvent country in our hands than to have surplus commodities in store which are a liability in the sense of storage costs and the risk of loss through spoilage. Furthermore, we believe that the way to get these commodities consumed is to get them out and in a position where they can be consumed.

We understand furthermore that there have been possibilities of sales on a long-term credit basis with the credit arrangements and security for such credit provided through the national banking system of the recipient country or by the government itself, but these sales have not been consummated largely because of doubt as to the authority to make them. We believe this authority should be provided, or at least cleared up, and used as it would serve to provide an additional means of maximizing imports of agricultural commodities from the United States and it would further our ability to compete with the Soviet bloc countries which are conducting trade through various types of bilateral trade agreements.

These sales for long-term credit would be completely in private trade channels with the financing handled through regular banking channels.

With respect to barter, which is an important aspect of this whole act, it seems to us that, properly administered, barter or exchange of agricultural commodities which are in surplus supply for strategic and critical materials which are in short supply and which we need here in this country, is a thoroughly constructive program. Safeguards, of course, may be required to prevent interference with prices or displacement of dollar sales, but this should not be impossible of accomplishment and could probably best be realized by regulating the type and kinds of materials accepted in exchange and the prices to be paid for such materials. These matters of objection are matters of administrative detail. We would not be in favor of taking one pound of material in exchange for agricultural commodities unless it were determined that it is needed or that the United States will be better off as a result of the exchange or unless it were determined by the Congress as a part of national policy that this is a more effective way of subsidizing exports in competition with exports from Soviet bloc countries or subsidized exports from other sources.

Barter actually is the oldest form of conducting trade. Historically it has been used when no satisfactory medium of exchange existed or when credit was not available. Actually there is little difference between a barter sale and a sale for dollars. In one instance, the Commodity Credit Corporation receives dollars and in the other it receives commodities, the kind and value of which is determined before the exchange is made. If our Government determines, or is satisfied with the materials received and the value of the commodities, as it must be if it agrees to the exchange, there should be no reason, in our opinion, why further restrictions should be imposed or placed upon the recipient or purchaser of the agricultural commodities any more than there are when the commodities are purchased for dollars or for cash.

When surplus commodities are purchased from the Commodity Credit Corporation for dollars, there is no arbitrary limitation placed



on the countries where these surpluses may be marketed. We can see no logical reason for placing any arbitrary limitation on the countries to which surpluses can be exported when they are purchased from the Commodity Credit Corporation with strategic materials, as authorized by the Congress. We do not believe it possible or feasible to attempt to restrict the use or subsequent trading in commodities which have been purchased at fair value.

We believe that barter transactions have been and can be used effectively, and that the best way to prevent such transactions from disrupting prices and normal markets is to eliminate any subsidy by seeing to it that the prices at which the strategic materials are purchased represent their true value.

The CHAIRMAN. Thank you very much, Mr. Battles, for your statement.

You have emphasized the objective of Public Law 480 as being the expansion of foreign markets for our surplus agricultural commodities.

Of course, we are aware of the fact that both the Senate and House committees have emphasized the importance of market promotion. I assume that the Secretary has been aware of the intent and purpose of the law. And the Congress has issued funds for market promotion. Apparently, these funds are not being used for this purpose.

I do not know what else we can do to require the Secretary to spend more money for market promotion other than to earmark a certain percentage of the funds that are generated by the 480 transactions.

We have had numerous witnesses appear here. I think I have asked each witness if he knew of any particular transaction consummated under Public Law 480, which had actually displaced dollar sales.

I ask you the same question. Do you know of any transaction under this law that has displaced a dollar sale?

Mr. BATTLES. Personally, I do not know of any such transaction.

The CHAIRMAN. As one of the farm leaders, have you received any communication or complaint from any of the members of your organization to the effect that this law was being badly administered?

Mr. BATTLES. We have had considerable pressure from within our organization, considerable sentiment that the market expansion aspects of the law had not been pursued to the extent that good, solid, imaginative market expansion work might indicate.

The CHAIRMAN. All right. Aside from the failure of the Secretary to prosecute effectively the market expansion program, you haven't had any complaint to the effect that these transactions were displacing dollar sales or by-passing normal trade channels?

Mr. BATTLES. On the contrary, our people feel that the program has been a very good program. It has expanded our markets over and above what they would otherwise have been.

The CHAIRMAN. Do you have any idea as to what amount of foreign currency should be set aside for market expansion purposes?

Mr. BATTLES. No. We are not prepared to give you a specific percentage or a specific amount of dollars or currencies that should be set aside. But, certainly, the requirements for the set-aside should be high enough so that all possible avenues of this sort of market expansion could be adequately financed.

The CHAIRMAN. I do not recall that we imposed any limitation upon the use of that fund for this purpose, did we?

Mr. BATTLES. Not that I know of.

The CHAIRMAN. And notwithstanding that, it has come to our attention that the one man that Secretary Benson had in Europe to promote these Public Law 480 transactions and to observe them in operation has been called home; his office closed up.

Now, recognizing the need for further market expansion, the Farm Bureau has opened up an office in Rotterdam, and we had a witness here the other day who told the committee that the organization he represented was opening offices in different parts of the world.

Your office just sent Joe Parker to Europe on a tour to aid in the opening of new markets for agricultural commodities, isn't that true?

Mr. BATTLES. We are convinced, Mr. Chairman, that there are markets available, the new products can be introduced in these markets, that these can represent sales over and beyond what we are making, and that it would definitely be again in terms of our total exports. This requires a lot of personal attention in order to take advantage of these opportunities and to open them up. And as I attempted to say in our testimony, the Russians are in an all-out economic offensive. The pressures for exports of agricultural commodities in other areas, from other areas of the world are such that it would appear to us that we are going to have to use every tool that we can put to our own command to even hold our own in this world market that we are so concerned about. And that the Department of Agriculture and our Government should have at hand every possible device and every possible authority that it would take for men of capability in the advancement of this program to use in meeting the trade offensive that is being promulgated by the Reds, as I say, and by the other exporters of agricultural products.

The CHAIRMAN. In view of the fact that Congress has not imposed any limitation upon the use of foreign currencies for market expansion purposes, does it not occur to you that the failure to adequately and properly promote market expansion was due to the lack of imagination in the Department of Agriculture?

Mr. BATTLES. Either that, or else the Department has been more or less shunted aside by the other forces within the Government who are attempting to latch on to these funds for the promulgation of other national purposes.

The CHAIRMAN. Is there really any shortage of foreign currencies for use in market promotion?

Mr. BATTLES. We think in Western Europe, possibly, yes. And I think Mr. Parker, as you have implied, has had considerable first-hand experience over there in attempting to appraise the forces of Western Europe, which are a factor in our attaining these markets.

We proposed in our testimony that we might sell in Western Europe for their currencies where promise seemed to be apparent to attain some funds under this Public Law 480 authority to be used specifically for market development over there. At least, where they were needed.

The CHAIRMAN. Well now, we did set aside 25 percent of the foreign currency for loans to American businessmen for investment in foreign countries.



Mr. BATTLES. Yes, sir.

The CHAIRMAN. So that is one provision that is earmarked. I have no objection to earmarking part of these funds for market promotion.

Mr. BATTLES. It would take a small percentage. It would not be a major factor but we would agree that there is no reason why it should not be done.

The CHAIRMAN. That is true. I dislike to put a limitation on the use of these funds for market expansion purposes, but perhaps it will be necessary in order to get the Secretary to embark upon a more ambitious marketing expansion program, which he seems disinclined to do without any further command from Congress. I don't know of any other way to do it except to say that he shall use a certain percentage of it for this purpose.

Mr. BATTLES. We would agree.

The CHAIRMAN. You made one other statement to the effect that more effective use should be made of section 32 funds. The Secretary has accumulated them to the maximum. He now has, I understand, approximately \$500 million in section 32 funds. Three hundred is the limit. I may be in error, but that is the information I have.

Mr. BATTLES. I think that is about right.

The CHAIRMAN. Congress intended that that money should be used for the benefit of American agriculture and did not intend for it to accumulate. The Secretary has not used it. I do not know what we can do about that.

Mr. BATTLES. There is no doubt but what in the introduction of some American food and finer items in the Western European area where we do have such a strong potential for future exports that again our Government and the American producers should have at their disposal whatever tools necessary, whether it be section 32 or the authority provided by the Commodity Credit Corporation or Public Law 480, including the barter aspects of Public Law 480—whatever tools it takes to really compete over there and to bring these new products before the consumers of the Western European area.

This is an important enough aspect in our total trade pattern, our export patterns, as American producers, that I wonder if you would like for Mr. Parker to comment on some of his experiences over there in respect to this.

The CHAIRMAN. We certainly would like to hear from Mr. Parker, but I will ask Mr. Parker to try to be as brief as circumstances will permit, because we do have two or three other witnesses we would like to hear today.

Mr. PARKER. I realize the pressure of time on the committee, so I shall not try to make any comment except just this brief one on the point which you raised, Mr. Chairman, and that is, with respect to the uses of these other powers, such as section 32 and Commodity Credit Corporation Act powers which have been in existence for many, many years.

One of the big problems in exporting many of our commodities, those which have not been in export channels until only recently, lies in the fact that we are trying to market something that is unknown to these new markets, and unless you have some means of putting some goods on the shelf, so to speak, in these markets where the

people can see them and where they can be purchased in small quantities, it is very, very difficult to make the initial sale to get into the market in the first instance, because to do so requires the foreign buyer to invest in commodities which he is unfamiliar with, and attempt to take on a marketing and sales job that entails a considerable amount of risk for him. And they are unwilling to do that if they have other commodities or substitute commodities that they can use. So by the effective use of section 32 funds, you can put, I think, in some stocks; there would be some risk. If you did not sell them, eventually you would have to make other disposition of them.

With respect to most of the commodities put over in that fashion, if you find they could not be sold, I think they could be moved into military channels or some other uses, such as that.

There are other instances when the price factor is a very fine one and where with just a little bit of use of section 32 funds necessary for introductory purposes, I think you could substantially augment the sales of commodities. I think we could sell more tobacco in some instances in certain areas if you had a way—

The CHAIRMAN. Would you give us the names of some of those places?

Mr. PARKER. I think there is a possibility of selling to Sweden. I think you could sell to Sweden on a long-term credit basis repayable in hard convertible money or dollars.

The CHAIRMAN. In that case, let me ask you how you feel about long-term commitments under Public Law 480? Do you think we should or should not have long-term commitments?

Mr. PARKER. I am not sure I understand your question.

The CHAIRMAN. Mr. Poage has been plugging for weeks and weeks for long-term credits—I mean by that, during the effective period of this law the Secretary may provide certain commodities to a country over a long period of years, 5 or 6 or 10 years.

Mr. PARKER. I think we could safely make long-term commitments with respect to certain of our commodities that we are reasonably sure will be in surplus supply, where we have prospects of that.

The CHAIRMAN. I talked to the director of the French tobacco monopoly, and they have a new blend they would like to keep going, but he wants to be assured that he will receive our tobacco for more than a limited time. I realize that isn't altogether our fault because the Finance Minister of France, who controls the dollars, would only allocate dollars on a year-to-year basis. But by proper negotiation, we could arrange to make the term to France for more than 1 year—for a term of years.

Mr. PARKER. I think those are possible. I think that is the way you can initiate some new uses by assuring them that they will have supplies available for long enough periods of time in order to build up the acceptance of the new blend.

The CHAIRMAN. Thank you very much Mr. Parker and thank you, Mr. Battles, for your appearance.

Mr. BATTLES. I might say that Mr. Newsom, the head of our organization, wanted very much to be with you this morning. But, unfortunately, some plans for him to go back to Indiana materialized, so he headed back in that direction, Congressman, although he has been delayed by some of this current virus going around.



The CHAIRMAN. We thank you very much for appearing here this morning. You made a good substitute for Mr. Newsom.

Mr. BATTLES. Thank you very much.

The CHAIRMAN. We have two more witnesses. The first, Dr. John D. Morgan, and next, Mr. George K. Cato.

Dr. Morgan, will you come forward?

**STATEMENT OF DR. JOHN D. MORGAN, JR., MINERALS CONSULTANT,  
WASHINGTON, D.C.**

Dr. MORGAN. Mr. Chairman and members of the committee, I deeply appreciate this opportunity to present my views on stockpiling and the disposal of agricultural surpluses. I have been concerned with this general area for a number of years: From 1948 to 1951 as Assistant for Materials and Stockpile Policies, National Security Resources Board, Executive Office of the President; from 1951 to 1953 as Director, Materials Review Division, Defense Production Administration; and from 1953 to 1956 as materials expert, Office of Defense Mobilization, Executive Office of the President; and I am now a member of the Office of Civil and Defense Mobilization Executive Reserve. As a consultant, I advise various U.S. firms in the metal and mineral business. However, I wish to make it clear that this statement is purely my own as a citizen and does not necessarily reflect the views of any Government agency or private firm. I have a short statement that I hope I may present in its entirety after which I shall try to answer any questions.

The United States today is threatened as never before in its history. We are engaged in a cold war with international communism which at any time could get hotter. We are threatened in the political, economic, military, and spiritual and moral fields, and our declared enemies can direct their wholly state-controlled economies in any number of ways to accomplish their purposes. We must be prepared for (1) all-out war—including attack on us by nuclear, biological, or chemical weapons, (2) limited war, or (3) political or economic warfare.

Our agricultural products and our metals and minerals are the lifeblood of our highly industrialized Nation, permitting us to defend our country and to be a bulwark of the free world, to have here the highest standard of living in the world, and to give away annually billions of dollars worth of food and manufactured articles to our allies and to less fortunate nations. While there may be some quantitative limitations on what people should eat, there are no practical limitations on possible consumption of hard goods—made mostly from metals and minerals. In fact, the 177 million people in the USA—only about 6 percent of the world's population—use between one-third and two-thirds of the world's annual supplies of most metals and minerals. Our per capita consumption of most metals and minerals is significantly greater than even other industrialized nations. But why should this Agriculture Committee be interested in metals and minerals? This committee is deeply involved with metals and minerals because: (1) Public Law 480 created the supplemental stockpile—clearly intended to be above and beyond regular strategic stockpiles; (2) CCC is authorized to barter surplus agricultural commodities for

strategic materials by the CCC Charter Act Amendments of 1949 and other legislation including Public Law 480; and (3) by the Agricultural Act of 1956, CCC is authorized to transfer to the supplemental stockpile strategic and other materials acquired by barter and to be reimbursed therefor.

I point out why the Agriculture Committee should be interested. I would like to say right at this point, I sat through many hearings in the past 10, 11 years I have been in Washington, and I want to say that I think that this committee has held a wonderful set of hearings here to get the facts and to bring out the evidence. And I commend the chairman and the members of the committee for this set of hearings—one of the finest I have ever sat in.

The CHAIRMAN. Thank you very much.

Dr. MORGAN. Those who put this legislation on the books were, I am sure, wisely motivated by the knowledge that metals and minerals are different from agricultural commodities in several important aspects, namely: metals and minerals are irregularly distributed in the earth's crust and the quantities in the earth's crust are fixed and cannot be renewed; easily discovered surface outcroppings in the United States are now well worked out and the grade of domestic ores is declining; the United States now obtains significant portions of its annual supplies of many important metals and minerals from abroad (I have a table which I will refer to at the end which shows that) of 10 from distant and unreliable sources; and metals and minerals—particularly in upgraded forms—generally are high-value small-volume commodities that frequently can be stored in the open at very small costs. Further, advances in science in important defense and atomic energy programs often give rise to new or greatly increased demands for metals and minerals previously thought to be only museum curiosities. Moreover, even if we never have any major wars in the future, rapidly rising world population plus rising standards of living everywhere will sharply increase demands for most metals and minerals in the future. Finally, many of us having personally experienced the shortages caused by the Nation's too-little-and-too-late strategic stockpiling programs in World War I and World War II were determined that the Nation would not again suffer from such shortages in another period of emergency. In this connection, I should like to point out the interim and incomplete nature of even the present strategic stockpile objectives by citing the April 1959 "Stockpile Report to the Congress" by the Director of the Office of the Civil and Defense Mobilization which states—we have heard newspaper articles quoted that maybe we have too much in the strategic stockpile but here is what the agency charged with that responsibility says. Incidentally, it applies to agricultural commodities as well.

The job ahead: In compliance with policy established June 30, 1958, that stockpile planning assume a 3-year mobilization period, interim objectives on this basis were established on the same date, based on data at hand. Some of the data used for expediency in calculating these objectives were developed several years ago. Following this, a schedule was set, according to the urgency for review, for the development of new estimates of mobilization supply and requirements as a basis for review of the stockpile objectives. Reviews for the entire list of stockpile materials will be completed as rapidly as possible. Only limited guidance is as yet available for estimating supply and requirements in the event of an attack on this country. The current round of reviews, therefore, will cover mainly conditions of war without attack on the United States.



In other words, our stockpile program is based mainly on an assumption that does not include attack on the United States.

As promptly as possible—

and we bureaucrats know what that means—

stockpile objective reviews will also take into account estimates for attack conditions. Stockpile objectives will then reflect the highest deficit taking all these conditions into consideration.

I point out that the supplemental stockpile is clearly intended to be above and beyond the strategic stockpile.

Last year I served as a member of the Special Stockpile Advisory Committee set up by the Director of the Office of Defense Mobilization to point out what should be done in the interests of national security. Our report "Stockpiling for Defense in the Nuclear Age," dated January 28, 1958, made a number of relevant recommendations. With your permission, I should like to offer a complete copy of that report for inclusion in the record, and at this time will only refer briefly to those recommendations of immediate concern.

The CHAIRMAN. You might file that report with us for the files of the committee.

Dr. MORGAN. Yes, sir.

(The report will be found in the files of the committee.)

Noting that—

The time has come to take action for human survival, relief and rehabilitation in event of nuclear attack—

and that—

In the event of such an attack upon the United States, the people would have immediate need for products and services essential for survival and relief (including) food, water, shelter, and medical and sanitation supplies and equipment.

Mr. COAD. May I ask a brief question?

The CHAIRMAN. Let him finish his paper.

Dr. MORGAN. I would appreciate completing it. It may answer several questions that may be asked.

Mr. COAD. I am sorry, Mr. Chairman.

Dr. MORGAN. The Committee recommended, among other things, that—

the possible need for readily available food supplies and potable water, protected from radioactive fallout, be assessed by civil defense authorities.

The Committee stated:

With respect to the supplemental stockpile created by the Agricultural Trade Development and Assistance Act of 1954, as amended, the Committee concurs in the existing practice of acquiring metals and minerals, beyond the quantities considered essential for defense purposes, when they can be obtained in exchange for U.S. stocks of agricultural surpluses. However, the CCC's request for appropriations to cover such transactions should not be designated as applicable to a defense activity. Instead of following rigid formulas, the Committee recommends that quantities of materials suitable for inclusion in the supplemental stockpile be judged on a transaction-by-transaction basis. Consideration should also be given to acquiring survival and relief items in exchange for agricultural surpluses.

With respect to high-temperature and other special property materials, the Committee said:

It is not possible to know with certainty at this time which of the high-temperature or other special-property materials will be in greatest demand for specific applications, as new techniques develop from research and practice. Known world supplies of many of these materials are limited. Several, but not all, are on the stockpile list. Up to now, conventional practices have resulted in only relatively small uses of many of these materials. However, if they become important not just as minor alloys but as metals or mixtures composed exclusively of the materials themselves, demand could increase sharply. The Committee recommends that a mechanism be established to appraise the possible effects of research and development activities on requirements for high-temperature and other special-property materials—

I think this part is important because it concerns the present law on the books which amends the original Public Law 480.

"Instead of relying on past use patterns, possible needs 5 to 10 years hence must be surveyed and stockpiles built up as need is indicated.

Table 2 lists several high-temperature elements and compounds for the information of this committee.

The Special Stockpile Committee noted that stocks of strategic materials on hand would in several cases be larger than the 3-year stockpile objectives, but the Committee, noting the special characteristics of metals and minerals cited above recommended:

That in the light of current world and domestic defense, political and economic conditions, all metals and minerals now in Government stocks suitable for use in normal commercial processes, be retained.

Now, in the light of the above, what should be done at this time?

(1) The Government should insure that there will be readily available and readily edible food supplies for our own people and for our allies in the event of all-out nuclear, bacteriological, or chemical warfare, limited warfare, or political or economic warfare. To win any struggle, the United States must be able to feed its own people and to help feed our allies. The portions of the CCC inventories necessary to do this should be clearly set aside as "defense stocks," and some quantities of wheat, corn, dried milk, dried eggs, and so forth, should be processed into readily edible form, should be properly packaged, and should be stored in dispersed, accessible, and protected locations in the United States and elsewhere in allied nations.

(2) As a nation believing in God, we should use our God-give agricultural surpluses to help alleviate disaster-caused hunger anywhere in the world—without regard to the "friendliness" of foreign governments. By so using some of the readily edible packaged foods from the "defense stocks" I just recommended in (1) above, the edible food could be channeled directly to those who really hunger and some rotation of our own defense stocks would also result.

(3) The Government should promptly barter or exchange those agricultural surpluses which cannot be readily sold in the near future for dollars for civil defense supplies, for metals and minerals—particularly those in the high-temperature or special-property category, for Department of Defense and Atomic Energy Commission materials and end items, or anything else of a nondeteriorating nature that will enhance the national security posture of the Nation. Specifically, to facilitate barter or exchanges for metals and minerals, I would strongly



recommend that the present restrictive wording of section 6 of Public Law 85-931 be changed to authorize barter for any element in any usable form where known U.S. domestic supplies are likely to be inadequate for defense or industrial needs at any time in the foreseeable future.

I may illustrate that with your permission with a chart to show you how the law is restrictive in that connection.

In this way the citizens will be saved costly storage expenses for the agricultural surpluses, and they will get something tangible and useful from the tax dollars that reimburse CCC borrowing authority for any disposal that is not a dollar sale. Table 23 on page 18 of your very fine committee report of July 13, 1959, clearly shows the significant savings in storage charges for metals and minerals over agricultural surpluses, and also shows that the metals and minerals are assets that maintain their value. Indeed, over a longer period of time, most of the metals and minerals can be expected to appreciate in value.

The previous witness and several others have alluded to this.

(4) The barter mechanism could be a really powerful economic warfare tool to be employed to maintain and expand oversea markets for U.S. agricultural commodities in the face of Communist bloc economic penetration, and it should be vigorously used in appropriate cases.

I realize that time is of the essence. I might take a moment to explain the two tables.

Table 1 was prepared by the head of the Geological Survey this last year and, therefore, is accurate and official data, and shows the percentage of U.S. supplies of important metals and minerals that are imported each year for industrial purposes. If you will look there you will see, for example, aluminum is manufactured 75 percent from imported ores. Look down a little farther, metallurgical chrome, 90 percent imported; metallurgical manganese, 90 percent imported; tin, 100 percent imported, and so forth.

I prepared a second table. And I have a chart which illustrates the table. With your permission, sir, I will refer to the chart. I have here the melting point of materials going from 0° F., which is the standard temperature that we use, up to 7,000. I have shown here the melting point of different metals.

Down here is lead, tin, zinc, nickel, iron, cobalt.

Note this dark area. Most of our commercial metallurgy is based generally on the melting point of steel which comes down here. So the nickel, cobalt, iron alloys, which do not permit us to reach temperatures even this high, but about 60 percent of the melting point; in other words, we are operating at about 1,800 to 1,900° F.

Now, if we want to get the advantages of nuclear energy, and super-property fuels to make better long-range missiles to get men, instruments into outer space, to use efficiently the high temperatures of nuclear power or to even use more efficiently coal- and steam-fired power, we have to get to higher temperatures.

Well, going up, there is chromium, hafnium, columbium, molybdenum, tantalum, and carbon.

I will just give one illustration of the effect of the present law.

Consider rhenium, this is a very high melting temperature material; the present law says, this is section 6 of Public Law 85-931, the CCC should barter for materials of which the United States does not domestically produce its requirements—does not domestically produce its requirements.

(The chart has been submitted and may be found in the files of the Committee.)

Our Committee pointed out that we ought to look 5 or 10 or more years into the future. If today we went to the Government and we said, "Do we today produce our requirements of rhenium?" The answer is, "Yes, we do today." In fact there may be a pound or two of it at \$680 a pound that can't even be sold. So there is an overproduction.

If we are going to make the high-temperature alloys that require rhenium, and to make the rockets and missile generations of the future, rhenium is one of the things likely to be the scarcest.

If we can take some of the billions of dollars of agriculture surpluses and trade them off for the things high up in this temperature category, I think this committee would be serving the national interest bodily conceived.

Lastly, Mr. Chairman, I would like to make one personal comment on economic warfare. We might better discuss it in executive session. But briefly, I am very concerned by what has come out in these hearings where people say, "Oh, well, if they don't sell the stuff here, they are going to sell it somewhere else," talking about the Communists. Well now, they are not just selling this stuff for the fun of it. They want to get into Germany, and Belgium and France and Holland and those countries, not just to sell the agricultural commodities, but to get important machinery and chemicals and supplies for their own defense and war machines. The only way they have of paying for the things that they want is to pay for them with agricultural commodities.

We do not permit any trade with Red China in this country. You cannot buy their postage stamps; you cannot buy their antiques; you cannot send them any money, but when we do not use our barter devices and economic warfare tool and we say, "Oh, well, maybe the Chinese will sell here and maybe they will sell there and maybe the Russians will sell here," what we are doing is opening up all of the rest of the industrialized nations of Europe to the Communists for the very things that they want to get. I think the barter device could be effectively used to cut them out of these things if we want to do it.

Mr. Chairman, I appreciate very much the opportunity of being here, and will try to answer any questions.



(Tables 1 and 2 follow:)

TABLE 1.—*U.S. metal and mineral imports*

Strategic and critical materials for stockpile purposes are defined as follows pursuant to section 2a of Public Law 520, 79th Congress:

"Strategic and critical materials are those raw or semiprocessed materials that are required for essential uses in a war emergency, and whose procurement in adequate quantities, quality, or time is sufficiently uncertain for any reason to require prior provision for their supply."

The strategic and critical mineral materials listed by ODM on September 12, 1957, are given below, together with notes as to the adequacy of domestic supply to meet peacetime (1957) consumption. Wartime requirements in general exceed peacetime needs, but under the changing strategic concepts (possibility of brief nuclear war), war uses may be reduced except for a few materials with high temperature and special property characteristics. Materials italicized are in the most deficient supply position.

Aluminum-----	Manufactured, 75 percent from imported ores.
Antimony-----	Import 85 percent of primary supply.
Asbestos, amosite-----	Import 100 percent.
Asbestos, chrysotile-----	Import 90 percent plus of strategic grades.
Asbestos, crocidolite-----	Import 100 percent.
Bauxite, abrasive-----	} Import about 75 percent.
Bauxite, metal grade-----	
Bauxite, refractory grade-----	} Import about 75 percent.
Beryl-----	
Bismuth-----	Import 90 percent.
Cadmium-----	Import 50 percent.
Celestite-----	Import 70 percent.
Chromite, chemical grade-----	Import 95 percent.
Chromite, metallurgical grade-----	Import 100 percent.
Chromite, refractory grade-----	Import 90 percent.
Cobalt-----	Import 100 percent.
Columbite-----	Import 70 percent.
Copper-----	Import 85 percent.
Corundum-----	Import 20 percent.
Cryolite, natural-----	Import 100 percent.
Diamonds, industrial—bort and stones.	Do.
Fluorspar, acid grade-----	Import 100 percent, synthetic process can produce some of requirements.
Fluorspar, metallurgical grade-----	Import 50 percent.
Graphite, Ceylon—crystalline and amorphous.	Import 65 percent.
Graphite, Madagascar—crystalline and amorphous.	} Import 100 percent.
Graphite, other than Ceylon and Madagascar—crystalline.	
Lead-----	Nearly self-sufficient.
Magnesium-----	Import 50 percent of primary lead.
Manganese, battery grade, natural ore.	Manufacture from sea water.
Manganese, battery grade, synthetic dioxide.	Import 90 percent.
Manganese, chemical grade, type A ore.	} Import 100 percent.
Manganese, chemical grade, type B ore.	
Manganese ore, metallurgical grade-----	Import 90 percent.
Mercury-----	Import 40 percent.
Mica, muscovite block, stained A/B and better.	} Import 98 percent.
Mica, muscovite block, stained B and lower.	
Mica, muscovite film, first and second qualities.	
Mica, muscovite splittings-----	} Import 100 percent.
Mica, phlogopite block-----	
Mica, phlogopite splittings-----	
Molybdenum-----	United States produces 90 percent of world supply.
Nickel-----	Import 90 percent.
Platinum group metals:	
Iridium-----	Import 25 percent.
Palladium-----	Import 98 percent.
Platinum-----	Import 95 percent.

TABLE 1.—*U.S. metal and mineral imports—Continued*

Quartz crystals	Import 100 percent, can be produced synthetically.
Rare earths	Essentially self-sufficient for cerium groups, problems could arise if demand for heavy, yttrium groups increases.
Rutile	Essentially self-sufficient.
Selenium	Essentially self-sufficient, part refined here from imported copper ores.
Talc, steatite, block	Synthetic can meet needs.
Talc, steatite ground	Essentially self-sufficient.
Tantalite	Import nearly 100 percent.
Tin	Import 100 percent.
Tungsten	Can produce present needs at over market price.
Vanadium	Present excess because coproduct with uranium.
Zinc	Import 45 percent.

Submitted by the Director of the U.S. Geological Survey in hearings by the House on the supplemental appropriations bill for fiscal year 1959, June 26, 1958.

In addition to the stockpiled minerals and metals, others are essential to our peacetime economy and vital for present military uses, and still others promise to become vital for the future technology of high temperature and special purpose materials.

Boron	Indium	Scandium
Cesium	Iron	Thorium
Germanium	Lithium	Uranium
Hafnium	Rhenium	Zirconium

TABLE 2-A.—*Melting points of all elements above iron (and selected ones below)*

	° F.
Carbon, graphite	6, 692
Tungsten	6, 143
Rhenium	5, 738
Protactinium	5, 432
Tantalum	5, 425
Osmium	4, 892
Molybdenum	4, 752
Ruthenium	4, 532
Iridium	4, 449
Columbium (niobium)	4, 379
Hafnium	3, 866
Boron	3, 632-4, 172
Rhodium	3, 571
Chromium	3, 434
Zirconium	3, 353
Ytterbium	3, 272
Platinum	3, 223
Vanadium	3, 110
Thorium	3, 074
Titanium	3, 074
Actinium	2, 912
Palladium	2, 829
Iron	2, 802
Cobalt	2, 723
Yttrium	2, 687
Nickel	2, 651
Silicon	2, 606
Beryllium	2, 332
Copper	1, 981
Aluminum	1, 220
Zinc	786
Lead	621
Tin	448



TABLE 2-B.—*Melting points of certain refractory compounds*

	• F.
Hafnium carbide.....	7, 029
Tantalum carbide.....	7, 011
Zirconium carbide.....	6, 404
Columbium carbide.....	6, 332
Fused thoria (ThO <sub>2</sub> ).....	5, 972
Titanium carbide.....	5, 684
Zirconium boride.....	5, 540
Boron nitride.....	5, 432
Titanium boride.....	5, 252
Tungsten carbide.....	5, 193
Vanadium carbide.....	5, 126
Fused zirconia.....	4, 892
Molybdenum carbide.....	4, 874
Fused magnesia.....	4, 752
Beryllia.....	4, 622

The CHAIRMAN. Dr. Morgan, we thank you very much for your very fine statement. I congratulate you on the presentation of the statement.

Are there any questions?

Mr. HOEVEN. You recommend that the present restrictive wording of section 6 of Public Law 85-931 be changed. Who would make the finding or decision as to the need of critical materials?

Dr. MORGAN. I trust the President to do it if he had the wording and I suggest the wording "any element in usable form where known domestic supplies are inadequate now or in the foreseeable future."

Mr. HOEVEN. It should be spelled out as to who is to make the finding?

Dr. MORGAN. Yes, sir.

The CHAIRMAN. For the materials?

Mr. HOEVEN. It says supplies "are likely to be inadequate for defense or industrial needs at any time in the foreseeable future." Somebody will have to make the finding.

The CHAIRMAN. Under the law, we authorized the President to fix the strategic material list, listing the articles that you can use in barter.

Dr. MORGAN. That is right. He does get himself into a little bit of a corner though by that wording—it has to be a material where we do not now produce our requirements. It ought to be one where we not only do not produce it now, but where in the foreseeable future, we might not produce it.

Mr. HOEVEN. This is simply broadening the field of materials from which he could choose.

Dr. MORGAN. Yes.

Mr. TEAGUE of California. Do I understand, Mr. Morgan, that you are here strictly as a private citizen?

Dr. MORGAN. That is right.

Mr. TEAGUE of California. Not directly or indirectly in any way representative of the metal importing firms?

Dr. MORGAN. I have indicated in my statement, sir, and I repeat, that in my consulting practice, I do advise various U.S. Metal and mineral firms, but I am appearing this morning as a private citizen.

Mr. TEAGUE of California. Thank you.

The CHAIRMAN. Thank you very much.

Mr. COAD. I would like to make one statement in reference to your statement in support of the Government assuring that there will be readily available edible food supplies for our own people and our allies. This is directly in line with the bill that I have offered on which I have received some support from the OCDM, and I believe that it makes little sense to pour billions and billions of dollars into the hardware of warfare if we have nothing with which we can sustain ourselves in case of an attack, which is vitally true right now in regard to our food supply. We have all kinds of guns, nuclear weapons and military applications of machinery, but we do not have any kind of an adequate place prepared to store a supply of food. I think you have touched on a very, very important piece of information here, and an idea, and I would recommend that our committee go further into this proposal and this recommendation which you have made, Dr. Morgan. I appreciate it very, very much.

Dr. MORGAN. Thank you very much.

The CHAIRMAN. Thank you very much.

Our next witness is Dr. George A. Casto, Director of the Projects Administrative Division, Defense Materials Service, GSA.

**STATEMENT OF GEORGE K. CASTO, DIRECTOR, PROJECTS ADMINISTRATION DIVISION, DEFENSE MATERIALS SERVICE, GSA; ACCOMPANIED BY W. M. B. FREEMAN**

Mr. CASTO. Mr. Chairman, I am George Casto and this is W. M. B. Freeman of the General Services Administration. We do not have a prepared statement, but insofar as the Agriculture Trade Development Assistance Act is concerned, the General Services Administration acts as custodian of the supplemental stockpile. We furnish advice to the Department of Agriculture insofar as the material and of barter transactions are concerned and we inspect, ship, and store those materials.

The CHAIRMAN. Mr. Casto, I want to thank you and your associate for appearing here. I want to direct your attention to one or two pertinent things.

The first is that I have said several times that all the programs in Public Law 480 have been administered in such a way as to be remarkably free from criticism. This committee has, during all these days and weeks that we have been holding hearings been asking for criticism, trying to find out what is wrong, if anything, with this program, and the authority under which it is operated and the manner in which it is operated.

Just a few days ago, a witness came before the committee that charged the administration with having bypassed normal trade channels and American businessmen and another charge was that our Government had been buying metals and materials at a price which was too high.

Now, either one of those charges are serious and grave in my opinion. It, of course, certainly was not the intention of Congress to bypass normal trade channels, nor was it our intention that minerals should be bought at exorbitantly high prices.

Now, I wish you would explain to us just what does take place in the field of pricing metals and materials that are acquired by our Government.



I understand, of course, that a businessman engaged in one of these transactions might buy surplus agriculture commodities at the lowest price possible and in turn might also buy materials and metals at the lowest price possible with the idea of making the highest possible profit. We have also been told that there is no definite way to determine the profits that are involved in these transactions.

But tell us just what actually happens when our Government acquires metals or minerals under these programs.

Mr. CASTO. Well, Mr. Chairman, the Department of Agriculture would come up with an offer that they have received which they would transmit to the General Services Administration requesting advice as to the prices that would be quoted by the offerer insofar as the barter transaction is concerned.

Now, we consider ourselves to be merchandising specialists insofar as the strategic and critical material end of the transaction is concerned. We do not know anything about the agricultural commodities in any way, shape or form.

So, consequently, we price out the material that is being proposed for barter on a strictly dollar basis. The advice that we give to the Department of Agriculture is no different than the price that we would pay ourselves if we were in the market for a given material and going to pay for it in dollars.

The CHAIRMAN. Are you aware of any instance in which our Government has paid too much for any of the metals and materials we have acquired under these programs?

Mr. CASTO. No, sir, I am not.

The CHAIRMAN. Actually, the record, I think, shows that the metals and materials we have acquired are worth more today than they were at the time we acquired them.

Mr. CASTO. That is correct. The criterion that we use is that if the various barter contractors come in and complain bitterly to us that we are pricing much too low and making it impossible for them to do business, that we are pricing out properly.

The CHAIRMAN. Well, have you received any complaints from any businessmen to the effect that you were paying or that our Government was paying too much for these metals and materials.

Mr. CASTO. No, sir. We have received complaints that we were not paying enough for them.

The CHAIRMAN. Well, are you aware of any case where the administrators of these programs have bypassed American businessmen and normal trade channels?

Mr. CASTO. No, sir. All of the business that I have any knowledge of all has been done through normal trade channels.

The CHAIRMAN. That is what I thought too.

I think that is a definite answer to the charge that has been made here.

I will ask you one more question. I have asked this question of just about every witness that has appeared.

Are you aware of any barter transaction which has been consummated under this law which has displaced the dollar transaction?

Mr. CASTO. No, sir.

The CHAIRMAN. Are there any further questions? Mr. McIntire.

Mr. McINTIRE. May I ask whether in your capacity, you would

be required to evaluate whether or not any of these transactions replaced dollar sales?

Mr. CASTO. No, sir; we would not.

Mr. McINTIRE. Thank you.

The CHAIRMAN. If there are no further questions, we thank you gentlemen very much for your appearance here this morning and we will now call Mr. Palmby.

**STATEMENT OF CLARENCE D. PALMBY, VICE PRESIDENT,  
COMMODITY CREDIT CORPORATION**

Mr. PALMBY. Mr. Chairman, I have with me the same companions that I had the last time I appeared before this committee.

The CHAIRMAN. You call them companions rather than bureaucrats, do you?

Mr. PALMBY. I like that term much better.

The CHAIRMAN. All right, sir. We are delighted to have you and your companions with you.

Mr. Palmby, may I thank all of you for coming back here this morning, and I was prompted to ask you to come back because of some statements that have been made by a witness or two who have appeared here since you were here.

Now, I think I stated to you that I thought that the programs which have been administered under this law have been very remarkable free from criticism. I mentioned the fact that as chairman of the committee I had received no complaints from any businessmen to the effect that private businessmen of America were being bypassed or that normal trade channels were being ignored and yet the very positive statement was made here to this committee, to the effect that in these transactions private trade channels had been ignored and private businessmen had been bypassed.

Now, that is a serious charge in my opinion, because it clashes with the clear intent and purpose of the law.

I would like to ask you, are you aware of any case in which the American businessman has been bypassed and normal trade channels have been ignored?

Mr. PALMBY. The answer to the question as regards our operating the program is "No." We have not bypassed normal channels of trade, but I would have to hasten to add that the presence of a sales program whereby CCC commodities are bartered, rather than commodities being drawn from the free market certainly can be interpreted by many people on the outside as bypassing the normal channels of trade.

The CHAIRMAN. But it is compatible with the intent of Congress?

Mr. PALMBY. Yes, sir; it is.

The CHAIRMAN. Now, the other charge that was preferred here is to the effect that our Government in these barter transactions have been paying a price which was too high for the metals and minerals we have acquired.

What is your opinion in regards to that charge?

Mr. PALMBY. Mr. Chairman, I think this is a serious charge and in reference to the telegram which was sent me yesterday from this committee, we were concerned that any members of the committee would



not understand this pricing and in turn the discounts which have been inherent in the program and we were so concerned about this that I prepared a statement which I think covers quite thoroughly why in these barter transactions certain discounts are inherent which would lead people to believe that the pricing mechanism itself was at fault.

The CHAIRMAN. All right, sir. I will not interrupt you any more. I will let you finish your prepared statement.

Mr. PALMBY. With your permission, I will read this statement as rapidly as possible.

The CHAIRMAN. All right.

Mr. PALMBY. I am pleased to have the opportunity to comment on your telegram of July 25, in which you imply that all criticism of the barter program stems from the restrictions which we have placed on the export of the agricultural commodity. We differ with the conclusion. As we have followed the testimony before your committee we have failed to note any instance where an exporter of agricultural commodities has recommended a removal of those restrictions. Their criticism has been directed at the barter approach wherein discounts are inherent to some degree.

I would like to review with you briefly the general pattern of barter operations both under the unrestricted program of a year or so ago and the current program. In both cases practically all of the agricultural commodities exported under barter were actually exported and disposed of by the major agricultural exporting firms acting as agents for the barter contractors whose primary interest and concern has been and is the importation of materials into the U.S. market in quantities additional to the normal demand.

I should like to digress a moment from my review of barter operations to make a point which I think is paramount to an understanding of the pressures for barter expansion. The materials which we are offered under the barter program are, in general, as surplus to the world current demand as are our agricultural commodities. When we accept them under the barter program for transfer to the supplemental stockpile, they are completely isolated from the market. True additionality was provided for them by Congress with the passage of section 206 of the Agricultural Act of 1956.

Our agricultural commodities which we make available in exchange are not isolated from the market but become an integral part of the world movement of those commodities. They are disposed of by the same U.S. exporters who export for cash, bought by the same importers in foreign countries who buy for cash, and in the end, consumed or worn by the same consumers who pay for the commodities with cash.

We wonder how enthusiastic about barter the regular importers of metals and minerals into the cash market of the United States would be if the Commodity Credit Corporation was in a position to negotiate discounts for disposition of bartered materials into the current market in direct competition with materials they had hoped to sell for U.S. dollars. Fantastic and absurd as this may seem, it is exactly what the proponents of unrestricted barter are asking to be permitted to do with our foreign markets for agricultural commodities.

Bearing in mind this basic difference in the relationship to the market of the agricultural commodities and the materials involved in

barter that of complete isolation from the market of the materials and complete integration into the world market of the agricultural commodity, I would like to continue with the general review of barter operations.

As I stated before the barter contractor is primarily concerned in finding a market for his material. After negotiating an acceptable price or exchange value for the material, he becomes concerned with how he is going to get his money out of it. He has a quantity of agricultural commodities on his hands which must be exported. He has no agricultural commodity export connections as a rule and, therefore, logically turns to someone who has such connections. Being a good businessman he shops around and makes the best deal he can. The discounts you have heard so much about are in simple terms brokerage fees charged by the agricultural export firms to take these agricultural commodities off the hands of the barter contractor for currency acceptable to him, and dispose of them in export outlets that will be OK'd by Commodity Credit Corporation.

In the days of unrestricted barter this was a simple matter. The U.S. exporter of agricultural commodities had his regular export outlets. When he was offered a million bushels of wheat delivered ship-side by CCC as a result of a barter transaction, he was willing to accept that wheat and dispose of it in the normal course of his business for a very nominal brokerage fee. This brokerage fee was a discount but since it merely covered services rendered and did not become a factor in the export price no one complained. It has been reported to us that on occasion, when free stocks of U.S. agricultural commodities were temporarily in short supply, exporters of agricultural commodities actually competed for barter commodities because of the ready access it gave to Government stocks.

The reason your committee had no complaints concerning the operations of the barter program then was because no one suffered except the taxpayer and he didn't know what was going on.

The barter contractor found an additional market for his materials where they not only didn't affect his cash market for those materials, but also tended to improve that cash market by their removal from the world supply.

The barter contractor was able to convert those materials into either U.S. dollars or other acceptable currency by paying a reasonable brokerage fee to the exporter of agricultural commodities for taking those commodities off his hands.

The U.S. exporter had agricultural commodities delivered to him without the trouble of buying and assembling in the free market or even buying from CCC. He moved those commodities into his regular export outlets and received a brokerage fee for doing it.

The foreign importer bought his U.S. agricultural commodity needs as usual and in many instances was completely unaware that they had ever been a part of a barter transaction.

What happened to the taxpayer? Were the dollars paid by the importer of these commodities used to remove free stocks from the U.S. market and thereby decrease the amount that came into CCC's hands? No.

Were these dollars paid to CCC for the agricultural commodities and thereby decrease the national debt as represented by CCC's borrowings? No.



They were paid to the importers of materials who had found a protected isolated market in the supplemental stockpile.

The Commodity Credit Corporation was made partially whole by restoration of capital.

The taxpayer, however, paid the bill when, under section 206(c) of the Agricultural Act of 1956, there was authorized to be appropriated, amounts equal to the value of any bartered materials transferred to the supplemental stockpile.

If I may speak very frankly, gentlemen, the Congress gave the minerals importers a blank appropriation account and guaranteed them complete immunity of any price depressing effect on their cash market. This, in simple unvarnished terms, is what unrestricted barter means when it is stripped of all the romantic and exotic propaganda about trading something we have in surplus for something of lasting value.

Now, let me review with you, in general terms again, what happened when we in the Department attempted to place some restrictions on the disposition of bartered agricultural commodities in keeping with the law.

Section 303 of Public Law 480 says:

In carrying out barters or exchanges authorized by this section, no restrictions shall be placed on the countries of the free world into which surplus agricultural commodities may be sold, except to the extent that the Secretary shall find necessary in order to take reasonable precautions to safeguard usual marketings of the United States and to assure that barters or exchanges under this act will not unduly disrupt world prices of agricultural commodities or replace cash sales for dollars. \* \* \* The Secretary shall endeavor to cooperate with other exporting countries in preserving normal patterns of commercial trade with respect to commodities covered by formal multilateral international marketing agreements to which the United States is a party.

We are in hearty agreement with each of the objectives stated as justification for restrictions. The restrictions we have imposed on the movement of bartered agricultural commodities have had no other purpose than the attainment of those objectives.

The fact that your committee has received complaints is, we believe, the best assurance we can get that we have been at least partially successful in attaining those objectives. I will attempt to tell you why I believe this is so.

The barter contractor now has to give some consideration to the agricultural export end of the barter transaction. It is not sufficient for him to merely negotiate an acceptable price for his material and then shop around among the U.S. agricultural exporters to see who will take the agricultural commodities off his hands for the lowest brokerage fees. He has to develop, either by himself or in cooperation with the agricultural exporter, an outlet for the agricultural commodities that is at least remotely connected with the movement of the materials and offers some hope of being additional.

The U.S. exporter of agricultural commodities finds his usual sales outlets at least partially closed to barter commodities. He has to expend energy, time, and money to find other outlets which he can convince the CCC give hope of being additional. The law of supply and demand begins to take effect. As the bartered agricultural commodities are superimposed on the normal world movement of those commodities, the normal way to increase their acceptability is to cut the price.

So the U.S. exporter exacts from the materials importer not a nominal brokerage fee as he did, but that plus compensation for finding a market that is over and above normal movement, and an amount necessary to permit him to cut the price enough to create that market. So there you have the discounts that are deplored so much.

The materials importer of course is dissatisfied because he has to either buy his surplus materials much cheaper or has to give a larger portion of his profits to the U.S. agricultural exporter.

The U.S. agricultural exporter whose major business is exporting for cash finds himself competing with himself. When he has to cut the price to move the bartered commodity into additional channels, his normal movement cash customers want similar price concessions and so the tail wags the dog in the disruption of world prices. Therefore, the agricultural exporter is dissatisfied.

Mention has been made of more than a fair and reasonable price having been paid for the materials. We are not experts on materials prices and have confidence in the people in GSA who are advising us on such prices. It does not stand to reason that the prevailing discounts are the result of a willing sharing of profits by the materials importers. If the agricultural commodities could be moved in addition to normal exports without price cutting these large discounts would not exist. The materials importers are critical of the pricing policy on materials and contend it should be more lenient.

We are not opposed to all barter. We believe barter has a place in our surplus disposal efforts. We believe, however, we are aware of its limitations and the pitfalls inherent in the approach.

We have operated a program with no restrictions where both the materials importer and the agricultural commodity exporter were relatively happy. The taxpayer was paying the bill in additional appropriations to restore CCC borrowing authority and it was very questionable in our minds that the agricultural surplus was being reduced.

We have operated a program with restrictions designed to accomplish the objectives of the law. We believe we are getting some additional exports as a result of barter. We intend to strive for additional exports through barter and hope to minimize to the greatest extent possible the disruption of world prices, replacement of dollar sales, and displacement of usual marketings through future operations of the barter program.

I further have an additional statement on movement of agricultural commodities from Soviet bloc countries, together with some tables that I think would be of great interest to the committee and this statement is as follows.

In connection with the discussion of agricultural exports from the Soviet bloc countries, I have several tables which have been prepared for insertion in the record of the hearing of July 21, 1959, and may be found beginning on page 437.

These tables represent a comparison of exports from the United States and from the Soviet bloc countries to the United Kingdom, Japan, the Netherlands, West Germany, Italy, and Belgium, Luxembourg.

I also have a table which shows a comparison between agricultural exports from the United States and the Soviet bloc to all of the countries designated "A" under the barter program.



In total, our exports of grains, soybeans, and cotton to the free world are about 10 times those of the Soviet bloc countries. In the A countries, which, remember, are the sound currency countries, we export about 35 times as much cotton, 8 times as much soybeans, 25 times as much wheat and flour, 30 times as much corn, and 23 times as much barley as the Soviet bloc countries.

Some mention has been made during the hearing of cotton exports from Russia to Japan. The tables we have show no cotton export, but it covers the fiscal years 1957 and 1958. Actually earlier this year, Russia did export 1,082 bales of cotton to Japan. This compares with our annual exports of from 500,000 to over a million bales each year to Japan.

The Department of Agriculture released a short publication in April entitled "Europe's East-West Trade in Food."

I would like to quote a short excerpt from this report.

The postwar decline of Eastern Europe as a supplier of agricultural products to Western Europe shows so far little indication of change. This group of countries supplied close to 7 million tons of grain or about one-fourth of Western Europe's large net grain imports before World War II in addition to certain quantities of sugar, potatoes, legumes, and meat.

In the early 1950's they shipped only a fraction of the prewar quantity and in 1955 net grain exports to Western Europe became insignificant. Although somewhat larger in 1956 the net figure came to only 340,000 tons, 5 percent of the prewar quantity. In the following, 1957, the U.S.S.R. greatly expanded total exports of all grain to all countries, owing primarily to a good crop in the U.S.S.R., coinciding with a poor crop in the satellite countries, but grain exports from the U.S.S.R. to Western Europe actually declined, the whole of the increase going to other East European countries. Large imports of farm products, especially grains, are likely to continue to be needed by the East European countries outside the U.S.S.R. and the U.S.S.R. is likely to remain the principal supplier of such imports. In other words, the East European countries outside the U.S.S.R. show no sign of becoming large-scale exporters of grain to the West again.

In the U.S.S.R., grain crops beyond basic domestic needs are utilized for expansion of livestock production as well as for exports largely to non-Western countries. Occasionally, exports to Western Europe may become substantial, but the other outlets are likely to claim the bulk of the grain surpluses.

This is the end of the quotation.

It is, of course, true that in some years due to weather and crop conditions Russia will be able to export more grain than other years. We believe here wheat exports may be a little higher this year. There has been a big expansion of wheat acreage in Russia in recent years. However, to date there is little or no evidence that there are any long-term trends which indicate that the satellite countries are taking away our markets or are even regaining the market which they held in Western Europe before World War II.

Thank you, Mr. Chairman.

The CHAIRMAN. It is a fact, though, that in those hard currency countries our exports have decreased astonishingly. I had an estimate here the other day that it was approximately a half billion dollars.

Mr. PALMBY. Yes; as we pointed out, I believe last year, Mr. Chairman, our cotton exports were drastically down. Looking ahead just a bit, I think we have a figure that should be of interest to the committee.

Through July, which will be the end of this week, we will have registered over 1 million bales of cotton to be lifted after August 1.

We announced our new price policy on May 17. So between May 17 and August 1, we will have registered for advance shipment over a million bales of cotton in this period of time which again is far beyond our most optimistic thinking at that time. Presently these registrations are being made at the rate of 135,000 bales a week, which we think is quite fantastic.

All I am saying is as we look ahead we expect to have an excellent year on cotton movement and if this is the case, there is no question in my mind but as regards those hard currency countries we shall have an excellent year.

The CHAIRMAN. Well, let me call your attention to a telegram which I have just received. It reads as follows:

Seriously impending barter program by failure announce new regulations on cotton effective August 1.

Now, have you failed to announce the new regulations that would be effective August 1?

Mr. PALMBY. Yes, sir, Mr. Chairman, and certainly this is a situation I regret. It is not as serious as it seems on the surface.

What has happened is we have an extremely complicated piece of legislation in our present price-support legislation for cotton and we have had a very heavy workload in getting out our regulations governing the purchase and disposing of cotton under this program. As a result and we just did not make the deadline, so that the barter contractors could purchase cotton from us yesterday. Now, 2 weeks from yesterday he will be able to because the regulations will be out, but for our first sale under the new catalog which was held yesterday, our regulations for selling under the barter program were not available. This means in simple terms that for the few contracts that barter holders now have in their hands, that they were not in a position to bid yesterday and this only applies to those holding contracts that expire some time after August 1.

The CHAIRMAN. Well, you think that the delay will be prolonged?

Mr. PALMBY. No, sir. The next time that we offer cotton, which will be 2 weeks from yesterday—I believe the date is August 10—our terms and conditions will be out.

There are very few contractors who have been affected by this delay.

The CHAIRMAN. Well, how do current commitments as of August 1 of this year compare with commitments of last year? You sold substantially more cotton at this time last year than you have now.

Mr. PALMBY. No. Last year we were operating a dual program. We were operating what I choose to call a limited payment in kind program. It was limited because concurrently with it we were conducting our regular sales program from CCC stock.

There is no comparable figure I can give you because we were selling currently out of CCC which was the big export program last year and at the same time operating this advance registration PIK program whereas this year we have only the payment in kind exporting program.

So there is not comparison to give you really, because we had the two a year ago, only one this year.



However, we have already had more advance registrations before the beginning of the marketing year than we moved under the entire payment in kind program last marketing year.

The CHAIRMAN. Mr. Palmby, you made a statement on page 4, with reference to old barter programs.

Mr. PALMBY. Yes.

The CHAIRMAN. To this effect:

The foreign importer brought his U.S. agricultural commodity needs as usual and in many instances was completely unaware that they had ever been a part of a barter transaction.

Now, that indicates to me that under the old program as it was operated, that businessmen went about their business in normal fashion and they were not aware of the barter aspects of the transaction. During that time, I don't recall having received any complaints at all and now you frankly admit yourself that since you have imposed these restrictions and designated countries as "A" countries and "B" countries you have a different situation which requires business people to demand larger commissions. Now, under the old program they received, you say, very reasonable brokerage charges. You call them brokerage charges.

Now, these commissions, we understand, go as high as 18 to 20 percent in some instances, which Mr. Poage contends and I am willing to admit, does constitute somewhat of a disrupting force in the market but it is actually ability in barter and it gives the businessman a better opportunity to dispose of the commodities in the restricted area.

Now, one other thing you mentioned at the bottom of page 4. You said:

If I may speak very frankly, gentlemen, the Congress gave the minerals importers a blank appropriation account and guaranteed them complete immunity of any price depressing effect on their cash market.

You complain about that, because you go on and say:

This, in simple unvarnished terms, is what unrestricted barter means when it is stripped of all the romantic and exotic propaganda about trading something we have in surplus for something of lasting value.

Do you realize you are criticizing Congress and the intent of Congress? You say you are speaking frankly and you say that Congress gave the importers a blank appropriation and you said:

Stripped of its romantic and exotic propaganda about trading something we have in surplus for something of lasting value.

Now, you complain about that whole provision of the law; don't you?

Mr. PALMBY. No, that is not true, Congressman Cooley.

The CHAIRMAN. What is the purpose of putting this in here?

Mr. PALMBY. My purpose in putting it in is this: That it seemed to me in receiving the telegram from you and this committee that the question that most had to be answered was—"Why the discounts?" Further, "Why the unhappiness this year as compared to former years when there was no unhappiness." So what we are talking about is when we had an unrestricted barter program as compared to a restricted one this last year.

The CHAIRMAN. Now, wait a minute. Right there.

That fixes my point. You are saying in effect right now that we had an unrestricted barter program which enabled you to barter into any of the nations in the world except behind the Iron Curtain perhaps and you impose these restrictions. The Department imposed the restrictions and designated certain countries as "A" countries and certain countries as "B" countries and since you imposed the restrictions the program has decreased in volume and we have heard the criticism and the greatest criticism about the program is the volume at which it has operated, rather than in the manner in which it has operated.

Now, you did impose the restrictions and limit the barter program to certain definite areas of the world and they are the underprivileged countries; isn't that true?

Mr. PALMBY. Yes, sir, Mr. Chairman, and we did it because we were doing the best that we could, that Congress in its wisdom put into section 303 and again I read and quoted from the act when I read the statement and that is when the Department has been told by Congress that they shall enter in barter transactions only to the extent that those transactions do not unduly disrupt world prices or that they do not replace normal markets.

The CHAIRMAN. Let me interrupt you to say that I think every member of this committee will still vote for section 303 just as it is written. No member wants you to disrupt normal trade channels or to displace dollar sales, but here is the language that you seem to fail to notice.

In carrying out barter or changes authorized by this act, no restriction shall be placed on the countries of the free world into which such surplus commodities may be sold.

Now, you have placed restrictions on numerous countries of the free world and I called the names of the countries here during the course of these hearings.

Now, why did you ignore that?

Mr. PALMBY. Mr. Chairman—

The CHAIRMAN. Congress says you shall not impose restrictions and you admit you did impose restrictions.

Mr. PALMBY. Yes, sir, we did, Mr. Chairman, and again there is further language in the legislation which says:

Except to the extent that the Secretary shall find necessary in order to take reasonable precautions to safeguard usual marketings of the United States.

The CHAIRMAN. All right, but the usual markets in those areas have decreased in volume and I called the names of the markets and I called the amount of our losses in exports. While you might have exercised in good faith the best judgment you were capable of exercising, the net result shows that you were not safeguarding usual marketings in those areas.

If I understand the figures that I have—how can you say you were safeguarding the markets in Great Britain if our exports were decreasing too greatly and the same way with France and the other countries, the Netherlands.

Mr. PALMBY. Mr. Chairman, I did point out the other day that item by item, taking coarse grains first, we have gone from an extreme of putting 50 percent of a smaller barter back when we had an unrestricted barter program into those Western European programs—



50 percent of our coarse grain movement during the peak of our barter program was being paid for by materials.

Last year, when we moved a much greater volume of coarse grains only about 4 percent of this total movement was paid for by materials through barter.

Going further with wheat, I pointed out how we did have an abnormal year and without giving all of the ramifications I think the committee fully understands why we had a big movement one year, that since then we have had what we consider a normal market into Western Europe and frankly whether we like it or not, we have come to the conclusion that in Western Europe there is a limitation to how much wheat we are going to put into those countries.

Going to cotton, I have admitted many times that we certainly had a fall-off into Western Europe, but by the same token I can see no connection with the fall-off of those exports to any change one way or the other in the barter program and I am—I hate to make forecasts, but I can't help but be optimistic as I look ahead this next year. I am really optimistic for cotton irrespective of what we do on barter.

The CHAIRMAN. Well, there is one further question I think in fairness I should ask you to answer. That is the charge to the effect that there was a Belgium barter transaction that disrupted a dollar transaction. I think that charge came from the same source that the other charges came from and I had understood that you were familiar with that transaction—certainly I am not familiar with it—and that perhaps you had personally approved it and that the transaction or the certificate of additionality had been issued by the highest official in Belgium who was authorized to make such certification.

Do you know what I am talking about?

Mr. PALMBY. Yes, I think I can talk with some authority on this transaction. Let me hasten to add that I did personally approve it—I guess I personally have signed most of the acceptances that we have issued the last year which is tantamount to a contract. So, as regards that, the answer is "Yes."

This Belgium corn transaction has received a great amount of publicity. It was a sizable transaction. As we look back, I am sure the causes of the most frustration in the market in Western Europe and in Belgium at the time that this transaction was being consummated were severalfold.

First, we had not done much barter business under this revised program. So this was one of the first major deals that we had entered into.

Secondly, there was a great amount of uncertainty which if we could retrack, I think we would have informed our people in Western Europe better than we did. But hindsight is always better than foresight.

Going on still further, there was, because of this uncertainty around this transaction—and this is the best reason I can give for it—a great amount of hesitation to make future commitments in the markets in Western Europe, particularly in Rotterdam. I can see why that was so because I was personally over in Geneva shortly after to negotiations of the wheat agreement and I talked with many of the country representatives over there. The thing that bothered them above everything else was the lack of knowledge as to what

might happen next and consequently there was a great lull in the markets.

Now, Mr. Chairman, that is the best answer I can give unless you want more details on it. We would be happy to go further.

The CHAIRMAN. But you are not certain that it did interfere in any way with normal transactions; are you?

Mr. PALMBY. It did cause this: Because of the hesitancy for foreign buyers over there to bid at the time there was a lull in the market and because of it, we simply stopped making acceptances on our payment in kind until the market settled down. So to this extent we did miss out on roughly 2 weeks of corn and related feed grain sales, and as to the effect this had on total volume of exports, I am not smart enough to know.

The CHAIRMAN. Well, now, I know we are pushed for time. We are past adjournment time, but I want to ask you two or three questions. If you don't have time to answer them or you are not prepared to answer them please supply the information for us in the record.

Mr. PALMBY. Be happy to.

The CHAIRMAN. First, I would like you to explain how barter transactions are cleared with the State Department. There has been some misunderstanding about it, apparently.

We have been told that the State Department exercises veto power over just about all barter transactions and that they deal with specific and individual transactions, rather than the general pattern system.

The next question is: Who is on the Interagency Committee on barter materials?

There is some indication here that there is a list of persons who serve on that Committee and that it is highly confidential. If it is confidential, we would like to know why it is confidential.

Third, did the Department of Agriculture in April recommend that the list of strategic materials be increased and that other materials be put on the list, and if so, why wasn't the recommendation of the Department accepted, and what materials did the Department recommend should be on the list?

I think that is all that I have in mind asking, Mr. Palmby.

(The answers to these questions as supplied by the Department of Agriculture are:)

*1. How are barter proposals cleared with the State Department?*

The Department of State is consulted at the time countries are classified for barter exports of various commodities. This is the classification by which each country is designated as "A," "B," or "C" for each agricultural commodity available for barter. This classification limits the amount of barter which can be done with countries classified "A" or "B" for a commodity since only bilateral and multilateral barters may be approved. An "A" designation is a further limitation which requires that the Department be reasonably satisfied that an individual barter proposal will not unduly disrupt world prices of agricultural commodities, replace cash sales for dollars, or (in the case of wheat and wheat flour) interfere with the normal pattern of trade by other exporting countries, who have signed the International Wheat Agreement.

In addition to consultation on these general barter classifications, barter offers which are acceptable to the USDA and which involve "A" and "B" commodity-country designations are cleared individually with the Department of State before an acceptance is issued by Commodity Credit Corporation. Clearance is by telephone from the Commodities Division, Office of International



Resources. If the State Department believes there is good reason not to accept an offer, it prepares a letter to USDA setting forth the basis for its conclusion and the offer is ordinarily rejected by CCC.

2. *Who is represented on the Interagency Committee which considers what materials should be eligible for delivery to the stockpile under the barter program?*

A list of the current membership of the Supplemental Stockpile Advisory Committee for Barter, together with the agency each member represents is as follows:

#### AGENCY, MEMBERS AND ALTERNATES

U.S. Department of Agriculture: Clarence D. Palmby.

U.S. Department of Agriculture: T. R. Rawlings.

Atomic Energy Commission: James P. Gerety.

Bureau of the Budget: Bartlett Harvey.

Commerce Department: Thomas Curtis.

Office of Defense and Civilian Mobilization: Wilbert G. Fritz; William G. Smith, alternate.

Council on Foreign Economic Policy: Paul G. Cullen.

General Services Administration: W. M. B. Freeman.

Interior Department: Spencer S. Shannon.

International Cooperation Administration: Theodore L. Sweet.

State Department: Sydney L. W. Mellen; Howard R. Brandon, alternate.

Treasury Department: Robert W. Benner.

3. *Did the USDA, in April, propose the addition of certain materials to the barter list, what were these materials, and why were they not approved by the Interagency Committee?*

During March and April 1959, the Department proposed addition of metallurgical manganese ore, ferromanganese, zirconium, and hafnium oxide to the list of materials eligible for barter. The Supplemental Stockpile Advisory Committee on Barter approved addition of the recommended quantity of metallurgical manganese ore, and this material was added to the barter list by the President's letter of May 4, 1959. Several members of the committee expressed concern about adding ferromanganese to the barter list because of unresolved problems related to deterioration of some lots of ferromanganese presently in storage. Committee members also advised that zirconium and hafnium oxide are produced in the United States in quantities more than sufficient to meet our requirements and, therefore, opposed inclusion of these materials. The latter three materials were, therefore, not recommended to the President by the Secretary for addition to the list of barter materials. At about the same time, the Department also proposed an increase of 2 million long dry tons in the quantity of Jamaican bauxite acceptable under barter and an increase of \$28 million in the value of industrial diamonds. Various members of the Committee advocated inclusion of different quantities of Jamaican bauxite and an increase of 800,000 long dry tons was approved by the Secretary. During the discussion on diamonds, the desirability of procuring at least a portion in the form of core-drilling stones was advanced. After considering the recommendations by the various Committee members, the Secretary approved an increase for diamonds of \$15 million, with a provision that at least 50 percent of the carats obtained be in the form of drill stones.

(A list of about seven other materials was also proposed by the Department for inclusion in the list of materials eligible for barter at meetings of the SSACB in March and April. Also, increases in the quantities eligible for barter of six other materials were suggested. However, no definite action was taken on these materials by the Committee and the Department did not press its proposals further.)

The CHAIRMAN. Are there any other questions? Mr. McIntire?

Mr. McINTIRE. First, Mr. Palmby, may I express my appreciation as a member of this committee for the statement you have made this morning.

You were before this committee previously. We had some change of comment relating to the table in this publication which the com-

mittee members have concerning the appreciation of value of the strategic materials in the stockpile in relation to additional cost.

On page 4, at the bottom of the page, I think you have given some very clear comment on this relationship, and also on page 1 of your statement you have reference to the fact that these materials are in world surplus, much the same as our agricultural commodities are considered to be in surplus here.

I am interested to inquire as to whether or not the relationship of these prices, of these materials and their effect on the market price, is not rather pointedly brought out in a recent release or announcement of release about some oils out of strategic stockpile and the resultant break in price which has come about because of that release. Are you familiar with that situation?

Mr. PALMBY. Yes, I am. You are referring to coconut oil.

Mr. McINTIRE. Yes, I am; that is right.

Would you have at hand the prevailing price prior to the announcement and the current market situation subsequent to that announcement?

Mr. PALMBY. I am sorry, I missed that point, Congressman McIntire.

Mr. McINTIRE. Do you have at hand the figure as to the prevailing price prior to the announcement when this was all being held off the market and the market situation currently or since the announcement?

Mr. PALMBY. You are referring again to the General Services Administration announcement as regards coconut oil?

Mr. McINTIRE. Yes, I am.

Mr. PALMBY. I do not have this at hand. I am sure that working with General Services that we can supply this figure. I think, if I may say, Congressman, this is a good example of not necessarily selling, because they have not sold any as yet.

Mr. McINTIRE. That is right.

Mr. PALMBY. But it is the very rumor of selling any material that is in ample supply that has a terrific deterring effect on the market and this is what we are talking about.

Mr. McINTIRE. And it supports the observation, I think, that you made here. I can appreciate that those figures would have an effect, but it is my understanding that this offering does not in any sense propose an immediate dropping of the total quantity offered at any one time, and, in fact, any reduced amounts are supposed to be staged out over a period of time. Still, withstanding there were certain amounts in stockpile, releasing this report has had a very substantial effect on the market.

Mr. PALMBY. Yes, sir. We are aware of this fact. Mr. Congressman, and we will supply you such information as we can, working with General Services Administration.

Did you have a comment, Mr. Rawlings?

Mr. RAWLINGS. I just wanted to make one comment, Mr. McIntire. The materials that the President designates as eligible are materials that are less costly to store and nondeteriorating. For that reason, we have never taken coconut oil and coconut oil would not be eligible under the criteria so we don't really get into the materials that they are talking about.



Mr. McINTIRE. I appreciate that point. The thing that I think is important in this connection is that we are moving stuff into stockpile and in so doing we are supporting world prices in this stockpile program. Whether or not that is good or not is another issue, but the fact remains that that is the function we are performing right now in connection with these materials.

Thank you very much.

(The information requested as supplied by the Department of Agriculture is as follows:)

Information received from the General Services Administration indicates that the price of coconut oil in New York City fell from 21 cents a pound to 17 cents a pound after information became available as to possible release of the coconut oil from the stockpile.

Mr. GRANT. Mr. Chairman, just one question, I know the time is late, but I wonder if you can give the committee any information on the policy of the Department of Agriculture proposing to provide inspection of U.S. grains in Canadian ports?

Mr. PALMBY. Mr. Congressman, we put out a present release last Thursday, I believe, as to the inspection of grain exported through the St. Lawrence. I will be very happy to supply you with copies of the press releases.

Mr. GRANT. Could you state whether or not—I have a statement here, whether or not it is correct when it says that the Department states that because of the policies set by the Government in expending large sums for construction of the St. Lawrence Seaway ports, that policy was reflected in the allocation of Public Law 480 grains to the St. Lawrence Seaway ports?

Is that the primary reason?

Mr. PALMBY. That statement is rather misleading from this standpoint, we do not allocate title I or any other grain movement to any port. The movement just logically goes into the area in which it is the cheapest to move. So if there is movement to title I programs or any other program or for cash, for that matter, out of the St. Lawrence it will be because they are competitive pricewise. Actually, it is not allocation on our part at all. It is merely a recognition of what the Congress and the President did in their wisdom in developing the St. Lawrence Seaway and we merely are now setting up the machinery to recognize that policy.

Mr. POAGE. Well, Mr. Palmby, the U.S. Government spent millions of dollars developing ports in Mobile and New Orleans, all over the gulf ports; did it not?

Mr. PALMBY. Yes, sir.

Mr. POAGE. Why shouldn't we recognize that the U.S. Government has, over a long period of years, spent more money on the Mississippi River than any other channel of the United States? If that is going to be the criterion on which you are going to spend your money then why should it not always be moved out of New Orleans? The Government has spent more money on the Mississippi River than on the Great Lakes or anywhere else; hasn't it?

If the criterion of Government expenditure is the basis on which you are going to ship your grain, then you ought to ship it all out of New Orleans. I am not in favor of that, of course, but if that is the criterion then it means clearly moving all your grain through New Orleans; doesn't it?

Mr. PALMBY. Congressman Poage, it is not that simple. We are not moving the grain.

Mr. POAGE. You are making it possible to move grain under Public Law 480 with Government funds. You are making it possible—now, of course, when Bunge wants to send grain out to Montreal and get Canadian wheat, if they want to we can't prevent that. That is just a question of a shipping matter with them.

But when the U.S. Government is subsidizing the movement of grain and you are subsidizing every bushel you move, when you are subsidizing that movement, it seems to me to be a very poor situation when we are sending our people up to Canada and paying the expenses of an American inspector up in Canada to load wheat on in Canada. You don't even ship it out of an American port and we have long argued this proposition about shipping on American bottoms, but now you are not even going to ship out of an American port. You are going to ship out of a Canadian port.

Mr. PALMBY. Congressman Poage, it does all go out of American ports because it has to originate in an American port such as Duluth or Chicago and so on, and all that we are recognizing here is a normal movement in the St. Lawrence which will provide for inspection and in turn pay subsidy on transshipments or, in other words, permit them to topeff these boats with U.S. grains.

Mr. POAGE. That is exactly the point, they didn't load those boats in the United States. They are loading them in Canada. They are not loading them in the United States to the extent that you load that boat and put 70,000 tons on it in Duluth and expect that grain to leave Duluth, I am not complaining at all. I don't kick a bit, but to the extent you send somebody else into Canada to put another 70,000 tons on that boat, I do kick. You are using American money to develop a Canadian port in competition with an American port and I just don't believe it is sound business at all for us to use our taxpayer's money to develop a foreign port at the expense of our own development.

When you go to Mobile you are not spending money with anybody except Americans. I just want to know why you go outside the United States. Why don't you go off down to Rio de Janeiro? They need some help in developing commerce down there. Is this just because we like the Canadians?

Mr. PALMBY. Congressman Poage, I will answer the question this way. A great number of the Congressmen and Senators from the Middle West States who are interested in grain movements through the St. Lawrence Waterway were at this session we held in the Department of Agriculture. There were some on this committee that were at that session.

Mr. POAGE. How did they happen to know about it?

Mr. PALMBY. Frankly, I thought that we had told members of this committee. If we did not—

Congressman POAGE. You did not tell me anything about it and I am just as interested as they are in it. I am interested in seeing that this grain moves out of the port where it has always moved and where it can move now under the American flag with American citizens paying taxes on it and developing American industry. I am a whole lot more interested in the Stars and Stripes than I am in that Maple Leaf or Cactus and Snake across the Rio Grande.



Mr. PALMBY. If I may go further, I would state that we just don't think that we had any reason for not recognizing what is a normal movement through the St. Lawrence Seaway.

Mr. POAGE. It isn't normal. It never has taken place, and it won't take place unless you subsidize it. The very fact that you are having to make these arrangements proves that it is not normal. It is an abnormal movement. Now, if anybody wants to go ahead and do this under their own steam with their own money, I am not raising any protest at all. But these grain companies do not want to do it. It is abnormal and you are trying to change the situation to make this a normal movement when it isn't a normal movement.

Has anybody ever been moving grain out of Montreal, hauling it up there from American ports to move it out of Montreal?

Mr. PALMBY. Congressman Poage, this is a development that has come with the development of the St. Lawrence Seaway.

Mr. POAGE. Therefore, it is not normal. It hasn't taken place. It is something that has never taken place and it isn't a normal thing. It is a thing that you are trying to develop into a normal operation which is not a normal operation, and you are destroying both the American railroads and the American shipping lines and the American ports in doing it.

Now, if we want to destroy American industry and then tax someone else—now are the Canadians going to pay these taxes, run this Government, run your outfit, are they going to pay for these inspectors you are to send up there? Somebody has to be taxed to pay those bills, and I think it is wrong to let some American business pay those taxes.

Mr. PALMBY. Well, Congressman Poage, it was our judgment after we had considered this problem with what we think were the interested people that this is the way we should go. Now, I would like to say that if this committee or if Congress feels that we have moved in the wrong direction, certainly we will be more receptive to what they have to tell us, but in our opinion, after listening to all the proponents and the opponents—

Mr. POAGE. Now you say the opponents. I am one of those opponents, but I never heard of this thing until yesterday. You carefully saw that the proponents were available to give you their arguments, but those of us who are opposed to this kind of dealing were given no opportunity to present any arguments. Now, you say you listened to all the opponents, but you didn't give any of the opponents that I know of—what opponents did you notify about this? Who on the gulf coast was notified that you were having this meeting?

Mr. PALMBY. The gulf was represented.

Mr. POAGE. Who of this committee was notified? You said members of this committee were down there. Who of this committee representing the gulf ports was notified?

Mr. PALMBY. Frankly, I do not know.

Mr. POAGE. Was there one single member of this committee representing the gulf ports that knew anything about this?

Mr. PALMBY. Well, I would hate to say whether any of them there knew anything about it or not. I don't know.

Mr. POAGE. You do know that those who represented the lake ports knew about it; didn't you? Because you notified them; didn't you?

Mr. PALMBY. No, sir.

Mr. POAGE. You did not?

Mr. PALMBY. Congressman Poage, I said earlier if we neglected to notify people that we should have notified on this committee, you have my apology.

Mr. POAGE. Well, will you give us a list of those members of the committee who were present?

Mr. PALMBY. Yes, sir.

Mr. POAGE. You couldn't tell it to us right now, could you?

Mr. PALMBY. Yes, sir. Congressman Breeding and Congressman Wint Smith were there and there were several other Congressmen who had representatives there, but I do not know who they were, but I will be happy to supply this list.

Mr. POAGE. If you will, please.

Mr. PALMBY. Yes.

(The above information is as follows:)

The only Congressmen on the House Committee on Agriculture who attended the meeting at the Department of Agriculture were Hon. J. Floyd Breeding, and Hon. Wint Smith.

Mr. McINTIRE. Has there previously to the opening of the St. Lawrence Seaway passages—because there has been a seaway for many years—but has there, prior to the opening of the passage of the seaway, been any transshipment by CCC through the seaway that would have to be transshipped because it couldn't go into oceangoing transports?

Mr. PALMBY. Prior to this year?

Mr. McINTIRE. Yes.

Mr. PALMBY. Yes, sir, there has been.

Mr. McINTIRE. Then this transshipment proposition is not new?

Mr. PALMBY. No, sir; it is not.

Mr. McINTIRE. And we have been using the seaway as an outlet for foreign shipments?

Mr. PALMBY. Right.

Mr. McINTIRE. Was the transshipment taking place in Canada—it would have to be in Canada.

Mr. PALMBY. At Montreal the same as it is today.

Mr. McINTIRE. Was a special service provided?

Mr. PALMBY. No, sir, it was not as we contemplate doing it right now. Again this is a function of the agricultural marketing service, but as I understand it, there has been issued prior to this in years past what the agricultural marketing service calls split certificates and putting it very coldly, this in their opinion and in the opinion of all of us in the Department who are interested in export programs was not sufficient to give us proper grade certification on the grain as it left the Canadian ports after it was transshipped.

Many times before this very committee it has been brought out that some of the grain arriving in destination overseas was not what some of the buyers thought it should be, so we thought it behooved the Department and I think rightfully so, that we should do the best possible job we can to see that the grain as it leaves the last port on this shore carries a proper U.S. grade. We did pay subsidy last year on movements of free stocks of grain going for cash sales out of the lake ports and also on transshipments and we also allowed barter grain to go this way, but this will now be the first time that we will use the same mechanism on title I, 480 grain.



Mr. McINTIRE. Well, primarily then, this is providing a check point as to grade when the transshipment is made and it is also consistent with what has been going on, except we have been transporting from lake vessels and barges at Montreal and now we talk about vessels which partially load in the lake ports.

Is that primarily the difference?

Mr. PALMBY. This is absolutely correct and the only addition to all of this is that we now make title I sales the same as the others through the lake ports.

Mr. McINTIRE. Thank you very kindly.

The CHAIRMAN. Mr. Palmby, Mr. Heimbürger wants to ask you some question on behalf of the committee. We have a rollcall in the House so I will let Mr. Heimbürger ask those questions in my absence. When he is through the committee will stand adjourned until 10 o'clock tomorrow morning.

Mr. Heimbürger will ask the questions.

Mr. HEIMBURGER. Mr. Palmby, this will not take but 5 minutes.

Mr. PALMBY. Thank you.

Mr. HEIMBURGER. In your statement and in your subsequent discussion with the chairman, I am sure the impression was left that the difficulties in which you find yourself now in administering a reasonable barter program are largely due to the law which Congress enacted in 1958. I would agree that to some extent this is true, but I think that law cannot be considered in a vacuum and the background of it must be considered at the same time. I just want to set the record straight on the background and on what Congress intended by this law.

As you will recall, the barter program operated as you so well described in your statement—and I have never seen a better description of the distinction between the way the barter program operated prior to May 1957 and the way it operates now. I think it is an excellent analysis and description of the program then and now and I want to commend you.

It was in order to get a barter program underway again after it had been virtually brought to a stop by the Department regulations in May 1957 which caused Congress to enact the legislation to which you refer, the amendment made in 1958.

Just to have the record clear, I would like to read some excerpts from the conference report on that bill.

The Department of Agriculture vigorously opposed the inclusion of any provision relating to barter either in the House amendments or in the conference report. The fact that such a provision is included in the conference report therefore is a clear indication of the dissatisfaction of the House and of the conference committee with the manner in which the Secretary has executed his responsibilities to conduct a barter program during the past 15 months. In effect, the Congress has felt it necessary to tell the Secretary to carry on a program which is already the law.

The Congress also anticipated the adverse effects which would stem from the kind of a barter program which you are now carrying on and that you have so well described in your statement, in this language:

The conferees were aware that prior to May 28, 1957, barter contractors were offering nominal discounts in order to dispose of the commodities abroad. These discounts normally were around 1 or 2 percent. Following the May 28

directive, the requirements of the additional program were so stringent and the movement of the commodities so difficult that discounts of from 8 to 10 percent were reported. This bill contemplates that a discount of a few percent will not unduly disrupt the world price and not be a basis for establishing restrictions. If a discount is reported above this reasonable rate, the Secretary should take appropriate precautions and action to guarantee against the disturbing effect of such a large discount.

Rather clearly—I am not quoting now—in the conference committee contemplation was the fact that appropriate action was not to lead to further restriction. The conferees further said:

The details of the barter provisions included in this conference report are relatively unimportant. Congress is not so much concerned with the administrative details of the Secretary's operations as that he should carry on an aggressive and effective barter program. Had he been doing so, there would have been no need for any barter legislation in this bill.

Then at the end of the report, the committee clearly states what it considers an adequate program to be: (1) which is similar to that carried on prior to May 27, 1957.

As we have stated above, the substantive changes in the law, while significant, are not nearly as significant as the fundamental fact that the Congress has felt it necessary to enact legislation to require performance of a program which it has previously established by law. This bill is designed to reinstate a barter program of at least the magnitude followed prior to the restrictive regulations issued by the Secretary of Agriculture.

I do not know whether you care to comment on those quotations, but in order to set the record straight as to what Congress had in mind when it enacted the amendment in 1958 and why there was any necessity at all for the rewriting in of the barter language.

MR. COFFMAN. Mr. Heimburger, my name is Claude Coffman. I would like to comment because I believe you made some misstatements that you would like to correct.

I think you said this was in the conference report. Didn't you mean that it was in the statement on the part of the managers of the House and not in the conference report itself?

MR. HEIMBURGER. Thank you, Mr. Coffman. Of course, the conference report is the bare language of the amended legislation.

MR. COFFMAN. That is right.

MR. HEIMBURGER. This is a part of the document, House Report No. 2694, entitled "Conference Report."

I was quoting from the statement of managers on the part of the House. It is, incidentally, a statement which was concurred in and signed by all of the House members of the conference committee, from both sides of the aisle.

MR. COFFMAN. Excuse me. There again you made the reference to conferees. You really meant House conferees; did you not?

MR. HEIMBURGER. No, when a statement of managers, Mr. Coffman, refers to conferees it means exactly that. It means all of the conferees, because without the concurrence of a majority of the conferees—rather it means the majority of the conferees, because without the concurrence of a majority of the conferees from both the House and the Senate, a conference report cannot be agreed upon.

MR. COFFMAN. I know, but the statement you made was not signed by the conferees; was it? It was signed by the House members?

MR. HEIMBURGER. It was signed by the conferees on the part of the House.



Mr. COFFMAN. My last comment is that you are aware, of course, that the conferees from the Senate made statements that were diametrically opposite to those which you read in the statement on the part of the managers of the House?

Mr. HEIMBURGER. Which conferees made those statements?

Mr. COFFMAN. Well, I think the chairman of the committee, Senator Ellender made such a statement.

Mr. HEIMBURGER. I am aware that Senator Ellender some time after the conference put into the record a document which had been prepared for him which was, as you say, diametrically opposed to the statement of managers on the part of the House which, let me assure you, Mr. Coffman, reflected the majority sentiment of both House and Senate conferees or the language referred to would never have been adopted.

Mr. COFFMAN. Well, then, I would next call your attention to the fact that these statements which you have read as completely inconsistent with the legislative language which the conferees adopted.

Mr. HEIMBURGER. Would you like me to go into that, too?

Mr. COFFMAN. No, I am simply commenting on your statement. I think the record just should carry a complete story.

Mr. HEIMBURGER. I think it should too; so we will complete the story, Mr. Coffman, by saying that the statement that the Department of Agriculture vigorously opposed the inclusion of any barter legislation was an understatement which was toned down from the language which the chairman of this committee first dictated to go into the statement of managers on the part of the House.

The participation of the Department of Agriculture as adviser and consultant in this committee of conference was very great and very pronounced and the fact that the language in the statute, which I apologize for, having had something to do with drafting it, is not as clear and not as accurate as it should be, is due solely to the fact that representatives from the Department of Agriculture were constantly outside the conference room door, that every provision that was proposed was taken out and offered to them for their suggestion, and that they apparently did their best to louse up the language—and I commend them. I think they succeeded admirably in doing just that.

Now, just one other comment, Mr. Palmby. It seems to me and I am not arguing with you now, but it seems to me that at the conclusion of your description of how barter worked before the restrictions were put on, you have shown us the key to the Department's opposition to a wide open barter program.

The Department simply disagrees in principle with the policy of acquiring strategic and other materials by using the device of barter. Isn't that correct?

Mr. PALMBY. With an addition, Mr. Heimburger. We are opposed to it if it means that in the process of doing it we are taking those materials rather than dollars.

Mr. HEIMBURGER. Well, that is the essence of a barter program.

You say in your statement quite clearly that the thing you are basically opposed to is the policy of Congress which has been reiterated in numerous acts of Congress that strategic materials and other materials, which are useful in this country should be acquired

by using the barter device. You disagree basically with the policy of Congress.

I think you have been frank about it here and I think it is well that we understand what the situation is.

Just one other thing I want to bring up.

In connection with this cost to the taxpayer, I have here a publication called "Cotton, Monthly Review of the World Situation," which is published by the International Cotton Advisory Committee, Washington, and this is the issue of June 1959.

On page 19, it has a table listing the cotton export programs for 1958-59, under which it shows the total exports of cotton under Public Law 480, title I, that is, under IGA programs, under the barter program and under Export-Import Bank loans.

Now, I think it is interesting to note the different price at which this cotton moves in terms of the commitment of taxpayer's dollars to getting it moved out of the United States.

The total shows that through June 1 of the fiscal year just ending, under title 1 of the Public Law 480, there were agreements to export 741,000 bales of cotton at a total cost of \$126.5 million which, if my arithmetic is correct, comes out to \$171 per bale, taxpayers money to move this cotton. Admittedly we receive something in value. We get back foreign currencies which we know will not be worth \$171 but we know they will be worth something to the extent that we do not give them away.

Under the ICA programs, there were commitments to export 722,000 bales of cotton at a total cost of \$108.9 million or a cost of \$151 per bale.

Now, what we get back out of that \$151 million outlay from the Treasury we both understand. It is not material perhaps, but we assume we are getting something in goodwill and better international relations.

Under the Export-Import bank program, where dollars are loaned to a foreign country for purchasing U.S. material, we have a commitment of \$151 per bale, just to move cotton out of the United States by loaning people money. This shows that 535,000 bales were exported under that program at a cost of \$79.8 million.

Now under the barter program, it shows that during this same period 320,000 bales of cotton were scheduled for export at a cost in the materials of \$38.1 million or a cost of \$119 per bale in dollars, in dollar outlay, for each bale of cotton we exported, under the barter program. In return we are, of course, getting materials which—while the Department of Agriculture may think we don't need and shouldn't be acquiring—nevertheless they are hard materials which will retain some value as the years go by.

So it entails now only \$119 a bale to move cotton under export by barter, contrasted with \$171 a bale under title I.

That is the end of my question.

Mr. PALMBY. Mr. Heimburger, I am tempted to say I have no comment.

I think I would not be honest in saying that I do not have one because I do.

I fully understand the giveaways that we make and the reasons for these programs that the Executive asks for and Congress in its



wisdom appropriates money to carry out but I would have to follow it immediately by saying that the justification of those—and I am not questioning the need nor the desire for them—but because of the existence of them, does not in my opinion at all give any support to the argument that in order to acquire material for stockpiling purposes which in turn are isolated from a market that we should open the doors to what are established markets on an unrestricted basis and in turn replace dollar transactions. Consequently, Mr. Heimbürger, this is why we have taken the position in the Department that the present legislation which is in existence, which as we interpret it does give us leeway to make some restrictions and at least gives us some leeway to attempt to tie originations and destinations together should not be changed. That is why I would have to conclude my remarks by saying that we are satisfied and are willing to do the best job we can under the present legislation.

Mr. HEIMBURGER. Well, you described a pretty satisfactory program in your statement, the one that you had prior to May 1957, and I am glad that we have had this little discussion because I think we have arrived not at an understanding that the opposition, your opposition to the barter program stems from questioning the basic wisdom of Congress in establishing the policy that surplus agricultural commodities should be bartered.

Let me add that that is the very reason why I have been such a strong advocate of the barter program as you very well know I am. I am not neutral in this matter.

Mr. PALMBY. I have gathered that, Mr. Heimbürger.

Mr. HEIMBURGER. I have worked for Congress for 12 years now. I perhaps am a little jealous of the prerogatives of Congress and my only interest in this matter is trying to see that a policy which has been enunciated not once but at least a half dozen times by Congress is carried out by an executive agency of the Government.

I think we have reached a complete understanding on this subject.

Mr. PALMBY. Well, let me say it has been most enjoyable outlining what we think of the barter program and all of the ramifications.

Mr. HEIMBURGER. I want to commend you again for the sincerity of the statement you presented today. It is the best description of the program as it was and as it is that we have had.

Thank you very much.

Mr. PALMBY. Thank you.

(Additional data pertaining to this discussion which was delayed in its submission to the committee may be found on p. 773.)

(Whereupon, at 12:45 p.m., the committee adjourned to reconvene again at 10 a.m., Wednesday, July 29, 1959.)

## EXTENSION OF PUBLIC LAW 480

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WEDNESDAY, JULY 29, 1959

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, D.C.*

The committee met pursuant to recess at 10 a.m. in room 1310, New House Office Building, Washington, D.C., Hon. Harold D. Cooley chairman.

Mr. POAGE (presiding). The committee will please come to order.

We are meeting this morning to hear additional witnesses on the matter of extension of Public Law 480. The first witness on the list is a Member of Congress, Mr. Ullman.

### STATEMENT OF HON. AL ULLMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON

Mr. ULLMAN. Chairman Cooley and members of the committee, I appreciate this opportunity to appear before you this morning. I know of few programs of greater importance than that authorized by Public Law 480 and I am happy to testify in support of its continuation and expansion.

Progress made within the framework of the 480 program during the past 5 years provides adequate testimony concerning the need for this program. Seldom does the United States have an opportunity to dispose of accumulated farm surpluses and at the same time to strengthen U.S. foreign policy objectives. The Public Law 480 program offers both advantages.

I firmly believe that all four avenues for the disposal of farm surpluses should be extended and expanded.

The sales of surpluses in exchange for foreign currency which have been made pursuant to title I have done much to substantially increase U.S. agriculture exports. Since the program was authorized in 1954, title I sales have amounted to 843 million bushels of wheat, 210 million bushels of feed grains, 4 million bales of cotton, 3.6 billion pounds of fats and oils, and substantial quantities of several other farm products. These expanded transactions have accomplished two objectives by first improving our foreign relations and secondly, diminishing our agriculture surpluses.

Mr. Chairman, with reference to title I activities, I wish to pay special tribute to the work of the Oregon Wheat League for its market development program. Far Eastern sales have been generated by the league's activities and new types of wheat products geared to the tra-



ditional Oriental diet have been developed. Bakers and home economists with appropriate equipment have conducted thousands of demonstrations showing the local people how Pacific Northwest wheat can be milled and prepared into appetizing foods under conditions prevailing in their communities.

In Japan where the Oregon Wheat League has maintained an active market development program for several years, wheat consumption has been increased by 20 percent and is continuing to grow. As more and more people throughout Asia learn to use the products of wheat, commercial markets for wheat may be expected to expand greatly.

The implementation of title II provisions has also been of importance. The \$400 million of our abundant agricultural production made available to friendly foreign people to meet extraordinary disaster situations represent the best type of foreign assistance. Drought and flood stricken peoples throughout the world have received aid essential to their continued existence.

Commendable work has also been carried on under the title III program. The foodstuffs donated under this section have permitted non-profit voluntary relief agencies to carry on their feeding programs abroad. Similar work of equal importance has been carried on in this country with laudatory results. Although utilized to only a limited extent in recent years, the barter program authorized by title III provides additional means for the disposal of our surpluses.

Mr. Chairman, during the last 5 years 1,014,500,000 bushels of U.S. wheat have been sold, bartered or given away under the 480 program. Equally impressive amounts of other commodities have also been utilized. Clearly a need exists which is being met by the program.

However, while much has been accomplished, far more remains to be done if the hungry of the world are to be fed. It is unconscionable, in my opinion, for our warehouses to bulge with farm surpluses while one-third of the world's population goes to bed hungry. It is unconscionable for Americans in depressed areas to subsist on diets which fall far short of U.S. Department of Agriculture minimum standards, while bumper crops continue.

I am convinced the 480 program offers the framework for the humanitarian work so badly needed. For this reason, I ask that it be extended and, equally important, that it be expanded. Much can be done to implement a real "food for peace" program. Greater quantities of our abundant food supplies can be used effectively to help finance public works projects in countries underdeveloped or suffering from chronic unemployment. Greater emphasis can be placed on the domestic distribution of surpluses to insure a proper nutritious diet for this country's school children, charitable institution inmates and needy families.

I know the members of this committee will examine domestic and worldwide needs closely and I feel confident that your deliberations will result in an expanded Public Law 480 program more closely geared to those needs.

Mr. POAGE. We will pass then to the voluntary agencies. I believe Monsignor Edward E. Swanstrom is chairman of the Executive Committee. We will be glad to hear from you now.

We are glad to have you, Monsignor.

**STATEMENT OF MSGR. EDWARD E. SWANSTROM, CHAIRMAN, AMERICAN COUNCIL OF VOLUNTARY AGENCIES FOR FOREIGN SERVICE, INC., NCWC; ACCOMPANIED BY DR. R. NORRIS WILSON, EXECUTIVE DIRECTOR, CHURCH WORLD SERVICE, NCCCUSA; MRS. RAPHAEL TOUROVER, HADASSAH; FRED DEVINE, DEPUTY EXECUTIVE DIRECTOR, CARE; AND A. W. PATTERSON, AMERICAN FRIENDS SERVICE COMMITTEE**

Monsignor SWANSTROM. My name is Rt. Rev. Edward E. Swanstrom, and I am chairman of the American Council of Voluntary Agencies for Foreign Service.

I am also the executive director of the Catholic Relief Services, but I am testifying on behalf of the American Council.

Mr. Chairman and members of the committee, during the past 9 years, while surplus foods have been available for distribution, the voluntary agencies associated in the American Council of Voluntary Agencies for Foreign Service, have worked in 67 countries and areas of the world to confront with programs of aid, rescue and rehabilitation an immensity of human need.

(The list is as follows:)

**MEMBER AGENCIES**

American Baptist Relief.  
 American Friends of Russian Freedom, Inc.  
 American Friends Service Committee, Inc.  
 American Fund for Czechoslovak Refugees, Inc.  
 American Jewish Joint Distribution Committee, Inc.  
 American Middle East Relief, Inc.  
 American National Committee to Aid Homeless Armenians (ANCHA).  
 American ORT Federation, Inc.  
 American Relief for Poland, Inc.  
 Brethren Service Commission.  
 Catholic Relief Services, National Catholic Welfare Conference, Inc.  
 Church World Service, Inc., National Council of the Churches of Christ in the U.S.A.  
 Cooperative for American Relief Everywhere, Inc.  
 Co-ordinated Hungarian Relief, Inc.  
 General Council of the Assemblies of God, Foreign Service Committee.  
 Hadassah, the Women's Zionist Organization of America, Inc.  
 Hadassah Medical Relief Association, Inc.  
 Heifer Project, Inc.  
 International Rescue Committee, Inc.  
 Iran Foundation, Inc.  
 Lutheran Refugee Service, National Lutheran Council and the Church—Missouri Synod.  
 Lutheran World Relief, Inc.  
 Mennonite Central Committee, Inc.  
 Near East Foundation.  
 Polish American Immigration and Relief Committee, Inc.  
 Salvation Army.  
 Selfhelp of Emigres from Central Europe, Inc.  
 Seventh-day Adventist Welfare Service, Inc.  
 Tolstoy Foundation, Inc.  
 Unitarian Service Committee, Inc.  
 United Friends of the Needy and Displaced People of Yugoslavia, Inc.  
 United HIAS Service, Inc.  
 United Lithuanian Relief Fund of America, Inc.  
 United Seamen's Service, Inc.  
 United Ukrainian American Relief Committee, Inc.



World Relief Commission of the National Association of Evangelicals.

World University Service.

Young Women's Christian Association of the U.S.A. (Foreign Division).

Monsignor SWANSTROM. While in some places this need has shown significant decrease, in other large areas of the world it is not only still critical but is on the increase.

For example, as human suffering diminished in Western Europe it became intensified in areas such as North Africa and the Far East where new waves of refugees are testimony to the continuing unresolved crises in many sections of the world.

The voluntary agencies—both church related and secular—in addition to conducting programs of migration, of resettlement of refugees, of self-help and health building, have met the immediate problem of human hunger through large-scale feeding projects, made possible largely through Public Law 480. In these programs besides their own purchased food supplies, the voluntary agencies have utilized in the past 9 years  $3\frac{1}{4}$  million tons of American surplus food products.

That is during the last 9 years.

In all of their overseas programs, the primary aim of the people-to-people agencies is to express fraternal human concern for the welfare of peoples deprived of homes (this is very important to my mind), often of governmental protection and of the opportunity to decide their own fate or to help themselves.

As they work side by side with the needy and dispossessed around the world, the agencies speak by deeds for the great majority of Americans—I think it could be said without fear of contradiction—giving witness to the basic international concern of the American people—to build peace—by reaching out a helping hand to the less fortunate members of the family of man.

Concerning the subject of this hearing—the extension of legislation dealing with American abundance—I would like to make the following points in the name of the Executive Committee of the American Council of Voluntary Agencies for Foreign Service.

1. We would warmly commend legislation which expressed recognition of American abundance as a potential force for peace in the world, rather than a problem in mere disposal.

2. We are keenly aware of the food crises which threaten many areas of the world today. In India, for example, already hundreds of thousands are suffering from hunger and in the next decade (if India is not able to produce food or get food from some source) millions may starve to death. In almost all cases, the food crises which not only endanger the lives of hundreds of thousands but which also endanger the peace and security of the world are long-term crises which necessarily require years for solution.

Therefore we, in the depth of our consciences, must strongly urge that the legislation enacted at this session of Congress make adequate and definite provision for long-term planning.

3. For people whose energies are depleted by prolonged hunger and insufficient protection from the elements (either in clothing or shelter)—many of the people we serve do not even have a roof over their heads much less sufficient clothing—a protective food is of the essence for survival. An oil or fat is such a food—particularly as the

winter approaches. Despite permissive legislation, the high protein oils and shortenings which meant so much in feeding programs for refugees and other groups are not currently available for voluntary agency distribution.

4. The reason for the absence of these drastically needed oils from the voluntary agency overseas distribution programs likewise illustrates the reasons for the absence of many other food products. Under existing legislation the Department of Agriculture feels—and perhaps quite justifiably—that it is directed first to dispose of CCC acquired foods through sale or barter, even if on market depressive terms, before offering them for donation purposes.

The agencies believe that the situation requires clarification and urge that if the Congress desires additional food commodities to be made available for distribution programs overseas, it should say so very explicitly in the forthcoming legislation.

Since supplies of U.S. foods were first sporadically made available to American voluntary agencies 9 years ago, and then increased considerably as the result of legislation by Congress, there is no doubt about their having approved their enormous value in assisting the needy of the world.

But the problem of need still continues; the programs go on. We are besieged by crying human want on all fronts, wherever we are, in our many outposts overseas.

Meanwhile at home our warehouses continue overflowing; in the use of our abundance we are being tested before the nations of the world.

We appreciate what the Congress has already done through this legislation. And in helping us to meet the needs of people. And, we, certainly, hope that Public Law 480 will be continued.

Thank you very much.

Mr. POAGE. We appreciate your statement, Monsignor. I just wonder if it is fair to say that you agree that if we are to make the program really effective, there needs to be continuity. We need to guarantee to people in other parts of the world what they can expect from the United States over, at least, a period of 3 to 5 or 6 years. Is that your feeling?

Monsignor SWANSTROM. That is true. And then, we are continually told these programs gradually have to phase out. We realize that is true.

In most of the countries we are working in, we are trying to get the authorities and the people we work with to realize that some day they will have to get this food themselves from their own resources. But if we could see ahead and to know that the thing was going on for 3 or 4 years, then we can plan much more wisely.

Mr. POAGE. In other words, if we had some assurance that the gift program would continue over a specific period of time, then if we had some assurance that the sale for foreign currencies would continue over a specific period of time, would they not be able more quickly to assume the obligation of buying their foods, if they could do it on a dependable basis, for a given period of time?

Monsignor SWANSTROM. I agree with that. I am sure that Mr. Devine for CARE and Mr. Patterson of the Friends Service Committee and, also, chairman of our Warehousing and Shipping and Surplus Food Committee would agree, also.



Mr. DEVINE. Yes.

Mr. PATTERSON. Yes.

Mr. POAGE. That is the important problem that is before this committee, whether our Government should make commitments for definite periods of time. We understand that the Department has that authority right now, but the Department feels that it does not want to exercise it for more than 2 years under any circumstances; in most instances only for one year of time. Speaking for myself, I will say that I feel that we would do so much more good if we would make commitments on which people could rely for a reasonable length of time.

Monsignor SWANSTROM. Yes, sir.

Mr. POAGE. You mentioned a lack of fats and oils, that they have practically been taken off the available list for distribution. Do you have any information or can you give us any information as to why this was done? It is my understanding that the Government has exported tremendous quantities of fats and oils and beans from which the oils might be produced.

Monsignor SWANSTROM. Yes.

Mr. POAGE. Under subsidy programs within the last year. Do you have that same understanding?

Monsignor SWANSTROM. Well, not so much. I do know this: you see when butter was available, they converted quite a bit of it into butter oil. And we had a little linseed oil. We have been pleading with Agriculture the last 3 or 4 years to use the authority that it has to take, say, soybeans and convert them into oil. But we haven't been able to convince them, although they realize the importance of oil or fat in the diet of these people.

Mr. POAGE. Of course, they contend, as I understand it, that they do not have them in surplus. Is that right?

Monsignor SWANSTROM. Yes; that is true—they haven't got butter any longer and they can't give butter oil, but they have plenty of soybeans in surplus, which we feel could be converted into oil.

Mr. POAGE. What about the situation of the substantial amount of oil which the Government still owns? I don't know just what they have but I know they own a substantial amount of oil.

Monsignor SWANSTROM. As I understand, under the present legislation, they could convert some of these, say, the soybeans into oil, but they have not been using the authority for that.

Mr. POAGE. Has it not been converted into oil?

Monsignor SWANSTROM. What?

Mr. POAGE. They do have a substantial amount that has been converted into oil, don't they, but they won't supply that to your organizations, will they?

Monsignor SWANSTROM. It is only used in domestic use or for sale, and we haven't been able to get any at all from Agriculture in the last few years—none at all.

Mr. POAGE. I do not think converting it to oil makes it available to your organization under the present ruling. They do have a substantial amount now that is converted into oil, do they not?

Monsignor SWANSTROM. I can't answer that question. Agriculture could themselves. But if they have, I wish there were some way that something could be made available to us. We use a great deal of dried

milk, as you know, and a great deal of grains, but if we had oils or fats to supplement that, the amount of good we could accomplish in so many quarters would be immeasurable. You could not conceive of it; it is amazing. So if you could find some way of practically instructing Agriculture to make it available to us, it would be of tremendous help.

May I say frequently, we are called down here to be asked how we could make better use of American surplus foods. That is one of the things we have always suggested.

We have, also, suggested taking wheat and changing it into bulger wheat so it could be used as a substitute for rice, in the Far East, and in India and other places.

I suppose money has to be gotten from the CCC. You can tell us more about that than I know. They cannot just find their way to do it.

MR. POAGE. Do they give you any rice for your program?

MONSIGNOR SWANSTROM. From time to time; and most of it brewer's rice which is good and fine. And then we have had some, but not much.

MR. PATTERSON. Only in very limited amounts made available for a shorter period once a year for 6 weeks, something like that.

MR. POAGE. Has there been a program under which you could rely upon any shipments of rice?

MONSIGNOR SWANSTROM. No, no; very spasmodic and in very limited amounts. From time to time.

MR. POAGE. Do they give you any assurance that you can have the bulger wheat?

MONSIGNOR SWANSTROM. Wheat? Sure, as you know, there is an unlimited amount of wheat and flour and cornmeal.

MR. POAGE. I know there are large amounts, but will they give you any assurance that you can have wheat or cornmeal a year from now?

MONSIGNOR SWANSTROM. No. Because we operate from year to year as you said in the beginning. But we know something about the amounts that are in surplus and we have a pretty good assurance that we will be able to get it.

MR. POAGE. Will they give you commitments for 6 months or 9 months?

MONSIGNOR SWANSTROM. They give us one for a year. And now we are beginning to submit our estimates for 1961. We already have our approvals for 1960. These programs are based on careful estimates of these programs, our ability to supply to certain groups and so forth, demonstrated ability to distribute them, in accordance with all of the rules and regulations under the American law. I perhaps should not bring this up. I would like to bring this up just as an individual.

Sometimes we find we submit these programs, which are very carefully thought out based on carefully worked out programs, then somebody in ICA and Agriculture just arbitrarily cuts them 10 percent, 20 percent, 25 percent. Sometimes, I see no rhyme or reason to it. But it is done.

MR. GATHINGS. I was interested in what you had to say about rice, that it was available about 6 weeks in the year and that is about all, is that right.



Mr. PATTERSON. At the present time, there is no rice available to us. I think twice in the last 2 years, brewer's rice has been made available to us, this broken rice, for a period of about 6 weeks.

Mr. GATHINGS. What time of the year does that come?

Mr. PATTERSON. I think last year it came in the autumn, in the late autumn, and was available for shipment during the early winter months.

Mr. GATHINGS. We do have considerable supply of rice in surplus at this time and have had.

Mr. PATTERSON. The agency shipped in the fiscal year just ended a total of about 62 million pounds of this brewer's rice as against about 900 million pounds of flour.

Mr. GATHINGS. What about that 62 million pounds?

Mr. PATTERSON. That is the amount of brewer's rice that our agency shipped.

Mr. GATHINGS. Has it been made available to you?

Mr. PATTERSON. Yes. This is during the 12 months' period. Actually, it was available just during these 6 weeks. That was the amount that was made available as compared—

Mr. GATHINGS. Where does that rice come from, what ports?

Mr. PATTERSON. Shipped from various ports, mostly from the gulf ports.

Monsignor SWANSTROM. That is right. That is a very limited amount, as you realize. That is the total amount used by all agencies. Agriculture tells us in a particular quarter, "This much rice is available," and then it is divided amongst the various programs.

Mr. GATHINGS. These 62 million pounds is a small amount of rice. Rice is a No. 1 commodity in some parts of the world. It is the No. 1 in value that is consumed in the world today. Sixty-two million pounds is just a little dab of rice, as a matter of fact.

Monsignor SWANSTROM. That is right.

Mr. GATHINGS. The need is there.

Monsignor SWANSTROM. Congress should be interested in places like Hong Kong and Korea where they eat rice and almost nothing else.

We have taught them to eat gruel made of a combination of milk, corn meal and wheat—very palatable. It is now being used as a substitute. We took samples of bulger wheat and sent it out to all of our stations all over the world, each of the agencies. The answer came back that would be a wonderful substitute for rice.

Mr. GATHINGS. Does your organization recommend that it be made permanent?

Monsignor SWANSTROM. I do not think the American Council has discussed that.

Mr. GATHINGS. You do not have any view with respect to the attitude that it be made permanent?

Monsignor SWANSTROM. No, I do not think so. I do not want to speak for everybody. Incidentally, this is Mr. Norris Wilson and Mrs. Tourover from Hadassah. Have you got any feeling about it being made permanent?

Mr. PATTERSON. I think many of our agencies would feel that anything in the way of permitting longer term plannings, as the chairman has indicated would be desirable.

Mr. GATHINGS. You are in favor of a long-term arrangement. That would meet the problem, about as well as making title II permanent.

Mr. PATTERSON. You mean if the commodities were made available under title III, is that what you mean, sir?

Mr. POAGE. Even though we extend the law for one year's time or 2 years' time, but provide that the Department can make long-term commitments.

Mr. GATHINGS. That is correct.

Mr. POAGE. It would serve the purpose without extending the law over a period of time. It might be extended for 20 years and if the Department would only make one year commitments at a time, it would not achieve anything for us, but if we authorized long-term commitments, it would give you what you need.

Mr. PATTERSON. We would agree with you that the long-term commitments is the important thing and, particularly, in the case of the fats and oils as Monsignor Swanstrom has indicated.

Mr. GATHINGS. You need a greater volume of food for distribution, is that what you are telling us? You need a greater volume at this time. You ask this committee to write into the report that the committee makes that more food should be made available to hungry people to bring peace throughout the world.

Monsignor SWANSTROM. Yes, sir.

Mr. GATHINGS. How much food do you desire? Of the fats and oils or rice, how much more would be needed?

Mr. WILSON. May I comment? You could probably double the poundage, and it would help if you added a greater variety of food. You need fats. In toto, I should say, probably, a third more in volume could be handled.

Mr. GATHINGS. A third more.

Mr. WILSON. Yes.

Mr. GATHINGS. Provided we had the fats and oils.

Mr. WILSON. It is the variety that matters most, not the volume.

Monsignor SWANSTROM. Even 50 percent more would be good.

Mr. WILSON. May I comment on this long-term planning question?

Mr. POAGE. Yes.

Mr. WILSON. I should say anything that the committee could do to reduce the nervousness of this program would be good. We are in a constant stir because when the programs have been committed for a year, we have no reason to suspect that the day after that this program or that program or the other program won't be cut, curtailed or changed, on some basis. We often never know what basis.

For example, at the present time, the commitments having been made to the field, to the programs in the field of the various countries, we are being asked to cut milk 10 percent across the board. We know why this is. Apparently, there isn't enough milk.

Mr. JOHNSON of Wisconsin. Is that dried milk?

Mr. WILSON. Yes.

Monsignor SWANSTROM. We have been told it should be cut 20 percent, I beg your pardon.

Mr. WILSON. This makes a radical change in many of the programs overseas.



Mr. GATHINGS. How long ago was that that the milk was rationed?

Mr. PATTERSON. About 2 months ago.

Mr. WILSON. A month or 6 weeks.

Mr. GATHINGS. Is it 10 or 20 percent?

Mr. WILSON. Twenty percent. And when I use this specific example, I do it to cite the kind of nervousness that we all have about the programs from month to month.

I think if there were a long-term commitment and an ability to plan for longer term programs and produce for longer term programs, part of this nervousness would be dissipated.

Mr. HOEVEN. How could you remove that nervousness if commodities are not in surplus supply and cannot, therefore, be made available?

Mr. WILSON. The cows are there.

Mr. HOEVEN. I know, but we are talking about surplus which can be made available to hungry people.

Mr. WILSON. We are talking about food for hungry people.

Mr. HOEVEN. But if there is no stock in Commodity Credit, how can you give it out?

Mr. JOHNSON of Wisconsin. I am trying to get the figures on the milk.

Mr. POAGE. Did the Department tell you why there was a shortage of nonfat dried milk?

Mr. WILSON. No.

Mr. POAGE. Did they give you any reason at all?

Mr. WILSON. We have to guess. This is the point. Nobody tells us anything.

Mr. POAGE. My guess is that there isn't any such shortage.

Mr. WILSON. We are trying to put the best face on it possible.

Monsignor SWANSTROM. Let me give you a better example of nervousness.

In Chile, we have a very large program. And I know by fact that it is appreciated by the people of Chile and has won for the United States a great many friends down there. I know that. I can prove it by testimony.

I know something about the size of our surpluses. Yet, it has been told to our officials and the officials of the agencies that we work with in Chile, that we will have to cut this program 20 percent every year for the next 5 years. So that we will gradually put it out of business.

Well, you are not going to clear up the poverty in Chile in the next 5 years. You may put a little bit of a dent in it in 5 years. We have put a dent in the poverty in certain other places. But knowing something about the surpluses, isn't it silly for any official to say, "Now, you have got to cut that program 20 percent every year for the next 5 years?"

Mr. POAGE. Monsignor, I could not agree with you more. I think you are exactly right, but we have had witnesses sitting in that chair for the past 2 weeks tell us that we could wipe out the surpluses in the next 3 years. And that they expected to wipe them out in that time. I do not expect anything of the kind. I think it indicates a complete lack of knowledge of anybody in Agriculture to make any such statement. But nevertheless, representatives of the farm or-

ganizations, representatives of the Department, too, will tell you that they expect to see these great surpluses just vanishing like the morning mist. They do not know how it will happen, but they expect it to take place. I do not expect it to take place.

I think we all should make definite plans to use these surpluses for at least 10 years' time, and if during that time, we have some serious calamity, I would not object to the United States making commitments to supply any amount because we can supply it. And when I as an individual contract to sell my calves next fall, I have to supply them and I am perfectly willing to take that as one of the calculated risks. I do not see why our Government cannot do the same thing. It isn't a proposition of saying, "We didn't get out here and burden ourselves to assume these obligations."

If we can make contracts lasting for a period of years that are substantially sound, I do not think we have to go so far as to say it will be contingent upon whether or not we make a good crop. We can supply the needs within the realm of reason.

Monsignor SWANSTROM. There are a few churchmen amongst us who would tell the farmers of this country to build up some surpluses of other foods.

Mr. POAGE. They are building up too many surpluses, anyway.

Mr. MATTHEWS. Mr. Chairman, I would like to tell the witnesses how very much interested I am in the program that I think you are doing so well. To me this is the most important part of all of Public Law 480. I think one reason that interests me is that I do not believe anybody is making any money out of it. Not that I am opposed to people making money. But the thing that has worried me about some facets of Public Law 480 is that it seems to me like we have so many, you might say, ingenious methods of making money, and operating, and it is getting more and more difficult to keep up with.

I am in favor of the law, but I am particularly in favor of this great program that you sponsor.

I wanted to ask—I think Mr. Gathings has already brought it out—about the extra volume that you think you could handle with your present distribution facilities and you feel it would be at least a third or half more?

Monsignor SWANSTROM. I would say a half more.

Mr. MATTHEWS. I am assuming that your work is on a person to person basis?

Monsignor SWANSTROM. Yes.

Mr. MATTHEWS. I am, also, assuming that as you said, Monsignor, that the people who receive this aid realize that it comes because the American people love them and want to help them?

Monsignor SWANSTROM. That is true.

Mr. MATTHEWS. In other words, they realize that this surplus costs the American taxpayers, but that they are willing to do this, not to make money, but just for humanitarian reasons. I am not particularly important, I suppose, so far as the great body of Congress is concerned, but I tell you this, that the inspiration to my feelings I want you to know, if they mean anything, I want you to know that I believe in you. I think it is wonderful.

I wish that the American people could realize just how much this means. You do not deal with governments. One government today



might be friendly to America, tomorrow that government might be an enemy. When we deal with some aspects of this foreign program, we have to deal on a government-to-government basis. The Batista of today is the Castro of tomorrow. I am not taking sides with either.

But it would seem to me that this is the most solid, the most fundamental program we have to make friends for America. I think it is unconscionable as long as we have any foreign aid program, so-called military support, or economic support, that we as a Congress do not do everything in the world we can to uphold your hands and to make more of this food available to you.

Thank you, Mr. Chairman.

Mr. HOEVEN. I am sure every member of this committee is in accord with the purpose of your organization and what you are trying to do, namely, to actually bring food to hungry mouths.

I am sure you also fully appreciate the many difficulties and handicaps that are involved in that kind of a program.

I would like to know now just how your organization operates? For example, certain food is made available to you, say, for instance, for distribution to people in Peru. Let us assume it is wheat.

Is such wheat, when finally distributed, properly marked as a gift of the people of the United States?

Monsignor SWANSTROM. Not only are the bags marked, but the containers that we use. And then we put up signs at the distribution point and by publicity in the papers and by word of mouth, we make it very clear that it is a gift of the American people. And sometimes, the churchman in his zeal will say it came from the church, and we will deny that publicity and say, "No. This comes from all of the people of the United States. We are just an agency that has the privilege of distributing it. But it is a gift of the people of the United States." We go to great extremes—sometimes it bothers us the extremes we go to, to make it very clear that it comes from all of the people of the United States.

Mr. HOEVEN. The wheat comes over in large containers or sacks, does it not?

Monsignor SWANSTROM. Yes.

Mr. HOEVEN. Large sacks?

Monsignor SWANSTROM. Large sacks.

Mr. HOEVEN. Then it is packaged.

Monsignor SWANSTROM. Repackaged in small sacks and in small packages and in the language of the country, Spanish or Chinese, or Vietnamese, it will say "Gift of the American People."

Mr. HOEVEN. So each individual who lines up for food receives his individual package which is properly marked.

Monsignor SWANSTROM. No, not always. Because sometimes not having the individual packages, they will bring their own containers, and we will give them so many pounds in their own container. But it will say in big letters "The Gift of the American People," on the sign at the distribution point. So they know it is coming from the American people.

Mr. HOEVEN. Is it your impression that those people understand and know that any bulk wheat which they are getting comes from the people of the United States?

Monsignor SWANSTROM. Definitely. If you went to any child in Spain and said, "Where do you get milk from every day?" He would say, "The good people in the United States send me over milk. And I get it."

You can walk through the streets of Santiago and ask Where do they get this milk that they give to the children every morning? "From the people of the United States."

You can go to Hong Kong and ask some little child on the street, "You had a nice breakfast this morning?"

"Yes, from the people of the United States."

That is gospel truth. I have done it myself. I have walked down the street and asked the kids, sometimes through an interpreter.

Mr. HOEVEN. I ask these questions for the reason that we have to largely deal with governments rather than individuals. Some time ago I was advised that a certain government received a shipload of wheat, which then had to be channeled through the government then in power. And that the actual distribution of the wheat was made to those who were in sympathy with the government, and "party hacks," so to speak, saw to it that their particular group of voters and sympathizers were receiving the wheat.

Have you ever run into that kind of situation?

Monsignor SWANSTROM. I think I have. I have seen that happen. But it will happen more with title I than it would with title III.

Mr. HOEVEN. Is there any improvement in the situation?

Monsignor SWANSTROM. I think there is. I think so. And I continually ask people from other countries who come into our office, "Do people all over the world know that it comes from the United States?"

Do not fool yourself. They definitely do. That does not happen.

But then you take a government like Uruguay, which isn't too friendly to the United States at the moment. They kind of resent this insistence on our part that the people have to be told that it is a gift of the people of the United States. We say, "All right, those are the rules and regulations. If you do not want to abide by it, we cannot supply you any food."

So I do not think that happens too often nowadays. I am convinced it does not, because I have been in every one of these countries and I know the church agencies and CARE and the Friends here that are distributing it make it very clear that it is a gift of the people of the United States.

Mr. ABERNETHY. I do not know whether I have a question of not. I was interested in the comment made by the gentleman—what is your name?

Mr. WILSON. My name is Wilson.

Mr. ABERNETHY. A moment or two ago you said that you would like to see the program expanded. And I, certainly, would, too, so long as there is a need for it around the world and, particularly, so long as we are producing surpluses in the United States. But the thing that brought this program about was the surplus.

And day after day we have listened to statements in the well of this committee, by witnesses from farm organizations, and from the Department, and we have listened to speeches on the floor of the House, all of which condemned surplus production and point up the



dilemma that is created on the American farms. So as the result of those surpluses, this Public Law 480 became law primarily for a means of disposing of surpluses with the hope that sometime in the next year or 2 years or 3, 5, or 10—no one can say when—that we will have eliminated surpluses and move all of our products into market.

Now we hear such statements from people—I am reading from one now that I just pulled out of my desk drawer—that Congress should put aside political maneuvering, in these programs that we have for agriculture, which they say caused the surplus production—and they speak of political price fixing. That is in the statement here. This is not from the Department. I do not happen to have one of the Department's statements in my desk at this time. But a statement of that kind comes from the Department.

I suppose you could pick out numerous phrases of that character, which are causing criticism of our farm people and they are being referred to as political moochers or whatever you might call it of the Federal Treasury.

You gentlemen, as I understand, are advocating a continuation of this situation and even an expansion of it to the point there would be as much as a third more of the surpluses available.

What can you do to temper the abuse being made of American agriculture and our American farmers for having produced these so-called surpluses?

Mr. WILSON. In the first place, Mr. Chairman and members of the Committee, I do not think anyone on this side of the table regards the agricultural surplus now held in the United States as a curse. And we do not blame the farmers for it. We think the farmers ought to be in the business of producing for need and for consumption.

Mr. ABERNETHY. Do you think they ought to be in the business of producing for the world need? I am not expressing an opinion, but I am asking for what are the facts. Do you think they ought to be in the position of being encouraged to produce for need at the expense of the Commodity Credit Corporation. Do you think they should be encouraged to produce for this free distribution around the world?

Mr. WILSON. Yes, sir; I do. I think the money——

Mr. ABERNETHY. To what extent do you think that obligation falls upon us?

Mr. WILSON. Well, let us take, just to be absolutely concrete, to the extent that you are now involved. For example, I understand that we are paying for storage roughly \$2 million a day. And the purchase price of the goods that we store is, also, money that is now being used.

It seems to me that the money that is now being used and for the foreseeable future will have to be used in order to protect these unused surpluses, indeed, mountainous surpluses, give us sufficient grounds or basis for saying possibly there are other ways by which these moneys could be used constructively and in a way that would help us both to reduce the surpluses and produce for needs.

Supposing, for example, we were to take our membership in the United Nations seriously and to ask other surplus producing countries to take their membership seriously, and supposing we were to take what we all know, that two-thirds of the world's people are undernourished, as the basis for consultation on the problem of the use of surplus. And supposing we were to take the money, or even a part of the money, a small fraction of the money we are now using to store these surpluses, and to buy them, pour our money into our food and start a school feeding program in every country of the world. Take a child from the age of 4 to the age of 12 or 14, at this time when undernourishment and malnutrition, and so on, permanently distort.

Mr. ABERNETHY. Are you saying that the production of the American agriculture or any other American industry should be geared to this highest potential production and the surplus distributed to the needs of other peoples of the world?

Mr. WILSON. I am just suggesting—you asked me what I think—and I think there is a need, the size of which really makes our surplus look very, very tiny.

Mr. ABERNETHY. Are you saying then that that should be a primary objective of the Government, whereas now it is secondary, inasmuch as Public Law 480 and other disposal programs became law for the purpose primarily of disposing of surpluses and bringing production in line with demand? The disposal program now is secondary by virtue of the language in the acts passed by Congress. Are you now saying that the distribution of X commodities should be made the primary objective?

Mr. WILSON. Yes, I say that.

Mr. ABERNETHY. I yield.

Mr. HOEVEN. Do I gather from your remarks that you are not concerned about the \$1 million a day cost of storage?

Mr. WILSON. I am absolutely concerned about that.

Mr. HOEVEN. All right now. You know the temper of the country, regarding the cost of CCC storage and the difficulty we are having in enacting remedial farm legislation. The greatest criticism involves the terrific cost of the storage program that will soon reach a billion dollars a year. It has been freely predicted, and I concur, that unless some solution is found to that problem very soon, the entire farm program will fall of its own weight. Then if there is no longer a Commodity Credit Corporation, where are you going to get the supplies to carry on your program?

Monsignor SWANSTROM. I know a partial solution to the problem Mr. Wilson was suggesting. A use of some of the moneys being paid for storage for other purposes. You pay the ocean freight for us now—ICA does—through countries—through the Mutual Security Act. There are many countries, Bolivia immediately comes to my mind, where the Government, nor the agencies of the people have the money to get the food that we could deliver to a port out to the poor people in the country.

Some of the money we are spending now for warehousing, if it could be used for a purpose like that, you would feed people who are starving and hungry. There are millions of kids who go to school every morning without any breakfast. And they fall asleep at their desk. Where we have been able to introduce these school lunch programs that no longer happens. That is what Mr. Wilson is suggesting.



Mr. HOEVEN. We must not lose sight of the purpose of Public Law 480 which is for the orderly disposal of surplus agricultural commodities. If we are going to embark on a complete relief program, it cannot be on the basis of amending Public Law 480. If it is to become a relief program, I doubt very much whether this committee would any longer have jurisdiction of the subject matter.

Mr. PATTERSON. I do not think the agencies are talking or looking primarily toward a worldwide relief program in the sense that Mr. Hoeven has spoken of. I think that we are all very much concerned about the tremendous costs of the storage. And our position is that we have facilities and want those facilities used to the greatest extent possible to cut down the existing storage and storage costs. And to the extent that other commodities such as fats and oils which are not now available to the program could be made available, we would not encourage the production of those commodities for storage but for use in programs of distribution to needy people.

Mr. HOEVEN. Then you do not agree with Mr. Wilson. You are concerned about the storage costs.

Mr. PATTERSON. I think he is, also, I am sure.

Mr. HOEVEN. How can you avoid additional storage costs when you in your answers to Mr. Abernethy said that your objective was to have our farmers produce more and more surplus goods, which we all know will in large measure go into Commodity Credit storage. Doesn't this all mean that storage costs will increase?

Mr. WILSON. I think I am being misunderstood. The question, as I understood it was, are there alternative ways that might make it possible for us not to have these surpluses and at the same time serve a larger proportion of the needs. The gentleman is referring to our request or suggestion that these programs could be increased by 50 percent. All I am saying is that it seems to me there are alternative ways by which the surpluses can be gotten rid of, the farmers can produce for use and we can do it not unilaterally, as we are presently doing it, in a rather limited way, but in concord with the other nations who are similarly perplexed about to get rid of surpluses. I think this is another possibility.

Mr. ABERNETHY. Well, may I make this observation, Mr. Wilson? I do not want to leave the impression that I would be unreasonable about aiding the poor, and through appropriations to make adequate supplies of food made available to every person on the face of the earth. I just cannot conceive of anyone saying that.

On the other hand, we are faced with the cold issue as members of this committee, representing American agriculture, of doing something to improve their standard of living, which is not too good. There is a tremendous amount of poverty among the people on our farms. Their income is lower than any other group of people in America. Their per capita income is lower. But in spite of that fact, they are subjected to constant abuse, criticism, and so are we on this committee, for having enacted "XYZ" program. These programs are spelled out as programs which have created surpluses, and we are charged with the responsibility of doing something about it. That something is to eliminate it.

We have to take a stand one way or the other. We either must say that we are going to eliminate them or we must take the position that you take this morning that we shall continue to produce them and

produce them for what—for redistribution among the world. I do not think we can sell that in the Congress. I wish we could. I am not criticizing the Secretary. We cannot sell it to the Secretary. We cannot sell it to the Congress. Because if we adopt that policy, then we must at the same time adopt a policy to gear all of the American industry to the highest potential production so as to raise the standards of living of peoples of the earth, not just in feeding them, but in clothing and housing, and so forth.

Do you suggest that we make Public Law 480 a permanent program and that it be expanded with the idea that we will make available to the peoples of the world, free or at cost or for such as they are able to pay the surplus output of American agriculture?

Mr. WILSON. I do.

Mr. ABERNETHY. You do?

Mr. WILSON. Yes.

Mr. ABERNETHY. That is all.

Mr. JONES of Missouri. I am interested in several aspects of this program. First, I want to commend the Monsignor for using the word "abundance." I like that word "abundance" better than I do "surplus." Because we do have an abundance of food rather than a surplus to the extent that we do not have enough food to feed the world. There will still be people hungry if we were to distribute all of our surplus.

Here is the thing that worries me.

I noticed in this organization of American Council of Voluntary Agencies for Foreign Service, which you are representing here this morning, there are some 38 or 40 agencies. If I am correct, that does not include all of the religious organizations that are engaged in the distribution of food; is that correct?

Monsignor SWANSTROM. I think it would include all of those that are. They are all members of the American Council, I believe.

Mr. JONES of Missouri. There seem to be churches or organizations that I think are engaged, at least, to a certain extent in some countries in distributing surpluses that are not included in this list.

Monsignor SWANSTROM. They come under the banner of one of the other agencies, like the Church World Service, which would encompass a large number of those, the Lutherans, ourselves, you see. I dare say that most of them, practically all would be included under the general banner of one of the top organizations.

Mr. JONES of Missouri. What I am getting at is this, everything that you are doing is most commendable, but I think that we have to recognize the cost involved. What is the present budget of this group of organizations, say, for a year.

Monsignor SWANSTROM. The American Council?

Mr. JONES of Missouri. The American Council.

Monsignor SWANSTROM. \$80,000.

Mr. JONES of Missouri. How much?

Monsignor SWANSTROM. \$82,000.

Mr. JONES of Missouri. \$82,000.

Monsignor SWANSTROM. You are talking about the American Council now?

Mr. JONES of Missouri. I am talking about this organization that you are here representing this morning.

Monsignor SWANSTROM. That is right.

Mr. JONES of Missouri. That is a budget of \$82,000 a year?



Monsignor SWANSTROM. Yes.

Mr. JONES of Missouri. Which, of course, is comparatively a small budget when you are trying to spread yourself over the world.

Monsignor SWANSTROM. Yes.

Mr. JONES of Missouri. What are the expenses to which this budget is allocated?

Monsignor SWANSTROM. This agency tends to coordinate the work of all the various agencies.

I am wondering if you are asking about the budget of the American Council or all of the agencies?

Mr. JONES of Missouri. The budget for the American Council of Voluntary Agencies, which I think you have printed on the back of this sheet—38, I believe, it is in numbers?

Monsignor SWANSTROM. It is \$80,000 expense for a staff that helps to carry on work through committees of the various phases of the organization's work, resettlement, migration, technical assistance, this surplus food, health, and so forth.

Mr. JONES of Missouri. I know that we do not like to talk about money when we are engaged in charity. I understand that.

Monsignor SWANSTROM. We like to talk about it.

Mr. JONES of Missouri. We have to get down to some of the practical things in this program. You said \$82,000. That is the money that is spent for your organization here in the United States to direct its activities.

Monsignor SWANSTROM. That is right.

Mr. JONES of Missouri. That does not include any of the costs of distributing the food?

Monsignor SWANSTROM. No.

Mr. JONES of Missouri. Is that right?

Monsignor SWANSTROM. That is right.

Mr. PATTERSON. The American Council is not operational—does not carry on programs itself. The member agencies carry on the program.

Mr. JONES of Missouri. You mentioned a minute ago something about Chile, about taking food there. Is that food distributed by this organization in Chile, or does this organization designate one of these groups or members of your organizations to actually carry on the distribution itself?

Monsignor SWANSTROM. It does not designate, but one or more of those organizations will carry on a program in Chile. CARE has a program.

Mr. DEVINE. No.

Monsignor SWANSTROM. Church World Services has; Catholic Relief Services has a program in Chile at the present time.

Mr. JONES of Missouri. What I am getting at is this, there are other religious or church organizations outside of this group here who are, also, doing some distribution of surplus commodities, is that correct or not?

Mr. PATTERSON. Not under title III. There are about 18 agencies, sir, 18 American agencies distributing surplus food around the world under title III.

Mr. JONES of Missouri. That is apart from your organization?

Mr. PATTERSON. Eighteen of those listed on the back of that sheet.

Mr. JONES of Missouri. There are 38.

Mr. PATTERSON. Of those 38 about 18 are engaged in title III food distribution. Others are engaged in many activities. And others are engaged in other welfare activities but are not involved in the title III program.

Mr. JONES of Missouri. Would it be possible for avoiding duplication of effort in any area?

Monsignor SWANSTROM. In each of these countries we have a council of agencies to clear with each other so that there will be no duplication of programs.

Mr. JONES of Missouri. In other words, these separating agencies, also, have a budget that they are spending?

Monsignor SWANSTROM. Exactly.

Mr. JONES of Missouri. Is that correct?

Monsignor SWANSTROM. That is correct.

Mr. JONES of Missouri. In other words, when we get down to some country or some specific area in a country, where the church has a mission, that you would probably designate that mission to act as the distributing agency of that?

Monsignor SWANSTROM. That is correct. Between us then we spend millions of dollars—all of the agencies of this council.

Mr. JONES of Missouri. You spend millions of dollars. When you say you spend millions of dollars, are you saying that you are spending millions of dollars?

Monsignor SWANSTROM. Of funds that we raise ourselves.

Mr. JONES of Missouri. That is the funds that the church raises itself.

Monsignor SWANSTROM. Yes.

Mr. JONES of Missouri. The Government pays the transportation?

Monsignor SWANSTROM. That is correct, to the port.

Mr. JONES of Missouri. What is that?

Monsignor SWANSTROM. To the port of entry.

Mr. JONES of Missouri. Do you cooperate with or do you have the assistance of the ICA, for instance, in these countries for making the distribution?

Monsignor SWANSTROM. Yes, we do. No financial assistance, however, within the country itself.

Mr. JONES of Missouri. How is that?

Monsignor SWANSTROM. No financial assistance from ICA itself within the country itself.

Mr. JONES of Missouri. You have the services of the personnel in those countries?

Mr. SWANSTROM. Exactly, we do right here; I should pay tribute to both Agriculture and ICA for the support and the cooperation that they give to all of our agencies. If it were not for them, we would not be able to operate these programs.

Mr. JONES of Missouri. I hope you do not misunderstand me. I think, personally, as has been expressed by other members here, I think that the most effective result that we obtain is through this person-to-person exchange. I am for that 100 percent. I would like to see it carried on more. And yet, I know that in the case of both here at home and in other countries, we very often have a duplication of effort. In other words, in the small town where I live they will pick out one family and then maybe four churches will pile every-



thing into this one family to help them out and others in the community are, apparently, forgotten.

What are we doing to avoid that duplication of effort?

Monsignor SWANSTROM. We have a council of agencies in each country; we compare our programs.

Mr. JONES of Missouri. You say council of agencies in other countries. That is not paid for out of the \$82,000 budget?

Monsignor SWANSTROM. No.

Mr. JONES of Missouri. Who pays for that?

Monsignor SWANSTROM. We do amongst ourselves.

Mr. JONES of Missouri. What?

Monsignor SWANSTROM. We do that locally amongst ourselves. We support those councils, the various agencies. They do not cost too much.

The CHAIRMAN. That is a decision among yourselves in working out the programs?

Mr. PATTERSON. It is to avoid duplication.

Mrs. TOUROVER. In order to set up a program an American citizen has to be responsible for the distribution, according to the regulation for the distribution. And once that American citizen is set up for the distribution, a committee is formed to select those groups that are eligible to receive it. That is strictly governed by certain regulations which the Department of Agriculture and the ICA set up.

That being the case, the food is distributed to those persons.

The government of the country where the material is distributed, also, has some say with respect to it. And in that respect, the food reaches only the needy person according to the definition which the agency has accepted as its responsibility through the American citizen which it has designated and named to the ICA for that purpose. In the U.S. operation, the citizen in each one of the countries supervises that and sees that the food goes to the needy persons as defined by Agriculture and ICA.

There is no question but that the operating agency which comes under the guidance of all of these groups reaches into the needs of the persons of the country where the goods go.

I think you should understand, too, apart from the fact that the food is a gift of the American public, it isn't only a gift of the food per se. That is important in and of itself. But once we get this food we teach people how to use food. I, myself, in Israel, for instance, under the program which has been administered by Hadassah have had to teach people how to use butter which was a surplus commodity in the United States, known as American butter. It was a problem of teaching people who had never used butter how to use it.

That being the case, those persons having learned how to use butter, once butter becomes a distributable item under a commercial basis, we are opening up markets for American foods which otherwise would not have been known to these persons at all.

The same is true of rice. The same is true of other products.

I can think of beans, for instance. Enormous resistance to a certain type of red bean in Israel when we first had it for distribution. And we had to teach people how to use them—from the funds acquired from the Hadassah not from the American Council, because that is not an operating agency in Israel. Hadassah is the operating agency for that purpose. We taught persons how to use these beans.

And when they were taken off of the surplus commodity list, it began to be a problem to us because we didn't have the beans any longer to use. If those beans were now available and were supplied in quantity, we could not only have facilities for buying them, but persons having learned how to use them, present a market for American surplus commodities.

So I do not think that you should look on this program only as a relief program. It is a program which once there has been a teaching for the use of the commodity, presents ultimately commercial operations.

The CHAIRMAN. Might I interrupt to say that I think your explanation of how the program is operated is thoroughly compatible with the indicated purpose of this law.

Mrs. TOUROVER. That is right.

The CHAIRMAN. One of the objectives was to create markets for agricultural commodities and to teach people in other parts of the world to use the commodities as they are used in this country.

Mrs. TOUROVER. That is right.

The CHAIRMAN. We have several witnesses, and we must hurry along.

Mr. SHORT. Mr. Chairman, this question comes to my mind in connection with this program. We have gone into the foreign aid program. There is a provision for assistance to refugees, which I think should be considered in the relief program to some degree.

You brought out the point that with the foods you were able to offer these people, you needed more fats and oils to round out the diet.

I am interested in the relationship of our foreign aid program with the program that you people carry on. Let me say right here, I think you people are to be commended for doing a wonderful job to feed people all over the world.

I do not quite understand if there is a need for something else in the commodities that you people are able to distribute by virtue of the Public Law 480 program. Isn't there some way that funds are available for some of these other very necessary foods that seems to me to be necessary for the aid of people in the world, isn't there some way some of those funds could be used to supplement what you have to do?

Monsignor SWANSTROM. We said in hearings before the Congress we wish there was some way, but, unfortunately in most of those countries, the government will spend its foreign aid budget on the thing that it is primarily interested in, and they are not too concerned about the needs of the poor in many of these places. We try to serve people who haven't the money to buy for themselves.

I know what you are driving at. It could be done. It just does not operate that way.

Mr. SHORT. The need becomes so critical before the program comes in and it does not have a quite broad enough scope; it is limited, I think properly so, to the commodities which are in the surplus by virtue of our price-support program. If, in some way, out of all of these moneys spent on foreign aid around the world, if a small part of it—we would only need a small part of it—as I see it, to supplement what you people have available to you—to enable you to provide an adequate diet to these people that are so badly in need of it.



Monsignor SWANSTROM. We have been asking the Congress to do that very thing for the last couple of years. I can cite you quickly a very good example. In Vietnam there is a great need for rice. We tried to get \$10 million additional rice for them. When it came, the Vietnam Government would not take it out of their foreign aid budget, but if you gave them \$10 million more, they would buy \$10 million more of rice.

Mr. DEVINE. On behalf of CARE, this is a real problem, this problem of having short supply of different commodities. For instance, this year we are going on the open market and buying a million dollars in rice, margarine, and beans.

Mr. SHORT. What funds are you using for that?

Mr. DEVINE. Donated funds, as I am sure most of the other agencies are using, from people of the United States. We will be buying these commodities and backing up the school lunch feeding programs with these commodities in addition to the milk and cornmeal and flour that we get under Public Law 480.

Just one passing remark, in answer to what do you do when there isn't any surplus. I think the answer obviously there is that you go and buy more food on the open market with whatever available donations are at your disposal. Certainly, it has been a tremendous help to us in having Public Law 480 to increase our aid to those many areas of the world that need it. I think that, as has been expressed this morning, the ability to get very often the only assistance to the little man from the United States through this kind of operation has made many, many friends even though you talk about foreign aid, that is a wonderful thing, and it works very well, but very often it does not get down to the little man and affect him personally. He may see a bridge being built or a highway or may see something coming to him at a later date, but when it gets to his glass of milk, when his children in school eat, this is something very personal. It touches him. This creates good will. This is the person-to-person level. Thank you.

Mr. QUIE. Isn't it correct that the only moneys you have are donated by people?

Mr. DEVINE. That is correct.

Mr. QUIE. If there is some expansion of this program, it will have to come from moneys donated to your organizations by the American people?

Mr. DEVINE. Expansion in buying commodities that we need to make a full feeding program, yes.

Mr. QUIE. But what about the expansion of the use of the moneys that are available to you—of the supplies that are available to you?

Mr. DEVINE. We purchase as much of these as we can intelligently program.

Mr. QUIE. There isn't any fault on the part of the U.S. Government in not providing enough food for you to distribute. You cannot expand the distribution of those foods—you cannot do so because you do not have enough money to set up the program.

Mr. DEVINE. We, certainly, can expand our program as was stated before, up to 30 or 50 percent.

I would like again to restate that our programs are intelligently negotiated overseas by our American representatives who spend many months working out all of the details of the program. This is not

just a disposal program. It is an intelligent family and school lunch and family feeding program. Therefore, it becomes difficult after all of this work has been done and the program is presented to find that, as mentioned before, 20 percent of the total allocation is not available, not only in the milk part of the supplies, but in other supplies.

Mr. QUIE. Is that in cornmeal flour?

Mr. DEVINE. It happens every day.

Mr. QUIE. It does?

Mr. DEVINE. Yes.

Mr. JOHNSON of Wisconsin. I want to get this in the record. Some time ago, it was brought out there has been a 20-percent cut in nonfat dry milk. I found out the quantity that CCC has. As of May 31, 1959, they had 125,627,000 pounds. This was on hand. And a year ago they had 190,275,365 pounds. That is less dried milk on hand, but I do not think there is any chance of its being used up.

Mr. STUBBLEFIELD. Monsignor, you, apparently, are interested in this program, and I would believe it is a spiritual and sociological interest.

Monsignor SWANSTROM. Humanitarian.

Mr. STUBBLEFIELD. To what extent, in your opinion, does this program impede the progress of communism in the countries in which you operate?

Monsignor SWANSTROM. I think that it accomplishes a tremendous amount in impeding the progress of communism in a country. I think Italy is a good example. We haven't stopped it. It didn't succumb to communism. If it weren't for American foreign aid and these programs, they would have gone Communist about 7 or 8 years ago. I am convinced of that in my own mind and heart and soul. And in places like Hong Kong and Vietnam and Korea, where the Communists are making such an effort to win them over, I think the help that American aid is doing is helping to stem the tide of communism. I think it is true in many places of the world. It does a tremendous amount to stop communism.

It is interesting in all of the Communist countries they put us out—they refused to allow us to carry on programs—Poland, Czechoslovakia, Rumania, Bulgaria, places like that. We have been put out of those countries. They don't want us helping the poor, because we are stemming the tide of communism. That is the best possible answer I can give you.

Consistently, they come under Communist domination, we are told to get out and stay out.

Mr. STUBBLEFIELD. In your opinion, what is the alternative of not having this program?

Monsignor SWANSTROM. I am convinced all of the other people are just as convinced as I am. Aren't you?

Mrs. TOUROVER. Of course.

The CHAIRMAN. We thank you very much.

Monsignor SWANSTROM. We thank you for the very fine hearing, and we appreciate it very much; and we appreciate the generosity of your Agriculture Committee.

The CHAIRMAN. I would like to include in the record at this time a telegram from Mr. Schneider, the foreign service secretary of the American Friends Service Committee.



(The telegram is as follows:)

PHILADELPHIA, PA., July 28.

Hon. HAROLD COOLEY,  
*Chairman, House Committee on Agriculture,  
House Office Building.*

Understand your committee now considering various bills concerning Public Law 480. Our experience overseas leads us to support strongly and on purely humanitarian grounds any constructive legislation looking toward more extensive use of food surpluses. We strongly recommend that any legislation adopted include the following four points. First, explicit wording that would require that urgently needed fats and oils be made available for voluntary agency title III distribution. Second, extension of Public Law 480 for at least 5 years to permit more adequate planning of distribution programs under titles II and III. Third, greater use of counterpart funds for community development, refuge, health, welfare, and educational projects. Fourth, availability of surplus foods under adequate safeguards to needy people in all countries whether or not Communist controlled.

LOUIS W. SCHNEIDER,  
*Foreign Service Secretary,  
American Friends Service Committee.*

The CHAIRMAN. Our next witness is Mr. Clyde N. Rogers.  
We will be glad to hear you now.

Mr. LEVERING. I am supposed to go to another committee, but I want to say that I am delighted to welcome Mr. Rogers to the committee this morning. He has been very active. And I want to pay a tribute to a fellow Ohioan. He is very welcome to us in Ohio in agricultural circles. Thank you very much.

The CHAIRMAN. We are glad to have Mr. Rogers.

#### STATEMENT OF CLYDE N. ROGERS, DIRECTOR, TOWN AND COUNTRY REPRESENTATIVE, OHIO COUNCIL OF CHURCHES

Mr. ROGERS. Mr. Chairman and members of the Committee on Agriculture, I am Clyde N. Rogers, director of the Town and Country Department of the Ohio Council of Churches. I am here to represent not only myself but Miss Margaret Brugler who works with me, as well as the board of directors of our department. The board of directors is composed of 27 ministers who are town and country leaders of the various Protestant denominational units in Ohio. An equal number of laymen who are heads of the various agricultural agencies complete the more than 50 members of the department.

We are delighted, also, that we have representing us on this committee from Ohio, Mr. Latta and Mr. Levering. It has not been my privilege to know Mr. Latta, but I have known Mr. Levering for some time. Certainly, I feel lost this morning that Jim Polk is not sitting here, because in these years I have appreciated his very helpful consideration from Ohio. But we are glad to have these two men, also, now representing agriculture.

It has been a pleasure to appear before this committee each year since 1954. You are to be congratulated on what you have done for the people of the United States and the people of the rest of the world through Public Law 480. We are very glad that all constructive evaluations of this program have shown it to be of tremendous value in meeting world needs. Out of our experiences in the refugee areas of Europe, the Middle East and the Far East we can testify that this program has been very helpful.

It seems to us that after 6 years it is time to pause and see whether or not we, through our Government, have been doing enough through this endeavor for friendship and world peace. It is our conviction that we should not do less but more. It is our belief that God has blessed America for a purpose. Our task is not done so long as we have abundance of food and fiber and there is one person in the world who remains hungry. Having been trained at Cornell University in agricultural economics, I realize that there are many problems in living with abundance. At the same time, we will not go back to scarcity. To have enough, we must have too much food.

We have read with interest the various proposals for the extension of Public Law 480 and the enlargement of its purposes under changed conditions in both the House and the Senate. We endorse these principles as being in harmony with the best traditions of America. We should not be pushed into doing this type service because of our fear of what some other nation may do but rather that it be within the motivation which has been a part of American pattern of individuals sharing with their neighbors. Because of this shrunken world, our neighbors are those in need to the farthest points of the earth. We cannot escape this responsibility which is ours without losing our place of leadership in the world.

Since 1953, when the Christian rural oversea program in Ohio became the missions program of the town and country department of the Ohio Council of Churches, Miss Brugler and I have had the opportunity of speaking before many hundreds of church and community groups throughout the State. In discussion with untold numbers of persons, we have found that the people of Ohio believe in the sharing of American abundance with those in need. We have been encouraged again and again by the willingness of people to give of their time, their money and effort in programs of food relief and self-help, using the resources of voluntary agencies like Church World Service—my only reason for mentioning Church World Service is our membership in it. I endorse what the others who represented here the American Council of Voluntary agencies do—and of our Government in meeting the needs of people. We can say beyond any shadow of a doubt that the many people with whom we come in contact believe in the association of government and voluntary groups in meeting the needs of hungry people.

I heard you refer to what certain agricultural groups in America feel about this abundance. So far as the people of Ohio are concerned, and I do speak to farm groups all over the State and all of the farm agencies, these people believe we are going to live with abundance, and they believe that it should be used through the voluntary agencies. And I can say that unequivocally, regardless of the agency.

This is true not only of town and country people but urban individuals and groups as well. For instance, yesterday morning, I mentioned my mission here to the Downtown Optimist Club in Columbus, Ohio. They unanimously passed a resolution giving their unqualified backing to the use of food for hungry people around the world and said to me, "Godspeed on your mission here." This next paragraph does not deal with Public Law 480, but I would like it to go into the record as well. It deals with the Mutual Security Act.



We also work with the Heifer Project, Inc., in the sending of livestock into the various underdeveloped areas of the world. We have glowing reports on shipments sent to Iran, Germany, Korea, and Ecuador, just to name a few. Next month we will make a shipment to Costa Rica and later this fall one to Haiti. The FSA people and the vocational agricultural groups of Ohio last year sent a shipment of heifers to Turkey. This year they are sending a shipment to Haiti, tying it in with this total relief and self-help in other parts of the world. It is not just the religious groups, but our other educational and agricultural groups.

The CHAIRMAN. Notwithstanding all we have done under this Public Law 480 and other acts of Congress, I read in the paper that 200 people died of starvation in Haiti just a few weeks ago.

Mr. ROGERS. I refer to the fact that the Reverend Coy, who is known as the "Country Parson of Ohio," is going with this shipment and is, also, going to visit in Haiti while he is in Costa Rica, as a part of this relief program.

The CHAIRMAN. We were storing these commodities and at the same time these 200 Haitians were dying of starvation.

Mr. ROGERS. I am afraid we were not getting enough there. The food has not been available in large amounts as they would want, as they told you before.

The CHAIRMAN. Why not?

Mr. ROGERS. They have to answer for themselves. I only speak——

The CHAIRMAN. What do you mean "themselves"?

Mr. ROGERS. What I mean is this, Mr. Cooley; I simply represent at the statement level the Ohio Council of Churches. We collect funds for them, turn them over to the voluntary agencies, and they do the distributing.

The CHAIRMAN. I do not have any fault to find with your shipment of cattle into these areas, but I do complain about the fact that 200 people died of starvation in Haiti when our warehouses are bulging with food. Where were the voluntary agencies and our Government?

Mr. ROGERS. While the 200 were dying in Haiti, there have been hundreds of thousands in other parts of the world that I visited. I have seen them dying on the streets in the Far East, where I have been. But we haven't made our program large enough. We feel that it should be much better.

The CHAIRMAN. This committee has made it large enough. It has put at the disposal of the Government, through proper channels, sufficient funds to buy the food.

Mr. ROGERS. You heard their testimony, though, they had not been able to get it. You heard the testimony that they were uncertain from time to time as to whether or not it would be available.

The CHAIRMAN. All right. The committee is considering the advisability of authorizing and maybe directing voluntary commitments. I am very much in favor of it. Mr. Poage has been plugging away for it for weeks and weeks. But do you know of any instance where the Administration has refused to make food available when advised properly concerning the conditions in a foreign country?

Mr. ROGERS. I heard their testimony just a few moments ago that recently they had been advised of a 20 percent cutback and yet they say they would like to have more. I say they would have to answer as to the details.

The CHAIRMAN. That may be due to the smallness of the stock.

Mr. HOEVEN. You mentioned Haiti. We had representatives of the Department of Agriculture before this committee 2 weeks ago on Public Law 480. I think the record shows that they have delivered all of the food which was asked for and could properly be distributed. Now, if it wasn't distributed, then it is the fault of the people at the grassroots that are not getting it to the hungry mouths.

Mr. ROGERS. That is right.

Mr. HOEVEN. We are furnishing it to all the people who are asking for it and need it.

Mr. ROGERS. That is right. I said I always praised the Agriculture Committee for what they have done under Public Law 480. As far as I am concerned, you folks have done a tremendous job.

Mr. COAD. Did you say all the food that had been requested by these agencies had been granted?

Mr. HOEVEN. I am not referring to agencies, I am referring to people in Haiti who asked for U.S. help.

Mr. ROGERS. The agencies just got through saying—the food that can be required and properly handled. They have the problem of transportation and other things in Haiti. The record does not disclose that the food isn't available and there hasn't been a willingness to provide it.

Mr. COAD. I think the testimony of previous witnesses is contrary to this statement.

Mr. HOEVEN. The record speaks for itself.

The CHAIRMAN. Go ahead, Mr. Rogers, and finish your statement.

Mr. ROGERS. We give our unqualified endorsement of the use of our foreign aid funds in the shipping costs in both of these humanitarian relief and self-help programs.

Some of you will remember that in an earlier appearance before you I suggested that in our various programs abroad food might be used as the counterpart of funds. I remember in my own boyhood days how on the farm in Tennessee a man would do a day's work for a bushel of corn, a sack of flour, or a side of meat. He got the food he needed for his family; we got the work we needed for our farm. There are many development programs in many parts of the world, participated in by many types of groups, in which it seems to me that our much-needed food might be used for the building of schools, hospitals, highways, sanitation systems, and developing industry and countless other ways by using the food in lieu of cash for barter and trade. This also might be done in a wide way in exchange programs—and I would like to add the word "persons," the "exchange persons programs."

It is my belief that it will continue for many years, and this type of thing might be expanded, and I wish we might look at our abundance, as we find it so constructed in this committee, as a plan for world development, and I believe personally that a man of equal status to our Secretary of State could well handle this whole abundance program around the world, and that he might have relationships to the various bodies in tying it together. As you know, a number of different groups have responsibilities, but as I have seen it both at home and abroad, it seems to me it needs tying to-



gether in some way. But that is not your responsibility except as legislation—

The CHAIRMAN. I think Congress has authorized the use of counterpart funds for every one of the items listed in your last sentence. And if the counterpart funds are not being used for these purposes it certainly isn't the fault of Congress.

Mr. ROGERS. I think you are absolutely right. I have no criticism of Congress at any point, if we can tie it down to see that it does happen as you have designated.

Above all else, food must not be used as a club but must be used in ways which will be beneficial to the people receiving it. We need to produce friendship with people in other parts of the world in the same level and the same way as if it were people living next door.

As I have said to you before, I am not an expert in military affairs, but to me it is worse than insanity to send military aid into countries where there is hunger and not find ways to send food, no matter what the problems may be. I know that is a critical statement, but I feel that with all my heart.

It is our belief that America will live with abundance for a long time, and that we should set ourselves to the task of using this abundance in harmony with the best traditions of American life.

The CHAIRMAN. Thank you very much, Mr. Rogers, for your statement.

Mr. Behre?

#### STATEMENT OF C. EDWARD BEHRE, FRIENDS COMMITTEE ON NATIONAL LEGISLATION

Mr. BEHRE. Mr. Chairman and members of the committee, my name is C. Edward Behre. I speak in behalf of the Friends Committee on National Legislation and am a member of the policy committee of that organization.

The Friends Committee on National Legislation cannot speak officially for the entire Society of Friends (or Quakers) because the extremely democratic organization of the Society and its emphasis on the sanctity of each individual precludes official statements on questions of doctrine or on the application of our religious faith. But Friends throughout their history have been concerned about building the conditions for a peaceful world and have sought to feed the hungry and clothe the distressed in many wartorn and disadvantaged countries.

I feel sure that I reflect the feeling of a substantial majority of our society in strongly supporting the objectives of the International Food for Peace Act of 1959 as set forth in H.R. 6526 and its companion bills. In a desire to give expression to our religious motivation in national as well as personal life, we welcome every intelligent means that can be devised to make our surpluses a blessing in a hungry world.

The ultimate goal that Americans seek, I believe, is a world in which individuals may produce with hand and brain in freedom, and exchange their products and services for what they need. But with the great disparities of cultural and economic development that exist in the world today, normal trade and exchange need to be supple-

mented by special measures to bring even a minimum tolerable existence to many of God's children. Our national abundance in a world where so many peoples live in poverty must be approached with humility. Can we be faithful in the stewardship of God's bounty in our hands if we do not explore and exploit to the utmost every possible means of using this bounty not only to feed needy people at home and abroad, but also to help underdeveloped countries increase their food production and establish industries to raise their standards of living and provide more goods for international trade. As Senator Hubert H. Humphrey had so well stated:

America's abundance of food and fiber is a God-given blessing, a tremendous asset to be used to build life and hope and happiness, a powerful potential asset in the world's struggle for peace and freedom.

In view of the President's expressed agreement with the food for peace objective, it is disheartening to read the lukewarm and limited endorsement the Department of Agriculture is giving to the proposed broadening and strengthening of Public Law 480 in the food for peace bills now before the Congress. What sense does it make to extend Public Law 480 for only 1 year when it is obvious to all that the United States will have surpluses to deal with for several years at least? The 5-year extension proposed in H.R. 6526 and other bills gives a much better basis for sound administration and effective action. It also will save this committee, the Congress itself, and all those concerned with constructive and beneficial use of our surpluses the time and effort that will otherwise be used in thrashing this matter out year after year, and that might better be used to consider improvements in the program.

We must not confuse the issue as I fear some are prone to do. The food for peace program, as I understand it, is not primarily concerned with solution of the so-called farm problem in this country. We cannot for some years escape the fact of the existence of agricultural surpluses. Starting from this fact, the food for peace programs seeks means to use our surpluses for human betterment and to promote world peace. If in so doing the flow of our products to other countries can be permanently facilitated, a very real contribution will have been made incidentally to solution of the farm problem. But that is not the primary objective of the food for peace program.

While technically amending Public Law 480, the Food for Peace Act starts with a much broader policy statement. I quote from section 2 of the bill:

\* \* \* It is now possible and practical for mankind to take cooperative steps to abolish human hunger. \* \* \*

The Congress \* \* \* declares it to be the policy of the United States to move as rapidly as possible \* \* \* toward putting its abundance of food and fiber more effectively in the service of human need. \* \* \*

\* \* \* The Congress declares that the agricultural abundance of the United States is not an embarrassment but a blessing to be used in the service of mankind, that it should be so used to the maximum extent possible, and that if it is so used, it can help build essential conditions of world peace and freedom.

The Friends Committee on National Legislation is in hearty agreement with such a policy.

I will not attempt to comment in detail on the various sections of the bill. However, I would like to commend especially the following provisions:



1. Five-year extension of Public Law 480.
2. Increasing to \$2 billion annually the commodities that may be sold abroad in foreign currencies under title I.
3. Expanding the purposes for which foreign currencies may be used, particularly in aid of programs of United Nations agencies to facilitate economic and cultural development.
4. Increasing funds for government-to-government disaster relief in title II.
5. Provision for assistance in relief of chronic hunger and malnutrition under title II.
6. Implementing a U.S. resolution in the United Nations for the establishment of national food reserves.
7. Authority for grants of the net proceeds to the United States from repayment of foreign currency loans for trade expansion under section 104, to binational foundations for fostering research and development in education, health, and public welfare.
8. Fixing administrative responsibility for a vigorous food-for-peace program. During World War II the United States found need for a War Food Administrator. The need for a food-for-peace administrator is comparable in its nature. The job may well prove even more challenging and difficult. In any event, the food-for-peace program should not be left as a sideline for several agencies and the central responsibility of no one.

The Communists have long made promises of "peace and bread," but they have often failed to supply either. Some of the areas dominated by the Communists are food-deficit areas, or as in mainland China, areas subject to frequent widespread floods or other disasters.

The New Testament injunction is, "If thine enemy hunger, feed him; if he thirst, give him drink." Following that policy might do a lot to change the climate of hostility today.

The President should be encouraged to give food to any country suffering a major disaster without any political strings and without delay. The language of section 201 is too restrictive in this respect.

Some years ago *Life* magazine urged a generous shipment of food to the Chinese people on the mainland at a time when a serious flood had destroyed a large amount of their crops in the Yangtze Valley, I believe it was. But that proposal was never approved.

At another time, Secretary Benson turned down an offer from Poland to buy butter from us, even though we had huge stocks of butter at the time.

It would seem that the language of titles II and III does not prohibit the sending of donated food to countries behind the Iron Curtain. In actual practice, however, very little has gone there although some aid has gone to Poland and Yugoslavia. As the previous witnesses indicated, these countries have made it difficult.

In the ideological struggle between the ideas of freedom cherished by the people of the United States and the totalitarian ideas of communism, food ought not to be used as an ulterior political weapon, but insofar as possible as a healing and reconciling force. We think the proposed amendment to section 107 is in the right direction.

With these considerations in mind, we would suggest the deletion of section 304(a) and 304(b) in Public Law 480 rather than amending section 304(b) to make its restrictive provisions apply to new titles

IV, V and VI as well as to titles I and III. Sections 304 (a) and (b) are war-like in tone. They are out of context here and entirely unnecessary anyway.

It is the belief of the Friends Committee on National Legislation that wherever possible the food for peace and other international aid programs should make use of the various agencies of the United Nations. Full implementation of the proposed amendments (p), (q), (r), (s), (t) to section 104 of Public Law 480 would be in line with policy directive (c) (2) in section 2, namely, to support the United Nations, its specialized agencies and affiliated organizations.

Congressman Leonard G. Wolf of Iowa has introduced H.R. 6681 to provide \$250 million worth of food annually for 10 years to the United Nations specifically for economic development. While this proposal would involve some administrative problems in the United Nations, I do not for a moment think they are insoluble, given a will to overcome them. I suggest that Mr. Wolf's measure be incorporated as a new title in this Food for Peace Act so that at least that much of our abundance could be channeled for constructive purposes through the United Nations.

Our Government played a considerable part in turning down the proposed World Food Board in 1946 and the International Commodity Credit Clearing House in 1949. But our country is doing bilaterally now, under title I of Public Law 480, very much what was envisaged as an international process under the proposed clearinghouse. This policy has raised serious objections from other wheat-exporting nations, notably Canada and Australia. The difficulty is met in part by international commodity agreements and by discussion in the FAO Committee on Commodity Problems. But it is not yet satisfactorily solved.

The United States should make a continued effort to help develop more adequate international institutions for achieving better distribution of food supplies. It should be possible to move excess supplies in some parts of the world to food-deficit areas elsewhere without disrupting normal trade or without having serious adverse effects on the producers of the importing countries.

In conclusion, failure to provide for beneficial use of our agricultural abundance through extension of Public Law 480 is unthinkable. On the other hand, the Food for Peace Act of 1959 offers an opportunity to make Public Law 480 a much more effective means of promoting human welfare and good will. It is an investment in people which will surely redound to the lasting benefit of our own country.

The CHAIRMAN. We thank you very much for your statement.

Mr. BEHRE. I thank the committee for the privilege of appearing.

The CHAIRMAN. Mr. Hyman Bookbinder?

Mr. Bookbinder, we are very glad to have you with us. You may proceed with your statement.

#### **STATEMENT OF HYMAN H. BOOKBINDER, LEGISLATIVE REPRESENTATIVE, AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS**

Mr. BOOKBINDER. Mr. Chairman, I appreciate this opportunity. My name is Hyman Bookbinder. I am representing the AFL-CIO.



I will read the statement quickly. I am sure it will take less than 10 minutes.

America's tremendous production of food and fiber is a blessing which we have challenged to use compassionately, intelligently, and boldly. We cannot afford to ignore that challenge.

The AFL-CIO believes that America possesses the compassion, the intelligence, and the boldness to use its great agricultural abundance to help eliminate hunger and malnutrition and poverty in every part of the world, including the United States. We call upon the Congress to pass the legislation needed to implement this great objective.

In recent appearances before appropriate committees of the Senate the AFL-CIO has spoken out for extension and expansion of Public Law 490, along the lines of the so-called food for peace bills, and has also called for improvements in the domestic food distribution program. The elimination of hunger in this country is a national responsibility which must be considered of the highest priority. But our agricultural abundance is sufficiently great to make it possible to use it more effectively overseas in order to advance the foreign policy of the United States and the humane objective of reducing hunger throughout the world.

America does not have to choose between providing more help for our own people and helping human being throughout the world. We can do and must do both.

This double responsibility, and double possibility, has been recognized by Members of the Congress who have sponsored bills to do each of these things.

Although each of these programs, domestic and overseas, rests on its own merits, and the AFL-CIO supports each of them, I feel compelled to observe that public support for highly commendable and imaginative ideas like "food for peace" will be difficult to sustain if the Congress fails to do its duty in regard to our own hungry Americans. Refusal of the Congress and of the administration to spend reasonable funds to meet hunger and malnutrition of Americans will only aggravate the antipathy which already exists to so-called giveaway programs for other nations.

I want to make it clear that I do not consider, nor does the AFL-CIO, Public Law 480, or the mutual security program, or other international programs as giveaway programs. I think these are, in the best sense of the term, "programs of enlightened self-interest." But the American people have a right to wonder why the Federal Government is willing to spend billions of dollars for these international programs but is unwilling to provide for the economic well-being of our own Americans.

At the risk of going somewhat beyond the scope of the present set of hearings, I should like to urge upon this committee the need to examine Public Law 480 and all other relevant statutes in an effort to improve the presently inadequate domestic surplus-food distribution program. I am pleased to note that later this week the committee will inquire into the matter of food-stamp plans for Americans suffering from hunger or malnutrition. As a result of both these sets of hearings, it is our hope that the committee will be prepared to act on proposals before it, such as H.R. 7218 and H.R. 7473, which are aimed at improving the whole program of foods distribution

here at home. If additional hearings should be considered necessary on these proposals the AFL-CIO will be pleased to appear. I hope, Mr. Chairman, that you will include in the record, the text of the resolution that is appended hereto of the AFL-CIO on the local program.

Briefly, the AFL-CIO supports proposals which would (1) divorce the distribution of food to the needy from the price-support program as such, including transfer to the Department of Health, Education, and Welfare; (2) assure a better-balanced diet by the inclusion of other-than-surplus commodities; and (3) assist local communities in the costs of distribution.

A Senate Agriculture Subcommittee has approved a bill incorporating these proposals and also a pilot food-stamp plan. The AFL-CIO hopes that the Congress can take final action this year on a bill of this type.

Mr. Chairman, in urging the extension and expansion of Public Law 480, we recognize that even the present law represents an act of statesmanship and humanitarianism of monumental proportions. And may I interject here that any record we may have of encouragement for expansion and changes should not in any way make you forget that we pay great tribute to this committee for the work it has done over the years in the creation and continuation of this absolutely tremendous concept of Public Law 480. Although under it no fewer than 20 million Americans have received surplus agricultural commodities, the program is fundamentally one designed to distribute our plentiful foods and fibers to countries all over the world—whether sold for foreign currencies, bartered for strategic materials, or donated as emergency relief.

The time has come to revise, expand, and extend Public Law 480 on the basis of nearly 5 years of experience and a fresh look at what is needed and what can be done. We believe the so-called food for peace bills (H.R. 6526 and H.R. 6530) point in the proper direction.

Instead of continuing to pile more and more surplus commodities in storage—at a cost to the American taxpayer of approximately \$1 billion per year for storage alone—we support the proposal to expand the use of our food and fiber to relieve human hunger and promote economic and social development in less developed countries abroad.

Most of these less developed countries have newly won their independence. But their new-found freedom will mean little unless their hundreds of millions of people can find ways to lift themselves above the misery and despair that have always been their lot.

If the free world fails to provide adequate help, there is real danger will surrender to the blandishment of the Communist world. In most of these new nations, the issue may well be decided—one way or another—within the next decade or two.

The aid that they need is of many kinds, and America's abundant supply of food and fiber can do much to help.

According to responsible estimates, \$10 billion to \$13 billion of U.S. farm commodities may be conservatively expected to pile up in the next 5 years in excess of requirements for domestic use and foreign dollar sales. Furthermore, it is the conviction of many experts in this field that this quantity of farm commodities could be distributed to needy nations without disturbance to regular commer-



cial trade. This consideration is, of course, a very basic one in any legislation the Congress will approve.

In the face of these expectations, we support the proposal that local currency sales to U.S. surplus agricultural commodities at a rate of \$2 billion annually be authorized for the next 5 years, as compared to the \$1½ billion a year authorized at present under Public Law 480.

In addition, the continued bartering of surplus agricultural commodities for strategic and other materials now carried forward under Public Law 480 is of mutually great value to the United States and the other nations involved. We urge that this arrangement be continued. Under it, we are informed, a billion dollars worth of material already has been brought to the United States under this scheme.

We also favor continued emergency relief shipments to friendly countries in the form of grants at a rate of up to \$250 million per year.

Of particular significance is the proposal to broaden the uses to which local currencies accruing to us from the sale of U.S. commodities would be put to work. These include projects to promote education, health and scientific research, develop educational materials, finance the services of technical advisers, and advance economic development.

Through the wise uses that these foreign currencies can be put in the countries in which they originate, our aid abroad can be vastly compounded in the same way that counterpart funds multiplied the value of our investment in European rehabilitation under the Marshall plan.

It is of particular note that the food-for-peace bills seek to carry out proposals that have emanated from exhaustive investigations of the operation of Public Law 480. Among these have been studies by the National Planning Association, by Dr. John H. Davis for the Department of State, and by a team of three American businessmen appointed by the Director of the International Cooperation Administration.

Mr. Chairman, the AFL-CIO makes this statement of support for the extension of Public Law 480 not as experts in agriculture or international trade. We have confidence in the ability of the agricultural experts and trade experts to advise you on the technical aspects of the problem.

We come, instead, primarily as representative of millions of working men and women who recognize the need to fight against communism and hunger, and for peace, not with words alone but with concrete deed and example. We know of no better way to implement our words than the bold concept of "food for peace."

It is not too late yet, but may soon be, to heed Dostoevski's warning when he wrote:

A day is coming when men will say there is no crime, there is no sin, there is no guilt, there is only hunger. \* \* \* And they will come crying and fawning to our feet saying "Give us bread. \* \* \*"

The CHAIRMAN. We thank you very much for your statement, Mr. Bookbinder. And without objection the resolution referred to in your statement will be included in the record.

(The resolution referred to follows:)

RESOLUTION FOR AFL-CIO EXECUTIVE COUNCIL

IMPROVING THE FOOD DISTRIBUTION PROGRAM

Malnutrition and hunger continue to exist in this country despite the presence of a burdensome surplus of agricultural products. The present surplus food distribution program is entirely inadequate, and an improved and expanded program designed to make available increased quantities of food to the needy is long overdue.

We urge the Congress to improve the Federal direct food distribution program without further delay—guided by the following principles:

1. Administration of the food distribution program should be transferred to the Department of Health, Education, and Welfare. As the Federal agency responsible for developing and administering sound public welfare activities, HEW thus can assure operation of the food program as an effective, temporary supplement to our basic social insurance and public assistance programs. Food distribution must not be a substitute for these programs or for further improvements in them.

2. The costs of food distribution programs are properly chargeable to health and welfare and should not be charged to the price and income stabilization program for farmers insofar as they are separable from the costs of the farm program.

3. The needy should not be looked upon as human receptacles into which surplus farm products are dumped without proper regard for a balanced diet. In addition to authorizing the Secretary of Health, Education, and Welfare to distribute surplus foods, the Congress should authorize him to purchase and distribute additional foods essential to a more balanced diet.

4. The Secretary of Health, Education, and Welfare should be authorized to fix reasonable standards of eligibility and enter into agreements with State and local governments for the administration of the program.

5. Since the availability of foods distributed under this program is frequently limited by the financial inability of State or local governments to support the staff or facilities for local distribution, limited Federal financial assistance should be provided to assist in maintaining or expanding the program.

This is an emergency program designed to cope with the immediate problem. But it should never be forgotten that malnutrition and hunger among our people result primarily from inadequate purchasing power.

Millions of American families have never enjoyed the fruits of our much-vaunted American productivity. Other millions find their regular standard of living suddenly threatened by the ups and downs of the economy. Trade unions in their basic collective bargaining activities, have done much to eliminate these economic insecurities, but the advantages of collective bargaining have not yet reached the majority of wage-earners' families.

As long as there are pockets of poverty in America, and as long as recessions and depressions still threaten, Government has an obligation to meet the basic needs of our people through a broad program of social legislation, including comprehensive social insurance, public assistance and adequate minimum wage legislation.

Until these programs are effective enough to meet the needs of all our people, Government has an obligation to prevent malnutrition and hunger through a proper food program. To fail to do so, in the face of tremendous farm surpluses, would be inexcusable.

Thank you very much.

Mr. TEAGUE. I don't want to cause Mr. Bookbinder to faint dead away, but I would like to commend him.

I have heard you testify several times, Mr. Bookbinder, and you always present the AFL-CIO views forcibly, and I think very effectively. It seems to me that your associate in some way, Mr. Grayhouse, who appeared before this committee some weeks ago, could take several pages from your book. He presented at that time what I thought was an outrageous statement—which I don't expect you



to comment on or defend—but which in my view was not nearly as effective as yours.

But you always do a good job, Mr. Bookbinder, thank you.

The CHAIRMAN. We will adjourn now until 2:30.

(Whereupon at 12 noon, the committee adjourned, to reconvene at 2:30 p.m. the same day.)

#### AFTERNOON SESSION

The CHAIRMAN. The committee will please be in order.

Mr. Wallace Campbell, of the Cooperative League is our next witness. We are very glad to have you with us, and we will now be very glad to hear you.

#### STATEMENT OF WALLACE J. CAMPBELL, DIRECTOR, WASHINGTON OFFICE, COOPERATIVE LEAGUE OF THE U.S.A.

Mr. CAMPBELL. Thank you very much, Mr. Chairman. It is a pleasure to meet with you and members of the committee once again.

There are a few spots where I can abbreviate my testimony, and if it can appear in the record in full, it may save us all some time.

The Cooperative League feels that the opportunities which are before our country in the effective use of our abundance of food-stuffs is one of the most important matters coming before the current session of the Congress. We are pleased to have the opportunity to present our views.

As you will remember, the Cooperative League presented testimony before this committee in April 1954, urging the enactment of what has come to be known as the Agricultural Trade Development and Assistance Act, and even more popularly known as Public Law 480.

The league also has met with members of your committee and the committee in the Senate and with Senators and staff members as Public Law 480 came up for reconsideration during the years.

As we pointed out in our testimony in April 1954:

As taxpayers who have footed the bill for a substantial part of this available surplus (an estimated \$8 billion surplus was then on hand) we are concerned that that investment of ours be used wisely and in the national interest. As citizens we have an interest in finding a way to transform what might look like a national liability into a national asset in creating friendship around the world and in strengthening the peoples and the nations of the free world.

In the 5 years which have followed since enactment of Public Law 480, the United States has sold for foreign currency over 800 million bushels of wheat and wheat flour; 3.3 billion pounds of fats and oils; 240 million pounds of dairy products; 3.6 million bales of cotton, and many other farm commodities. The value of these sales is estimated by the Department of Agriculture at \$3.5 billion at world market prices.

This sales-abroad program is only one part of the overall program. Most Americans are not aware of the fact that 20 million Americans received surplus agricultural commodities through Public Law 480 through schools, charity institutions, and individual donations.

Of these, more than 14 million children in American schools received agricultural commodities in the school lunch programs. Over 5 million members of needy families were aided with surplus agri-

cultural commodities which went through established channels of welfare and relief, and close to 1.5 million children in charitable institutions received foods donated by the Federal Government. As has always been true, we are taking care of the needy in America first.

I think this is important, and is something most of the general public is not aware of in connection with Public Law 480.

In a recent report, Secretary Benson pointed out that more than 60 million people in about 85 countries are receiving U.S. food donated to American voluntary relief agencies carrying on foreign assistance programs. More than \$7.5 billion worth of commodities had been used under the law by December 31, 1958.

It is interesting, although we have disposed of \$7.5 billion of agricultural surplus, our surplus increased from \$8 billion we had at the time the law was passed to about \$10 billion at the present time. So we have a continuing program.

I am sure that I reflect the sentiment of the overwhelming majority of the 13 million members of the Cooperative League that this program should be extended and expanded as one of the great humanitarian programs of the United States.

We are very pleased that Senator Humphrey's bill S. 1711 has been up for hearings before the Senate Foreign Relations Committee, and that the following bills are before your committee:

Congressman Lester Johnson, H.R. 6526  
Congressman George McGovern, H.R. 6530  
Congressman Steven V. Carter, H.R. 6602  
Congressman James Roosevelt, H.R. 6611  
Congressman Quentin Burdick, H.R. 6637  
Congressman James G. Fulton, H.R. 6655  
Congressman Robert Kastenmeier, H.R. 6749  
Congressman James O'Hara, H.R. 7202  
Congressman Charles C. Diggs, H.R. 7353

In connection with the extension of Public Law 480 and the amendments to extend and expand it, there are several points we would like to bring to the attention of the committee.

1. The taxpayers of the United States have already paid for the agricultural surplus which is now on hand. The expansion and extension of our food program would be built primarily on the act of taking out of our bins food that has already been paid for and using it in the interest of friendly peoples in need throughout the world.

2. The continuing cost of storing our agricultural surplus is so great that it has been conservatively estimated that it costs more to store some of these commodities for a year than it does to ship the commodities and distribute them overseas.

I was before the Senate committee when Senator Symington pointed out these are costing \$19 million a week for storage costs.

3. Foodstuffs which are looked on as a liability here immediately become an asset in the recipient country. The food, wherever possible, should be used to stimulate activity on the part of the recipient country or the peoples in that country. The food can be used to pay salaries of people; costs of local materials for roadbuilding, and other construction projects; for technical assistance, educational, medical, and other costs. The United States will be paid in currencies of the recipient country.



These currencies may not be immediately useful in the United States, but they have an immediate use in the country of their origin. They can and should be used there whenever feasible. If there is no immediate use, the day may well come when those assets will be of great help to the United States. As these countries industrialize, their currencies may become as strong or stronger than ours and may provide value in international trade or for use in the United States.

4. Food distribution on a loan basis makes the surplus disposal program much more effective. Many countries in the world need food but will not or cannot accept grants. They are willing and able to receive the foodstuffs as loans and to repay those loans if given an adequate amount of time. This tendency to develop self-sufficiency and independence should be encouraged wherever possible.

5. From the point of view of the American farmer, the existence in the United States of \$10 billion worth of surplus commodities constitutes a continuing depressant on the market. The removal of those stocks of foodstuffs and fiber provides a more stable and more reasonable market for the commodities our farmers are producing.

This in itself would be of value, but I feel I must say, as a representative of an organization which includes millions of American farmers, that this is not the sole reason for the support American farmers have given to this program. There is a genuine determination on the part of the American farmer that the lifegiving foodstuffs he produces should not be destroyed, but should help the elimination of hunger wherever hunger can be overcome.

6. The use of nonprofit voluntary agencies for the distribution of foodstuffs overseas is more efficient and more effective than Government distribution and should be encouraged wherever possible.

The voluntary agencies make possible a people-to-people approach in the distribution of foodstuffs. The voluntary agency is able to make use of assistance by the governments and the peoples overseas who want to help themselves. United States personnel working for American voluntary agencies overseas can help supervise the distribution of commodities all the way to the point of consumption as does CARE, for example.

This gives a control over the use of the commodities which might be distasteful to the recipient government if the supervision came from a Government agency or Government personnel.

The use of a voluntary agency also stretches the dollar of the American taxpayer. The drive, efficiency, the self-sacrifice, and the devotion of the people in a private agency can often multiply the effectiveness of the program overseas.

When we testified in April 1954, urging the adoption of the proposed Agricultural Development and Assistance Act, we made these same fundamental points:

CARE has found that the governments of countries which need these foodstuffs are willing and anxious to help foot the bill, often for ocean freight as well as internal delivery costs, because this eliminates any possible stigma of charity, gives the recipients a feeling they are partners in a humanitarian undertaking rather than objects of charity, and contributes to that independence of spirit which we are seeking to strengthen throughout the free world.

We went on to point out, 5 years ago, that these foodstuffs can create an eventual new market for American agricultural products, and that by the use of U.S. voluntary agencies, American

foodstuffs are used in such a way that they do not interfere either with American markets or markets of agriculture in the local country or in neighboring countries who have traditionally supplied their need.

This, I feel, is a terrifically important point. The voluntary agencies, particularly CARE, have not in any way cut into the market for any of these goods by our own farmers or any others in any other part of the world.

These are truer today than they were 5 years ago. A recent report of the Advisory Committee on Voluntary Foreign Aid of the ICA pointed out that the voluntary agencies have used more than 2 million short tons of foodstuffs with a total value of \$670 million.

The Cooperative for American Relief Everywhere, better known as CARE, handled 895 million pounds of these foodstuffs. This included milk powder, butter, butter oil, cheese, egg powder, cottonseed oil, rice, beans, cornmeal, and flour. This current year only five of these commodities are in surplus. Five have disappeared from the surplus lists. Next year only three commodities—milk powder, cornmeal and flour—will be available in quantity.

CARE has served 36 countries with agricultural commodities and has an enviable reputation for efficiency and effectiveness in deliveries and for complete supervision which makes it practically impossible for any foodstuffs to get into the black market or be misused in any other way. We would like to submit a table of the commodities used and the countries served for the record, if we may, Mr. Chairman. I have those just on typed sheets of paper.

The CHAIRMAN. Yes. Without objection, you may insert the table.

Mr. CAMPBELL. Thank you.

(The table referred to follows:)

*Agricultural surplus commodities*

	Quantities shipped, <sup>1</sup> 1951-Mar. 31, 1959	Estimated shipments, Apr. 1-June 30, 1959	Estimated shipments, July 1, 1959- June 30, 1960
	<i>Pounds</i>	<i>Pounds</i>	<i>Pounds</i>
Milk powder.....	350,000,019	33,356,000	129,498,400
Butter.....	51,306,395		
Butter oil.....	25,890,387		
Cheese.....	122,326,841	224,000	
Egg powder.....	13,814,032		
Cottonseed oil and shortening.....	14,896,774		
Rice.....	22,485,503	779,600	
Beans.....	9,980,855		
Cornmeal.....	11,267,778	2,519,000	13,392,100
Flour.....	273,613,924	46,925,000	282,324,600
Total.....	895,582,508	83,803,600	425,215,100

<sup>1</sup> Actual B. of L. figures.

From 1951 through June 30, 1959, CARE has served 36 countries as follows: Austria, Bahama Islands, Bolivia, Ceylon, Colombia, Costa Rica, Cuba, Egypt, El Salvador, England, Finland, France, Gaza (Egypt), Germany, Greece, Haiti, Honduras, Hong Kong, India, Iran, Israel, Italy, Japan, Korea, Libya, Macan, Malta, Norway, Pakistan, Panama, Peru, Philippines, Poland, Scotland, Vietnam, and Yugoslavia.

From July 1, 1959, through June 30, 1960, CARE will distribute commodities in the following countries: Bolivia, Ceylon, Colombia, Egypt, Gaza (Egypt), Germany, Greece, Haiti, Hong Kong, Honduras, India, Israel, Italy, Iran, Korea,



Libya, Malta, Pakistan, Panama, Philippines, Poland and Yugoslavia. However, as of the moment, it is possible that CARE may also have U.S. agricultural surplus programs in Ecuador, Guatemala, Jordan and Turkey during the current fiscal year.

Mr. CAMPBELL. While we support wholeheartedly the work of all of the voluntary agencies in this field, we are particularly pleased to support the work of CARE. Not only is it a cooperative, but also we have seen its operation over the years at first hand and know intimately the effectiveness of the program. The Cooperative League of the U.S.A. is a member-owner of CARE, as are a dozen of the major economic corporations of the United States. Murray Lincoln, president of the league, served as president of CARE for 12 years and is now Chairman of the Board. I was chairman of the committee that organized CARE in 1945, and now serve as a vice president.

I do not appear here, however, as a witness in behalf of CARE. I am here in my capacity as a representative of the Cooperative League of the U.S.A.

We would like to see the voluntary agencies, including CARE, given the right to use local funds generated under Public Law 480 sales of surplus commodities to pay the cost of local delivery plus technical assistance and other self-help activities in the countries they serve. The general program of American voluntary agencies could be expanded substantially under such a program.

We feel that loans made from local currencies in the countries receiving the foodstuffs should be made to nonprofit organizations for education, health, and other activities, and also to nonprofit cooperatives which stimulate the democratic self-help programs of the farmers and others in the less-developed countries.

We also feel that certain commodities should be earmarked for use overseas even when there is a chance that some of the commodities may go off the surplus list.

For example, rice can be used with great effectiveness overseas, particularly in the oriental countries, but at the present time must be held off the list of commodities available for use overseas because of a possible use of rice for feeding programs in United States welfare programs. Other surplus commodities might be better used here with the rice reserved for oversea distribution, for example.

If we are faced with a continuing surplus situation, and we believe that we are, then the Federal Government should reverse its present policy on cutting back and "phasing out" the food distribution overseas, which is its official stated policy at the moment. It should use a flexible policy which would make it possible for a voluntary agency, such as CARE, to increase its distribution in countries of greatest need and to phase out of those countries in terms of all of the factors involved in oversea programs.

Today there is an arbitrary and inflexible formula for phasing out which forces a cutback of programs in each country on the same basis at the same time.

I am referring to what is known as the Francis Committee policy statement, which has never been made public, but it the controlling policy for the distribution of agricultural surplus. None of the voluntary agencies and, as far as we know, no Member of Congress has been able to see this paper.

In a conversation with an official of the ICA last week, he told me that it was marked "classified," and could not be made available to me or to any other voluntary agency representative.

We asked him if the Senate of the United States through one of its committees could ask for it, and they said, "Yes, if they ask for it by name, we will have to give it to them."

But, as of the moment, the Francis Committee policy statement, which calls for reducing distribution in each country each year, is the official statement of policy of the United States and is a classified document, and I hope this committee will get hold of it and take a good look at it.

Here are some of our specific suggestions. These are contained in various forms in the legislation before you.

(a) Public Law 480 should be extended for another 5 years, and the authorization for the use of commodities boosted from \$1.5 billion to \$2 billion per year.

(b) We would be happy to support a system of grants of agricultural commodities at a rate of about \$250 million per year to meet famine or other emergency relief requirements of friendly nations to carry out programs to eliminate chronic hunger and malnutrition.

(c) We would encourage, of course, the extension of the present authority in Public Law 480 affecting the barter for strategic and other materials; also continuation of the school lunch programs and other charitable programs at home and the food grant to nonprofit voluntary agencies for use outside the United States.

(d) We are intrigued with a suggestion made for a system of 10-year supply contracts with an interest rate not to exceed 2½ percent, to be repaid over a period of 40 years. This would provide an effective vehicle for a food loan program to needy countries.

(e) Some concerted effort should be made to build up and maintain food reserves in food-deficit countries. There is a long-range recommendation which has come before the Congress off and on several times, for a world food bank, but apparently we are not ready for anything that elaborate at this time.

(f) We would favor also the use of our surplus food products and the funds generated by their sale to foster and promote research, education, health, and public welfare in the recipient countries, perhaps by the establishment of binational organizations, or some similar association.

(g) A special effort should be made to use the agricultural surplus and local currencies generated from its sale for development projects by the United Nations. The agencies could include the United Nations Special Fund, Food and Agriculture Organizations, World Health Organization, UNICEF, and other agencies.

We also might well develop a similar program through the International Finance Corporation and the proposed International Development Loan Association.

(h) The currencies generated under Public Law 480 might well be used even more extensively than at present in promoting international educational exchanges, research, educational development, health and education, and technical assistance.

And (i)—this is one that is a specific matter of interest to our own organization—the Cooperative League would like to raise a specific



point regarding the intent of the Congress on the use of the funds generated under the Cooley amendment. The problem seems to be that the Export-Import Bank does not look upon the work of the cooperatives as part of the United States private enterprise system, for it has delayed action on an application which, in our judgment, is a sound and effective use of the funds accumulated under the amendment.

The American cooperatives took the lead in establishing a lending institution in Italy to lend to the free democratic cooperatives supporting their activities in a life and death struggle with Communist-dominated cooperatives in Italy.

Through the effectiveness of our lending program we were able to bring several thousand cooperatives with more than 100,000 members to the side of the free world. Our organization, Istituto Finanziario delle Cooperative Americane E Italiane (IFCAI), established by the league through its fund for international cooperative development, operates this lending program.

IFCAI is engaged in a constructive program which provides an opportunity for these cooperatives to strengthen their own activity with "no strings attached" other than to join one or the other of the two national non-Communist associations in Italy.

The program has been carried forward on a completely self-supporting basis and is not a giveaway in any sense of the word. Loans are made to the cooperatives for essential economic functions. Our lending officials have been careful in their loans and have used the lending process as an opportunity to advise the co-ops on some of their operating problems and have been able to give them sound business advice as well as loans.

When IFCAI sought to borrow funds from the Export-Import Bank on a sound and self-supporting basis, we were faced with interminable delays, and are led to believe that it is due to the feeling on the part of Export-Import Bank officials that such loans were not the intent of the Congress.

It would be very helpful if this question could be straightened out. Perhaps a simple statement by the Agricultural Committee in connection with the extension of Public Law 480 could clear the matter up once and for all.

If the program for use of agricultural surplus is to be stepped up substantially, we feel that some provision should be made for the creation of a central authority or administration with full power to act. Such an administrator or administration should, of course, have an interdepartmental policy committee advisory to it and a public advisory committee consisting of representatives of private U.S. organizations working with it as closely as possible.

At the present time, it is amazing that Public Law 480 is administered as well as it is. There is no head, there is no one person or one agency responsible for the administration of Public Law 480. Nine agencies have to meet and agree on a program before anything can get done.

It is amazing how much has been done under that system. We would urge that this committee look into the possibility of establishing either a central food authority or administration, or at least one official that you could turn to to ask for a report on what is being done.

I think such a centralization of authority would be helpful to everybody who is working in the program. I do not think anybody down the avenue would object at all, and we would strongly urge that you take some steps of that kind.

Food is our greatest tool for world peace and prosperity. Let us treat it as an asset, not as a liability.

We notice that you are having hearings on food stamp plans later this week. We did not realize those hearings were coming up so early. The Cooperative League, I am sure, would encourage the support of some workable food stamp plan which would make it possible to distribute agricultural surplus more effectively in the United States than has been done to date.

We have been very happy, Mr. Chairman, to have had this opportunity to appear.

Mr. POAGE (presiding). Mr. Campbell, we thank you very much for your statement. We appreciate it.

I want to ask you about two or three things you mentioned. I want to agree with you as to the necessity of getting some recognizable head to these operations. I think it is clear that when Congress passed Public Law 480 originally, it was our thought, certainly it was mine, that the Department of Agriculture would administer the program; and the Department of Agriculture has never filed any disclaimer as to their interest in their right to administer the program, but, as you point out, there are about eight other agencies which have grown up and take a part in the administration of this agency. It is true that nobody knows where they can go to get an answer or where they can learn policy.

And I think it is true that the Department of Agriculture does not know what the policy is, because they do not make it. And it is probably equally true of other agencies. They all say, "We don't have control and we are only here in an advisory capacity" or "we are only here to review."

The result is that there is no head to the operation, and it is trying to run off in all directions, and I think rather successfully, with the result that we are not achieving a great many of the results we should achieve with a program of this magnitude.

I am glad you called attention to that defect in the present operations.

Mr. CAMPBELL. Yes.

The CARE personnel—and I am not on the staff of CARE but on its board—have been very pleased with the attitudes of the people with whom they deal, and with the constructive approach to this whole problem, but there are frustrations that grow out of a lack of centralized administration.

Mr. POAGE. Then I was especially pleased to hear you say that you were at least interested in the idea of making rather long-term commitments. To my mind, that is one of the great weaknesses of the present system, one of the reasons that our sale for foreign currency is not making the success it should for the United States and for the recipient countries, because it is perfectly clear to me if a recipient nation cannot do anything more than count on a program that will last from now until the last of June, and at that time they have no idea whether the program will go on or not, in many instances they would rather not become part of that program.



They will be better off in many instances to have foregone all of the benefits than to have accepted them for a few months and then have them deliberately cut off. At least that is the way I feel.

And while we know that the present law authorizes the Secretary of Agriculture to make long-term commitments, and he recognizes that himself, and while we know that the present law authorizes him to make long terms of payment and to fix the interest rate wherever he wants to fix it, still he has felt that he could not dare to make commitments for more than a couple of years, and in most cases only 1 year, and that he could not make long-term repayment provisions, or at least not often, and that when he did that he had to fix an interest rate which was so much higher than that offered by the Russians that it at least looks very unattractive to a great many people throughout the world.

I know that there is pressure to establish interest rates at least as high as the interest rates in the United States. I fully appreciate the fact that criticism would develop by establishing a lower interest rate. And yet we are in a competitive world, and we are facing other programs financed by the Communist nations——

Mr. CAMPBELL. That is right.

Mr. POAGE. Which at least offer a 2-percent interest rate.

I grant you that I do not know of a tremendous amount of money that is advanced on those terms, but there is enough advanced on those terms to destroy the luster of our program.

Mr. CAMPBELL. Yes.

Mr. POAGE. It seems to me we have got to recognize those things, and I take it from your statement that you agree we must do that.

Mr. CAMPBELL. And I think, Mr. Chairman, that the administration is awaiting a policy determination from the Congress on this particular matter. I think you would do a constructive service by spelling this out in legislation. I think everybody would be happier about it.

They might not be completely happy with what you did, but to get this into the law, into the will of the Congress, would be very helpful to everyone, I feel sure.

Mr. POAGE. There is one phase of that on which I have had considerable misgivings, and frankly do not know that I have an answer. But what would you do with these foreign currencies in the final analysis? What is your suggestion as to how we should dispose of these foreign currencies?

Mr. CAMPBELL. My own feeling is that there are a great number of things which can be done within the countries themselves with the foreign currencies.

For example, in our technical assistance programs, as our men work on ICA programs overseas, projects develop in communities which could be undertaken if there were a bit of capital, local capital, available.

It would also be possible that projects could be undertaken of a public works nature in many communities, including the drilling of wells or the building of small dams, the building of schools, in which you could use the local currencies generated with the sale of the food, for the payment for these projects.

The United States may wind up by having a lot of money due it from other parts of the world, but as the world grows and as these countries become more solvent and more economically sound, they become purchasers from the United States, they become markets for our goods, their money becomes more solid, and we are able to make use of those funds.

I think the long-range objective of the program is to build the world on a sounder basis. Eventually many of these currencies can be used.

Mr. POAGE. Are you saying to us that you would continue to recognize these as debts over a long period of time until such time as we could extract payment or could exchange the currencies for something of value to the United States, rather than simply making a gift of the currencies to the recipient countries?

Mr. CAMPBELL. Yes. I believe that is the soundest thing. I think most of the countries involved would appreciate being treated on that basis, because they would prefer to be on a loan basis with foodstuffs than to be on a direct grant basis.

Mr. POAGE. I have thought there was much merit in that, too, but I gathered from the Department's testimony—I may be wrong, but I got the impression from the Department's testimony that they had no plans beyond lending this money to the recipient countries and ultimately giving it to them.

Mr. CAMPBELL. Well, let's take as an example the India wheat loan of 5 or so years ago. It is far enough back now so that all of the heat and emotion is gone from it. You will remember that the administration brought in a proposal to give some \$150 million worth of wheat to India. There was an emergency situation.

And before India had time to say, "Well, we don't want to have you give it to us; we would like to have you make a loan to us," the Congress got in quite a hassle over whether we should give this away. So many things were said detrimental to India in these terms that the wheat to India did not do us nearly as much good as a nation as it should have.

India is not in particularly good shape, but under that wheat loan program—and it was finally settled as a loan rather than a gift—there are now students studying in the United States, there are Americans in India who are studying there; there are quite a number of things being done on a constructive international basis with the money from that wheat loan.

I think this sets a pattern which would be useful everywhere.

With Finland—we always go back to the Finnish illustration, of course; we have to, because it is one of the few countries which has always stood behind all of its obligations.

Finland was in no position to pay back its war debt when it said, "We are going to keep on paying it and won't have it written off." Finland has consistently paid off its war debt.

Now we in the United States have taken an attitude on that which I think is very good. We have allowed the repayments of the Finnish war debt to be used to finance Finnish students in this country, the shipment of books and medical equipment to Finland, and so forth, and it has been a wonderful program of benefit to both the United States and to Finland.



Now, some of these other countries around the world do not look to be in very good shape now, but if we are helping them with our technical assistance program and they get on a good basis, some day this may be of real substantial value to us.

In the meantime, it is psychologically the best way to handle it.

Mr. POAGE. Well, I am inclined to agree with you, and I am glad to have had your views, Mr. Campbell.

Mr. McIntire.

Mr. McINTIRE. Mr. Campbell, on page 4 of your statement I realize the point you are making in section 5, which is in relation to the carrying charges of these inventories, and you say—and this you have underlined:

The removal of those stocks of foodstuffs provides a more stable and more reasonable market for the commodities our farmers are producing.

I would agree with that.

But how do you put into perspective and into position the attainment of this objective, and the realization of the objective in the area of the distribution of long-term contracts for food over a period of 10 years?

Do you propose or do you have in mind that upon any success we might attain in the adjustment of our inventories of foodstuffs in this country to a more balanced domestic market demand and supply situation, that all of the commitments in the programs and the long-term contracts for food would be then brought about through appropriations of cash money and going into the market to keep our commitments on a long-term basis?

This is an area which bothers me, because success on the one hand terminates a program on the other, as we have it now, based on having the physical commodity at hand.

Mr. CAMPBELL. John Davis, whom you know—

Mr. McINTIRE. Yes, very well.

Mr. CAMPBELL. Made a very interesting study for the State Department in which he estimates that we will have the current surplus situation for at least 5 years more, and that he felt this was a conservative estimate.

At the rate we are producing wheat now, for example, I think it is safe to say we are going to have a surplus of wheat for a long time, regardless of what laws are passed.

I do not want to get into an argument about agricultural policy. But we are going to have this for a long time.

We passed the law, Public Law 480, in 1954. We have had 5 years of experience under it. We have moved \$7½ billion worth of commodities, and still have \$2 billion more than we started with. So that for this 5-year period, at least, our surplus has continued even greater, although it has diminished in some commodities.

It is my judgment that we are faced with an oversupply of these commodities for quite a while.

I do not think that is necessarily a bad thing, in that with nearly 5 million individual family farms in the United States, the only way you can get completely on target and get only what you need for the domestic market is to have awfully rigid controls, and we do not think that that is the way to do the job.

So, if you are going to have enough for the American market, you have to have just a little bit too much in order that you may have a safety margin.

This margin may only be 4 or 5 or 6 percent of the total U.S. production. It looks awfully big when it gets into storage bins someplace; but it is not necessarily bad if, as national policy, we decide that we are going to use those commodities in the national interest.

This should not necessarily be put down——

Mr. McINTIRE. The point I am getting at——

Mr. CAMPBELL. This should not be put down as an agricultural responsibility. I think one of the problems is, we charge to the farmer the costs of an oversea program which is of national interest and not necessarily a problem of agriculture.

Mr. McINTIRE. The point I am getting at—and I will accept the view of John Davis in that the total problem of surpluses is going to be with us for a time. However, your own statement here points up the problem that I was trying to reach. You say here that we ought not to be segregating limited supplies, and you use rice as an example but we ought to be segregating limited supplies in order to take care of some oversea needs.

And in that point you are saying, "Don't distribute rice domestically when it is the American taxpayer who has paid for it, but set this aside for foreign distribution. We don't need to look into the future as to whether we are going to have enough supplies for these programs."

There is a demand right now that we should be supplying oils for oversea programs, and we have got this problem right in front of us now, Mr. Campbell. This is not a case of saying, "We are going to have supplies adequate."

If we go into long-term contracts which specify that it is going to be so many tons of cottonseed oil or so many tons of soybean oil for delivery in 1969, it seems to me that either you are going to modify that contract by saying, "sure, if we have it," which is not materially different than where we are now except we do not put it down on paper—if we have it, or we say we have got it, we are going to have it a year or 2 years from now, and we will make the commitment now.

Mr. CAMPBELL. That is a very good question, but I think there are two answers to it:

First, the administrator of the program has to have a fairly good projection of what is going to be in abundant surplus and what is going to be close to the line.

Mr. McINTIRE. Let me ask you a question there, Mr. Campbell.

How can an administrator, with the exception of corn and wheat and cotton—and these are not the problems which are involved in this issue; it is some of these other commodities. It is oils and things of that sort. How can an administrator project what his surplus is going to be at some future time?

Mr. CAMPBELL. Well, on wheat, corn, and cotton, I think we can. The administrator has to look at the others and to some extent take a chance on it.

But the second answer is this: That these are proposed for loan programs in which we are to be repaid, and we may be taking some things out of the market and paying for them in order to have a package to



sell to these countries, to a given country, but we will be repaid for them.

It will be in their currency, but it will be a useful repayment to us, if I judge it properly, so that this would be a long-range commitment on a loan basis with the sale of the commodity to the country.

Mr. McINTIRE. Then you are getting back to my original question; and your answer is, "Yes," this would be done by cash if we did not have the commodity in surplus—

Mr. CAMPBELL. That is right.

Mr. McINTIRE. By going into the market and buying the commodity.

Mr. CAMPBELL. Yes.

Now to take a specific example, CARE has been unable to get enough commodities in the surplus to make a completely healthful package.

Mr. McINTIRE. Yes.

Mr. CAMPBELL. So, during the last year, as some of the surpluses have gone out of surplus, CARE has gone into the open market to buy hundreds of thousands, in fact, it is in the million dollars now, of commodities to balance the package.

So that we would have elements in there besides wheat and milk and cornmeal, and we have felt that the American people who contribute to CARE are willing and anxious to have us do that, because in the total package we are still delivering to people a relief package which is beyond comparison. We are still getting the basic ingredients from Commodity Credit, and we are buying in the open market to supplement it. The people contribute a dollar for delivery of 22 pounds of the commodity, and it is still a very good thing, and in the national interest.

We realize we need to buy to supplement, and the Government would need to buy to supplement on some of its long-range contracts if it needed to.

Mr. McINTIRE. Thank you.

Mr. POAGE. Mr. Campbell, is it not true that every private business does exactly the thing that some of us fear the Government should not undertake, in that it has to commit itself for some time in advance on what it is going to deliver? Does not Cargill sell grain today for delivery next year? Does not Anderson, Clayton, sell cotton? Do not all of these concerns make commitments?

And they do not make commitments on the basis of whether the crops could be good or whether they could be bad. They fix their price and they make commitments, and they say, "We will deliver."

Of course, that is what we are asking the U.S. Government to do, to say, that we will deliver. Of course, it should not do it unless the sum-total advantage is to the United States.

Mr. CAMPBELL. That is right.

Mr. POAGE. It is not my suggestion that the United States should go out here and make commitments which have no advantage to us, but it seems to me quite clear that if we have a program the larger portion of which we can definitely anticipate will be filled from commodities which are in surplus, it may well be to our advantage to make commitments on some things which we are not at all sure will be in surplus during each one of these years.

Mr. CAMPBELL. That is right.

Mr. POAGE. But that probably will be in surplus most of the years.

We might make a 7-year contract on vegetable oils, and there might be only 5 of the 7 years in which the vegetable oils would be in surplus, but if along with it we were moving a substantial amount of wheat that we knew in all reasonableness would be in surplus every one of the 7 years—and I think that is a rather safe assumption—it might very well be to our advantage to make that kind of a commitment.

Mr. CAMPBELL. And besides, we will be developing a market, and I think that in itself is one of the original intentions of Public Law 480.

Mr. POAGE. It unquestionably is one of the original intentions, and I recognize, as the gentleman did this morning, and as you do, there are other values, and I recognize them as being things of value toward which we should strive—that is, helping these other people.

I am not prepared, possibly, to go as far as the gentleman did this morning and say that we should make that the primary objective of Public Law 480. I do not think you could sell that to the American people, in the first place.

There is no use of talking about a law which does not meet with public acceptance.

I do not know what I would buy. But I certainly will recognize that if the bill is achieving the primary purpose of stabilizing our own agricultural economy, I do not condemn it because it does good for other people, too.

I think those are benefits which add to the advantages, the total advantages, of the program.

Mr. CAMPBELL. I think this committee and all of its members can feel proud of what has been done under Public Law 480. It has been one of the great humanitarian pieces of legislation of the last generation.

Mr. POAGE. Obviously we do feel proud of it or the committee would not be meeting here as many days as it is with the idea of renewing it, if we did not think pretty well of the legislation, we would have simply let it die.

Mr. McIntire.

Mr. McINTIRE. Just one short question.

Mr. Campbell, I have heard, of course, a good deal of commentary on both sides of this particular issue. One commentary is that it is one thing, perhaps, to say we are willing to enter into a long-term contract; and if we entered into it, I think our tradition is that we expected to live up to it.

It is another thing to get a recipient country to feel that in the management of its internal economy it can make commitments over these periods of time and can effectively accept these conditions, but must make a reservation.

Now, it seems to me that anything which is done in the way of language to amend this area must recognize fully that if this is going to be a long-term commitment on the part of the United States, that it should not be entered into unless it is going to be an effective long-term instrument on the part of the recipient country.



Mr. CAMPBELL. Well, I believe that most of the countries we will be dealing with on this will be entering into long-range commitments in good faith.

Mr. McINTIRE. I am not questioning that.

Mr. CAMPBELL. And I also believe that, just as the Marshall plan countries were in no position to make repayments when we made our first Marshall plan contributions—and those were contributions—back immediately after World War II, that those countries are now on their own. They are not recipients of any aid at all any more, and many of them are turning around to help the other countries.

We have seen some of the newly developing countries begin to assume stature and find resources they did not have before, and run their countries with stability and effectiveness.

India is only 10 years old as a nation in its own right, and yet it is one of the countries which I think you can depend on for a long time in terms of its willingness and ability to live up to contracts, and it is one of the places of great need for this continuing program.

In terms of the world situation, India is one of the touchstones which will determine whether southeast Asia goes Communist or stays on the democratic side, and if we could make long-range commitments to India, for example, even only to India, we would make a great forward step on this.

I am not advocating just India, but it is a good illustration.

Mr. POAGE. Mr. Campbell, is it not true that in India and in many of the other developing nations of the world whether we think it is the proper thing or not, that they are following the example of the Soviet in establishing goals, plans, a 5-year plan, and then a second and a third and a fourth 5-year plan?

The term "five" seems to be quite popular with them. It might just as well be 7- or 10-year plan or anything else.

But they do set a period of years in which they expect to achieve certain goals. Most of the developing countries of the world are doing that; are they not?

Mr. CAMPBELL. That is right.

Mr. POAGE. In order to do that, they must make rather firm plans for that period of time, and it seems to me to be entirely consistent with their welfare as well as our own for them to make commitments during that period of time.

And I certainly agree with Mr. McIntire that we should expect of them complete cooperation. We do not have to deal with anybody, and if they are unwilling to deal with us on terms which we think are mutually advantageous, I do not know that there is any necessity of us dealing with anybody.

But if they care to deal with us on those terms, which seem to me to be advantageous to them, just as they are to us, then it would seem to me that that is the kind of a place where you can make deals.

Mr. CAMPBELL. That is right.

Mr. POAGE. Mr. Quie.

Mr. QUIE. I would like to ask you some specific questions on certain commodities which were available for donation.

When butter, butter oil, and cheese were available, do you think we should have continued to make those commodities available for donations?

Mr. CAMPBELL. When they are in surplus.

Mr. QUIE. Well, they no longer are in surplus of sufficient amount to provide under this program.

Mr. CAMPBELL. That is right.

Mr. QUIE. And you say that the current year, only five of these commodities are in surplus, so that means that butter, butter oil, and cheese were not one of those items.

Mr. CAMPBELL. That is right, were not in surplus.

Of course, under Public Law 480 and under an amendment of it, I do not expect the Federal Government to dip into the Treasury to buy commodities to give to the voluntary agencies or to create a surplus where there is not one.

I did not hear the discussion this morning, and I am sorry that I did not, but we had our man in from India, and I had a talk with him.

But if I understand correctly, the position of most of the voluntary agencies is that instead of being "low-man-on-the-totem-pole" in terms of the available agricultural surplus—in the total available surplus, the agencies working overseas ought to have a commitment out of the total surplus instead of waiting until we have satisfied all of these other priorities before the voluntary agencies can use food overseas.

In rice, for example—and that is the classical illustration—if we are feeding schoolchildren in Virginia or miners' families in West Virginia, which we are doing with agricultural surplus now, those families are not used to using rice, and could just as well use flour or cornmeal for the same need, to meet the same food need; and you would reserve the rice for the overseas distribution where it is an acceptable commodity and people do not know what to do with either wheat or cornmeal.

And so, if I can do a bit of interpretation, which I am not entitled to do, I think the point of view of all of the voluntary agencies is that from the total available surplus, there ought to be certain commitments made so that the voluntary agencies could plan ahead on what they are to do.

I was in Greece, in Italy, and in Israel this fall on an inspection mission for CARE when cheese was taken out of surplus. To me, cheese is something you eat on apple pie, and it is something you can live without or enjoy greatly.

But in the CARE school lunch program in Greece, cheese was the most important single element, because it gave nutritional values which you did not get in the milk or the flour or any other commodity.

So that we feel that if a certain amount of cheese is available or a certain amount of any other commodity is available, the administrator of the program should be able to take a look at the whole program and see where this commodity could be used to greatest advantage, and what amounts of it could best be reserved for a certain use.

And we feel that the voluntary agencies, in regard to the use of the surplus overseas, should not necessarily be at the bottom of the "totem pole" subject to the fluctuations of the market and everything else in the series of priorities.

Mr. QUIE. In other words, they should have the same priority as the domestic donation program.



Mr. CAMPBELL. I think they should; yes.

Mr. QUIE. Then another thing I would like to ask you about.

I think the program where the voluntary agencies are distributing this food has been of tremendous humanitarian benefit to people all over the world, and I notice that you said over a period of 5 years the voluntary agencies used more than 2 million short tons.

This morning it was stated that 3½ million tons of foodstuffs was distributed over the past 5 years. What percentage is this of the total amount that is donated; that is, taking into consideration government-to-government and what is donated in this country? Do you have those figures?

Mr. CAMPBELL. I will have to give you an approximate figure, but Mr. McCahon's office in the ICA could give you the complete run-down on it.

As I recall the figures, the voluntary agencies have distributed about \$800 million worth of commodities out of about \$7.5 billion, so that it is about 10 percent.

Mr. QUIE. Ten percent of the total amount——

Mr. CAMPBELL. Moved under——

Mr. QUIE. Under Public Law 480?

Mr. CAMPBELL. Public Law 480.

Mr. QUIE. How about title II and the donation part of title III?

Mr. CAMPBELL. I would say this is most of title III; this is the big part of title III.

Mr. QUIE. This is the big part of it.

How could this be increased? Are you hampered by funds donated to CARE, for instance, and funds donated to other voluntary agencies, or is it just the fact that there is not enough food available?

Let us take wheat, for instance, and flour. It seems to me there ought to be plenty of that available. Why is not more of that moved through the donation program?

Mr. CAMPBELL. This is complicated. The first factor you put your finger on, a very important one, is that CARE does not operate on any money of its own. CARE is a cooperative owned by 26 national organizations, of which mine—the Cooperative League—is one.

CARE has no money of its own. Its funds come from public contributions. There were about \$7.5 million contributed to CARE last year, most of it for this purpose.

We need to increase the contributions in order to have a larger amount of money to work with.

In many of the programs, however, such as those we have with Egypt and Yugoslavia, Libya and so forth, the internal costs are paid for by the recipient country. For a school lunch program in Egypt, for example, all of the internal costs except for our mission, our mission chiefs, are paid for by Egypt.

The commodities come from Commodity Credit Corporation here, and ICA reimburses CARE for the ocean freight. On that particular program most of the cost comes not out of contributions of individuals, but from these various factors that are available at the present time.

We could increase our distribution in Egypt quite substantially with the local government paying the larger part of the costs.

In Iran, to give you a specific example, CARE started there 2 years ago. In order to do a trial run to see that all the bugs were out of the

operation, we operated in two provinces—they do not call them provinces, but two sections of Iran.

When we finished that program, we applied to ICA for a substantial increase in commodities, for this current year. We submitted our program in January, and got a reply in June. The reply in June said CARE could have only 80 percent of the commodities it distributed last year because of the Francis policy. Under the Francis Committee policy the next year CARE was required to distribute only 70 percent of what it did last year. The year following 60 percent, and then 50 percent. CARE had to have a signed contract with the Government of Iran saying that they understood we would be out of there in 7 years.

This is now the policy of the United States under the Francis Committee policy report.

Mr. POAGE. You say that is committee policy. What committee are you talking about?

Mr. CAMPBELL. Clarence Francis is the White House adviser on distribution of surplus commodities. He has a committee made up of representatives of each of the nine agencies of Government which are concerned with surplus distribution.

They decided they should sit down and work out a policy. The policy, in general principle, is that the United States cannot feed the world forever. All programs should have a standard policy to phase out of operation.

With that we agree. The CARE board decided several years ago that we should never go into a country unless we had an arrangement for phasing out of that country whenever the time and circumstances indicated that to be the best public policy.

But in administering this program, the Francis Committee has decided that in each country, each of the voluntary agencies must distribute less each year than it did the year before.

In Iran, we cannot get as much of the commodities as we asked for because of this policy. The year before, we operated in but two provinces instead of in the entire country.

Mr. QUIE. In other words, you go into a new country and establish a program, but after it has been established you have to arrange for a phase-out of the program.

Mr. CAMPBELL. That is right.

Mr. QUIE. Does this have anything to do with the black market trade which seems to crop up wherever this program exists?

Mr. CAMPBELL. We have had no complaints about black market operations. I will tell you how this happens.

Mr. QUIE. You have had no complaints about CARE?

Mr. CAMPBELL. That is right.

Mr. QUIE. But there have been complaints about other voluntary agencies.

Mr. CAMPBELL. That is right.

In the CARE operation, we have our own personnel in each country. These are U.S. personnel, who supervise the distribution right down to the point of consumption, whether it is a hospital, a school feeding program, an old people's home, or whatever the institution is.



Our representatives work with local people in initiating the program. We make periodic inspections. We get signed receipts, and we police distribution as carefully as it is possible to police it.

Some of the other agencies, because of their setup, feel they have to turn the commodities over to indigenous personnel in the country. We do not. We have a contract with the Government saying that we will send in U.S. personnel, and we will be responsible all the way down.

We pay them very well, not as well as Government employees, but better than most people in the service agencies. We pay them well enough so that we can hold on to good people, and so that there is no incentive for them to yield to any temptation along the line.

Mr. QUIE. Why do the other voluntary agencies not operate in the same way?

Mr. CAMPBELL. I missed the first part of your sentence.

Mr. QUIE. I say, why do not other voluntary agencies, then, have a program of distribution of food like you do, in order to prevent black market operations?

Mr. CAMPBELL. Well, some of them are different types of organizations. That is, take World Church Service, for example. It would be very embarrassing for them to say to a church agency in Greece, "We are going to send in some Americans to see that you are honest about this."

But often there are temptations for some of the people involved, where there is no supervision from the outside. For hungry people, temptation might be a little too great. Some foods may get into the black market because somebody was hungry.

I do not say this in criticism of the other agencies at all. I am just pointing out that CARE, at least, as one of the agencies, can supervise it.

Mr. QUIE. I know some of the problems which exist in the other agencies, privately they will admit, and that they are trying to wipe them out.

Mr. CAMPBELL. It is a very understandable and human problem.

Mr. QUIE. The last question I have is on page 6, when you talk about CARE. You say "Not only is it a cooperative \* \* \*"

What was the reason for saying that? Is there something about it being a cooperative which should give it priority? I do not understand that "it is a cooperative."

Mr. CAMPBELL. My salary is paid by the Cooperative League of the U.S.A. My job is to promote cooperatives. Naturally we are very proud of the fact that CARE is a cooperative.

CARE is so well known for what it does that very few people know what it is. It is the Cooperative for American Relief Everywhere. It is incorporated under the District of Columbia Cooperative Corporations Act.

It is owned by 26 members, each of them having one vote per member, regardless of how much money they put in in the first place, or the size of their membership.

It is a nonprofit organization, and the surplus is distributed in proportion to the wishes of the people who sit on that board representing the organizations.

So is a true cooperative, just like the co-ops in your territory that you are so familiar with.

Mr. QUITE. Are those 26 individuals?

Mr. CAMPBELL. No. Those are 26 organizations. They include, in addition to the Cooperative League, my own organization, the National Grange, the National Farmers Union, the American Federation of Labor and CIO, Credit Union National Association, the Lions, the Eagles, the Methodists, the Brethren, the Congregationalists, and so forth.

These 26 national organizations are all nonprofit in character. They put up the money to start CARE. They provide one board member from each organization to determine policy.

None of the board members are paid.

That is why I make a point of the "cooperative" character of CARE. It is just part of my promotion activity.

Mr. QUITE. A little advertising.

Mr. CAMPBELL. A little advertising. [Laughter.]

This is the only compensation I get for all the time I put in on CARE.

The CHAIRMAN. Is that all?

Mr. PIRNIE. I did want to ask you one question. I was quite interested in the background of CARE, and in the way in which it has efficiently attempted to stimulate interest in people to have in people who have not, and I assume that it has had a cultural value, too, in its exchange because people have come to understand each other better by these contacts.

Mr. CAMPBELL. That is right.

Mr. PIRNIE. But when you suggest that perhaps we should round out what we have to offer by including something not in surplus, then you create a real problem for this committee, because we are charged, are we not, only with disposing of surplus in a way so that we will promote the agricultural economy?

Mr. CAMPBELL. You will notice in my testimony I did not suggest that you give to CARE anything that is not in surplus.

I did not hear the witnesses this morning, so I am not sure just what they said. I believe that the primary appeal is for you to make available from the general surplus to the voluntary agencies what there is in the general surplus instead of waiting until oversea sales, domestic welfare programs, and so forth, are all taken care of.

Mr. PIRNIE. I was referring to your reference to your school program in Greece.

Mr. CAMPBELL. Yes.

Mr. PIRNIE. And elsewhere, I suppose the same rule would apply?

Mr. CAMPBELL. I was not saying that you should buy cheese and give it to us.

I was just illustrating what an impact it is to lose cheese in a program over there. CARE does and should buy commodities to supplement what is available in surplus, and we are doing that now to round out our package.

Mr. PIRNIE. Then you would agree that there would be no obligation to provide the commodity unless it was in surplus?

Mr. CAMPBELL. That is right.



We would like a change in the priorities, if we could, and a centralized administration that could make some commitments in advance to us. There is nobody who can make that kind of a commitment to us now. We would also like to negotiate to purchase some commodities at concessional prices where that is in the public interest.

Mr. PIRNIE. Yes. You understand in our attempt to develop markets we want to develop the type that would bring a profit to our economy.

Mr. CAMPBELL. That is right.

Mr. PIRNIE. In other words, to restore normal markets as soon as we can; and that might be one of the elements in bringing that about, might it not?

Mr. CAMPBELL. That is right.

Actually we want to develop new markets and abnormal markets. In the use of the dried skim milk, for example, we have created a taste for milk and a use for it through the school lunch programs in 25 countries, so these youngsters grow up, they have tasted milk, they know what it is like. There will be a market developed over the years, not a big one, but an additional market, that is very important to the American farmer.

Mr. PIRNIE. And you feel that it serves quite a valuable purpose in that direction?

Mr. CAMPBELL. That is right.

Mr. PIRNIE. Stimulating the desire for the products?

Mr. CAMPBELL. Yes, sir; it certainly has.

Mr. PIRNIE. And changing the eating habits, perhaps, of some of the people?

Mr. CAMPBELL. Yes, indeed.

Mr. PIRNIE. That is all, Mr. Chairman.

The CHAIRMAN. Thank you very much, sir, for your appearance.

Mr. CAMPBELL. Thank you.

The CHAIRMAN. Mr. David Whatley.

Mr. TEAGUE of California. Mr. Chairman, before we do have the next witness, I have a request to make. I have not taken any time today, and that request is this: I have, in brief, a little something I would like to read into the record, and the request is that it be included in the portion of the record pertaining to the barter aspects of the Public Law 480 program, if that is not too difficult.

The CHAIRMAN. It may be inserted at the appropriate place in the record where barter was being discussed.

Mr. TEAGUE of California. It is only a few lines long, and I would like to read it, if I may.

The CHAIRMAN. The data referred to will be inserted right after Mr. Palmby's testimony.

(The data will be found on p. 773.)

Mr. TEAGUE of California. First, I would like to say that we have had before this committee a lot of hearsay and opinion evidence, which is quite proper. That is in keeping with the custom of committees of Congress.

I received today a letter from a Mr. Gerald J. Griffin, whose address is 736 Toro Canyon Road, Santa Barbara, Calif., containing a tear

sheet or a section of what appears to be a newsletter, such as Kiplinger's News Letter, and saying this:

Scandal in Government stockpiling of so-called strategic materials: It has gotten to be a racket, full of deceit and mercenary motives. Originally stockpiling was meant as protection in case of a major war—all sorts of stuff—copper, lead, zinc, nickel, manganese, tungsten. But the thing goes on, never ends—hundreds of millions every year—tucked away in Government warehouses, not needed, gathering dust, costly.

We now have over \$8 billion worth of stuff stockpiled, over twice as much as the Government intended. And why keep adding to it.

It's a scheme to support metal prices—that's the real reason. It's a subsidy to the mining industry—more production, more profits. Can't consume it. Can't even sell it—for that would break the markets.

Congress investigate? No, afraid to. Congress cut the outlay? No, afraid to do that, too—afraid of mining industry and its lobby.

Mr. Chairman, I know that is not a correct allegation.

We are not afraid of the mining lobby, but I think it is highly important that this point of view, at least, be fully considered by the committee, as I know it will, when we do get into executive session on this bill.

The CHAIRMAN. Thank you very much, Mr. Teague.

Mr. Whatley, I am going to ask you to give way to Mr. Lawrence W. Fletcher. He is from out of town.

Mr. WHATLEY. Yes, I will be happy to.

The CHAIRMAN. And it would be a great inconvenience for him to keep him waiting.

Mr. WHATLEY. All right.

The CHAIRMAN. Come around, Mr. Fletcher, and we will hear Mr. Whatley immediately after you.

Mr. FLETCHER. Thank you, Mr. Whatley.

The CHAIRMAN. Mr. Fletcher, will you identify yourself and your associate there for the record.

#### STATEMENT OF LAWRENCE W. FLETCHER, PRESIDENT, WATER RESOURCES ENGINEERS, INC.

Mr. FLETCHER. My name is Lawrence Fletcher. I am connected with the Water Resources Engineers, and also, incidentally president of a small nonprofit corporation known as Technical Missions.

We do a little work, about \$100,000 a year in equipment, to hospitals and radio stations and mission boards abroad, and I mention this because it will counteract some influence of the testimony I have.

Dr. Adkins here, Edwin Adkins, we have been associated a bit in some of this work.

One reason we are asking him to speak now is that he has to leave, he is winding up the national continental classroom program for NBC for which he has been the coordinator, and he is also the representative of the American Association of Colleges for Teacher Education.

The CHAIRMAN. Do you want us to ask him to present his statement first?

Mr. FLETCHER. Well, it fits right in here just a little way down, and I think it will be a little bit more logical, otherwise I would have him to do it now.

The CHAIRMAN. You may proceed.



Mr. FLETCHER. We are certainly not professional people presenting these things before the committee, and we will probably make some boners, and we are not lawyers, so it will not be legal, but as far as terminology—

Mr. TEAGUE of California. Pardon me, Mr. Chairman, but that is refreshing.

Mr. FLETCHER. There is nothing here against lawyers. We have to have them, and we have to have a lot around our company, but I showed you that I am not professional.

We do appreciate this opportunity to express our views about Public Law 480 with particular reference to section 104(E).

I recently returned from a 4-month trip abroad through more than 20 odd countries. About half of these being in the undeveloped category. As I said, I am not an expert in this field or in any Government matters, but would like to give my impressions on some of the things that I observed and which may have a bearing on this legislation.

First, I would like to say that the caliber of our governmental representatives which I met while abroad was very high indeed without exception. And I feel that generally our efforts as a country to help people in these undeveloped areas have been quite successful. This judgment is partially based upon the reaction of the various peoples of these countries. When they learned that I was an American instead of being from some other Western country, the reaction was invariably positive. This was true in all classes of society. Their expressions unmistakably showed genuine pleasure in seeing someone from the United States, particularly a private citizen.

The attitude of these people was borne out in greater detail by their response to both direct and indirect questions, and these questions showed that it was not—showed that it was an attitude of quite genuine friendship and admiration for what we are doing rather than a fawning expression of, well, someone who was wanting a bigger "handout."

Now, the funds generated by the shipment of our agricultural surpluses abroad offer an opportunity to do a great deal of good for both the recipients and ourselves.

I do not think it is only humanitarian, but I think it is one of the most hard-headed, practical, commonsense things that our Government has ever done. In fact, it is 15 years since I have been down to a committee before, and I stepped in, even though we are in the midst of one of our most busy times companywise, but we should not kick the politicians unless we are willing to come down and have our say.

As I said, this is a great deal of good for both the recipients and ourselves.

The way in which this whole program is handled can be crucial as to how much good or conversely how much harm is done. When either making or reexamining a policy it seems to me one of the first things to do is to clearly define our objectives. Do we want to foster a bureaucratic, socialistic type of society in these countries we are helping? Or do we want to do all that we can to encourage free enterprise and the spirit of self-help? If the latter is our purpose, certain sections of Public Law 480 should be expanded and emphasized. For example, the business loans through the Export-Import Bank should be encour-

aged and expanded. Also greater opportunities of developing what has been called human resources should be sought and expanded. It is the spirit of self-help and independent "get up and go" which has made America what it is. And if we are ever to get out of this business of pouring money and resources in the less developed areas we must make this approach.

Here I would like to have Dr. Adkins give his statement.

**STATEMENT OF EDWIN P. ADKINS, NATIONAL COORDINATOR, CONTINENTAL CLASSROOM, AMERICAN ASSOCIATION OF COLLEGES FOR TEACHER EDUCATION**

Mr. ADKINS. Mr. Chairman and members of the committee, may I preface my remarks with the statement that it is not my purpose to consider favorably or unfavorably any particular kind of aid to foreign countries. Nor is it my intention to criticize in any way either the kind of aid we have given in the past or the ways in which that aid has been administered. Both of these areas are outside my special fields of knowledge. Rather, it is my purpose to comment upon certain principles and methods which, if intelligently applied, might well lead to a more friendly reception of our efforts by foreign peoples and thus lead the way to a realization of the goals for which we strive.

Our foreign aid program, in all its forms, is massive. By its very nature a program of this magnitude, it seems to me, introduces the possibility of mismanagement, especially abroad, and particularly if the people receiving the aid are not clear in their own minds as to what the whole thing is all about.

We may distribute billions, but unless there is a real understanding and agreement among equals, between those giving and those receiving, the result may negate the purpose of the program. Where we expect, and from our point of view have every right to expect, friendliness to result, we may get instead an enmity which baffles our understanding. This has happened frequently in the past and will happen in the future. There are many reasons for this, of course, but, in my opinion, chief among them is that we Americans do not understand the people, oftentimes, with whom we are dealing. Nor do we, in many cases, make a determined effort to correct the situation. Ignorance of this kind can only tend to breed additional misunderstanding, distrust, and enmity in spite of our millions.

In the fields of education and public relations it has long been accepted that a development of understanding must precede all else; that there is no substitute for a face-to-face, honestly approached discussion of issues by all parties concerned; and that such discussions must be entered into by equals who, in good faith, examine all facets of a situation from every point of view. Agreement may not be reached on all points, nor is it necessary that it should be. The goal to be sought is an understanding of the honesty, good intention, and good will of all concerned.

All of this may sound impractical, theoretical, and impossible of achievement, part of our well-intentioned aid down the proverbial rathole. Many approaches to the problem are possible. Student exchange, many parts of our agricultural aid, and other portions of our foreign aid program are effective because certain of the principles



outlined above have been followed. But we must continue to strive in every possible way to achieve an understanding abroad which will insure good use of the aid we offer.

By way of illustration, may I suggest one additional way in which this end could be achieved. A series of conferences, preferably sponsored and financed by American industry and labor but supported by the Government, could be arranged in Africa, the Middle East, and in Asia. These should be relatively small in size, with no more than 30 to 40 people in attendance. The members would not be drawn from the top level of officialdom, but from lower, operating levels. In the fields of business, labor, agriculture, education, and the professions, men of good will can be found. The purpose then would be to sit down together and to discuss on a true basis of equality what we have to share with each other. If there is to be financial or other aid, what kind should it be? How should it be administered to achieve best results? What has been wrong in the past, and why? Culturally, what can be shared? Condescension in any form would be out of place at such a conference. A real effort would be made to fully understand the other's point of view, his cultural background, and his real feelings toward himself and the rest of the world.

From such conferences might begin to flow an understanding, on our part and on the part of others, which could make the expenditure of our millions in foreign aid much more worthwhile. It would be an educated process for all, accruing to the benefit of all. Through the expenditure of a few thousand dollars in this way, we might well insure the effectiveness of our immensely greater costs in the field of foreign aid. The nations of Africa and Asia are exploding before our eyes. The average American knows very little about these parts of our shrinking world.

I think it is time we honestly went out to learn.

I might say, in passing, that there is no particular point in this legislation which makes it possible to use any fund for purposes of this kind.

It may be, however, something worth the committee's consideration.

The CHAIRMAN. Thank you very much, sir.

Mr. FLETCHER. I will finish off then, unless you have a question.

Mr. DIXON. Mr. Chairman, if I may interrupt, isn't there a possibility in this legislation of using some of these foreign funds for the purposes suggested through the amendment we put into 480 last year?

The CHAIRMAN. I thought so.

Mr. DIXON. I think that is right; also through the Cooley amendment.

Mr. FLETCHER. Which is that, sir?

The CHAIRMAN. Dr. Dixon, he sponsored this amendment with this objective in mind.

Mr. DIXON. Just exactly what we wanted.

Mr. FLETCHER. Would that be under 401(h)?

The CHAIRMAN. I do not know what section it is, but it is referred to as the Dixon amendment.

Please proceed with your statement.

## STATEMENT OF LAWRENCE W. FLETCHER—Resumed

Mr. FLETCHER. Thank you, sir.

If we are ever to get out of this business of pouring money and resources in the less developed areas we must make this approach.

On the other hand, if we follow suggestions that have been made to this committee to expand public works, we will develop a public dole attitude on the part of the recipients. This approach may remind us of the PWA days of the 1930's. If we develop attitudes and habits of depending upon our continued bounty, we will wreck our economy.

I might modify that by saying that I think our Government and people are too smart to let that happen, but they might call a screeching halt to our giving out of these funds, and I think there has been a lot of hue and cry about that.

Then these very people will hate us for what we have done. They will then "bite the hand" that has ceased to feed them.

May I make a few remarks about our agricultural surpluses and the contrasting conditions of hunger in some areas abroad. It would seem that our logical approach to this problem would be to transfer the intelligence and energies which have built surpluses in the United States and direct them to do this very same objective in the hungry areas of the world.

Incidentally, we have a couple of men on our staff who are partially responsible in some small way at least for surpluses, Dr. Franklin J. Jones, who developed herbicide 240 and 245-D, and Dr. Herbert Shatz, who was the codeveloper of streptomycin and other agricultural things.

We intend to use these men in our distribution abroad of these products, and others, and we are trying to do something about this ourselves and make a little money on it, make our living.

In other words, let us move the lawn sprinkler from the already soaking area of our lawn to the dry and parched portion. Of course this is a very difficult thing to do, but we can at least move in this direction. For instance, I have made tentative arrangements with a couple of American businessmen who are selling agricultural machinery in Afghanistan, and chemicals, and to set up, to help set up, demonstration farms to promote that business and to help these economies abroad and the people there.

These farms will be operated by ordinary people under our suggestions and advice. We are quite sure this can be made self-sustaining and possibly with a slight profit.

We believe that the people of these countries will be very receptive to the new ideas which have been carried out by their friends and neighbors rather than foreign government experts and college professors which they may think they cannot compete with or carry out their plans.

Perhaps they feel they themselves can do it "if George can." I mentioned this idea to our distributors in Karāchi, Pakistan; Teheran, Iran; and Beirut, Lebanon. In each case the response was more than positive. In fact each one wanted to start right away. Of course my reply was that we had to do one project at a time, and get it going.



Now these distributors are hardheaded and practical businessmen and not wild-eyed visionaries. They were only too anxious to share their time and possibly a certain amount of their money in projects of this type. Perhaps some of the Public Law 480 funds could be used to assist in "private-public related" projects such as these mentioned above.

I wish to thank you for the time you have taken in listening to us.

The CHAIRMAN. Thank you very much, Mr. Fletcher.

Mr. David Whatley.

Mr. GATHINGS. Is Mr. Whatley the last witness?

The CHAIRMAN. Yes.

### STATEMENT OF DAVID WHATLEY

Mr. WHATLEY. Mr. Chairman, I am very reluctant to trespass upon the committee's time at this late hour, but I always appreciate very much your courtesy in hearing me on this subject, and I should like to bring forward certain points not made by other witnesses in your long and exhaustive hearings on this point.

First, may I briefly revert to the suggestion made by the last witness, Mr. Fletcher, and Dr. Adkins, that the currencies might be used for the payment of local costs of transportation for conferences that would promote the development of the recipient countries.

I believe that can be done in one of two ways: One, by a directive in the report of this committee on the bill asking the Department of State to request the authorization and appropriation acts under 104(h), the Smith-Mundt amendment added last year for this particular purpose. It is my impression that that is not being done.

A similar area that is being neglected in this field are the individual trips by American citizens who are bona fide scientists who would be going abroad on their own initiative to study certain particular scientific problems.

An example would be one, I know, of a distinguished nutritionist who is about to go to India and needs financially the slight assistance of only \$500 worth of rupees for travel within India to develop nutrition studies which would benefit not only India but the United States in nutrition research.

But this is not the type of project that either the Department of Agriculture or the National Institutes of Health would normally finance. They usually finance from 480 currencies only broad projects of research undertaken after exhaustive studies by their advisory groups, and so forth.

There is now pending in Congress the proposal of the President for utilizing these various foreign currencies contained in Senate Document 38.

It was proposed too late to be considered by the House Appropriations Committee, and is now before the Senate Appropriations Committee which has met on it this morning.

The document is well worth the time of the committee members to read because it is an extremely effective and condensed discussion of the utilization of these Public Law 480 currencies, together with the other currencies.

But you will note in particular the disparity that exists in the allocations of the currencies between those which by law now require

no authorization of appropriation acts in advance referred to in table 1 of that document—table 2 of that document, as illustrative use of proceeds under permanent authorizations.

Those, of course, as you know, would be under 104(a) for market development and utilization research by the Department of Agriculture; those for binational centers and publications under the USIA under 104(i) and (j); those under the Department of State for educational exchange under (h), and the American-sponsored schools under (j).

But the amendments added all of the additional uses that were added last year, you may recall, at the instance of the House Appropriations Committee, which insisted upon their prerogatives in this respect, and requires the advance authorization in the appropriation acts, except for one, and that was 104(k) which, by legislative accident, happened to have been enacted in the Mutual Security Act of last year, and in the hurried redraft of that subsection before the conference report was agreed upon, at the insistence of the House Appropriations Committee, the language of that subsection, use for research, requires actual appropriations of dollars to buy the currencies.

Therefore, the use of these currencies under 104(k) for research has been retarded and discouraged considerably in the past year.

The language of 104(k) has been of very little assistance in facilitating the use of currencies for this purpose over the previous authority which was contained in 104(f) which permitted any incidental use by Federal agencies if the currencies were purchased with appropriated dollars.

This impediment of 104(k), however, will probably be mitigated considerably by the language which was added as an amendment to the Mutual Security Act, signed by the President last Saturday, which merely changes the requirement for appropriations in advance to permit merely the authorizations by appropriations bills.

So that hereafter in future years I believe the use of Public Law 480 currencies for research will be facilitated.

This was an amendment which I suggested to Senator Humphrey, and which I hope the committee will not object to.

I should like to refer to a second amendment to 480 adopted in the same bill, which I cannot take full blame for; I suggested it in a different form.

It would permit the donation domestically of these agricultural surpluses to the needy people in this country as a priority over sales for foreign currencies under title I or sales or grant under section 402 of the Mutual Security Act.

I believe this would conform with the wishes of the committee. I did not consult the committee on it, but I believe this would be the sentiment of the Congress.

The language is not mandatory, but it is in the sense of a directive to the Congress—from the Congress to the executive branch that this would be done insofar as it could be practically administered, and that will permit some leeway.

An example would be the use of soybean meal abroad which is unsuitable, I believe, for donation to the needy in this country.



The people in this country are not hungry enough to eat soybean meal, but it has been very acceptable abroad, and could be used under the language of this amendment which, incidentally, also expands the operations of section 416 to permit—this was not my suggestion—to permit the donation of commodities that are not in the stocks of CCC.

This would expand 416 from its historic concept to one in the nature of section 32 funds, except that under section 32, as you know, the distribution to the needy is limited to the needy in the country.

Now, just to refer briefly to the testimony of Mr. Campbell and the witnesses for the voluntary agencies this morning, and express the hope that the committee, before it marks up the bill or at some time this session, would call upon the officials in ICA who now have the primary responsibility for allocating the amounts of surplus commodities to these various voluntary agencies, in spite of the legislative history of the Congress to the contrary, as to an explanation of their rationale for an arbitrary restriction that cuts across the board country by country.

I believe that such a hearing would indicate to those officials that this was not the intention of the Congress, and if there may be any doubt about that, may I express the hope that this sentiment would appear in the report of this committee on the pending bill.

May I endorse under title 2 the provisions of the chairman's bill, H.R. 7983, which makes title 2 permanent. Title 3 is permanent; and titles 2 and 3 have been dovetailed over the years to such an extent that it would be effective administratively if they were both in the same status.

I submit that we will always have in the foreseeable future a surplus of certain commodities; particularly grains, and so long as we have these surpluses in the stocks of CCC, I do not suggest that title 2 be expanded beyond the stocks of CCC, that there should be a permanent authority to make these available for disaster relief, at least.

I should like to endorse the provisions of the administration bill on title 2 which expands the operations to permit by a donation—that would fit, I think, within the framework of what the Congress would like—that this program under title 2 should be expanded beyond one of strictly disaster relief, and that is the interpretation that ICA has placed upon it.

It has not utilized the authority that was enacted in 1956, pursuant to the amendment of the chairman on the House floor, by the addition of the words "or extraordinary" to permit these commodities to be donated in refugee situations, such as the Arab refugees in their continuing state of need.

That has been hardly used at all, and for the first 6 months of the past fiscal year, less than \$10 million worth of these commodities were used under the broad authority of title 2.

It is astounding how that operation has been limited.

If there be any limitation imposed upon the amounts of title 2, Mr. Chairman, may I suggest that the limitation of dollars to be reimbursed to CCC not apply to grains.

Language which might accomplish that would simply say:

"That, provided, however, that the above limitation of \$250 million" or whatever you decide upon—"shall not include the acquisition and storage costs of grain or the products thereof."

May I suggest further that in your decision as to the total amounts to be authorized annually under titles 1 and 2, that you might see fit to combine the two so that \$2½ billion, may I suggest, could very effectively be utilized annually under both titles 1 and 2 combined, particularly if the committee decides to adopt the worthwhile suggestions made by the executive branch in the expansion of titles 1 and 2, providing for the establishment of food stockpiles, national food reserves in the recipient countries, and that on this point, may I suggest, that those food reserves might, in your discretion, be limited to grains, and that there be some provision in the bill or an understanding in the agreements that establish these reserves that these stockpiles of national food reserves would be rotated in such a manner that there would be no undue spoilage.

I believe such an agreement would be very easy to accomplish and might be done administratively without a directive placed in the act itself, but rather in the report.

The various bills refer to limitation under title I of \$1½ or \$2 billion annually, and I suggest that a more realistic goal might be \$2½ billion annually or \$2 billion annually, if you would apply the annual limitation cumulatively so that this would be \$2 billion for each year in which the Public Law 480 program has been enacted. That would be since the fiscal year of 1953.

On title I, I will not burden you with further testimony, Mr. Chairman, except to endorse the provisions of the Department of the executive branch proposal, particularly with the addition of the authority to permit these currencies to be used for nonfood relief in the refugee situations.

That is a flagrant omission that the Congress has overlooked in previous years, and there is still apparently a disposition not to use the authority that was enacted in the conference report last year in which the conferees directed the executive branch to utilize the existing authority under the first phrase of 104(e) to permit grants, together with the last proviso of section 104, which permits the President to waive section 1415 to permit grants.

As you will recall, the conference report said that loans for certain purposes, such a health and education, which were non-self-liquidating projects, were not suitable, and that the executive branch should use grants in such cases more frequently.

Mr. Douglas Dillon, in testifying before the Senate Foreign Relations Committee on the Mutual Security Act this year, indicated that there was still confusion as to the legislative intent on that. I had hoped that at least the report of the committee would clarify that further.

In this connection may I point out that the executive branch has utilized this authority sparingly in certain countries where the Bureau of the Budget considers that we have a surplus of the currencies.

The reports do not indicate that explicitly. I shall submit, if I may, a table which will show the countries where loans are made.

The last semiannual report of last January indicated that a total of \$216 million equivalent had been set aside under 104(e) for grants—for economic development. But this is during the whole period of the program and includes—and this is an important omission in the report—approximately \$100 million that was previously



granted under 104(c) to Yugoslavia as a military project to build the Adriatic Highway.

But the Congress subsequently decided that military assistance to Yugoslavia would be illegal and, therefore, this \$100 million was transferred from 104(c) to 104(e) so that the total amount showing in the tables for grants under 104(c) could be reduced by \$100 million, that \$100 million.

But since the conference report all grants have been used predominantly as directed by the Congress for health, education, and other non-self-liquidating projects for the development of human resources and skills, and they have gone further than that and conformed with the policy to persuade the Government of India to utilize a grant that was made to them on another rationale back in 1956 for these projects.

So the executive branch is utilizing this sparingly, but in accord with the wishes of the Congress, and, I believe, they should be commended for that.

May I make one final suggestion on the Cooley provision, Mr. Chairman. I suggest that the Congress might wish to add to 104(e) provisions for Cooley loans that preference for these loans should be granted in relation to their effectiveness in developing the economy and new markets for our own agricultural commodities.

In some countries the amount of money available for Cooley loans is very scarce, and the Export-Import Bank each month has to close out applications for loans for certain countries.

But within those countries where the money is scarce, I think it would be desirable that a company which would promote increased agricultural exports or which would promote the development of the foreign country and our mutual security interest should have preference over, we will say, a Coca-Cola company which would merely build a plant and supply consumer goods and strictly luxury commodities.

The CHAIRMAN. Don't you think that those in charge of the program would give preference to the programs which were calculated to expand markets for agricultural products over applications by Coca-Cola or Pepsi-Cola or some other soft drink?

Mr. WHATLEY. No. I have talked with the officials of the Export-Import Bank in charge of that, and they say there is no legislative history which would justify them in granting such priority.

The CHAIRMAN. Have they made any loans to Pepsi-Cola or Coca-Cola?

Mr. WHATLEY. I have no idea. I do not know what loans they have made.

The CHAIRMAN. The reason I was asking you is that I had some information some weeks ago that either one or the other of the soft drink manufacturers had made an application for a loan to build a plant in some foreign country, and one of the competitors did not think it was fair since his company had already spent its own money in the same country or some other country for the same purpose.

But I had no idea that they would give preference to a soft drink manufacturer over Quaker Oats or somebody like that who is going to build an oatmeal factory.

Mr. WHATLEY. That would be a preference when the loan is made to a foreigner, if the objective of the loan would promote the expanded exports of American products because that is the only way in which

a foreign individual or firm can get a Cooley loan, which is for that particular purpose.

The CHAIRMAN. That is what I thought, and on that particular program I did not recall having received any complaint at all.

Mr. WHATLEY. No.

The CHAIRMAN. I think the program has been operating very well.

Mr. WHATLEY. It is my understanding that it has.

The CHAIRMAN. You do not think they need any more authority to do the thing that you were talking about; do you?

Mr. WHATLEY. Yes, Mr. Chairman. There is no legislative history that would indicate that within the group of applications for scarce currencies for a particular country—

The CHAIRMAN. Couldn't we take care of that in the report?

Mr. WHATLEY. I believe so. They would follow your directive, but thus far they have no legislative history on that.

The CHAIRMAN. Thank you very much, Mr. Whatley.

Mr. WHATLEY. I am very grateful for the time you have given me.

(The following data was submitted to the committee:)

U.S. DEPARTMENT OF AGRICULTURE,  
COMMODITY STABILIZATION SERVICE,  
GRAIN DIVISION,  
Washington, D.C., August 6, 1959.

Mr. JOHN J. HEIMBURGER,  
Counsel, House Committee on Agriculture,  
House Office Building,  
Washington, D.C.

DEAR MR. HEIMBURGER: This is in reply to your telephone request for information about the quality of the wheat unloaded from reserve fleet ships during the last 12 months.

*Hudson River reserve fleet.*—Twenty-one ships containing 4,764,363 bushels were unloaded; 17 ships showed the wheat to be the same grade as when loaded. In four ships containing Spring Wheat there was a drop of one grade due solely to a change made in U.S. grain standards in 1957, resulting in different standards being applicable when the wheat was unloaded. (The oldest wheat loaded out was put in ship in 1953.)

*James River reserve fleet.*—Thirty-six ships containing 8,137,253 bushels were unloaded; 29 ships showed no change in grade. In the seven other ships (35 holds) containing Spring Wheat there was a drop of grade in wheat from 31 holds due solely to the difference in U.S. grain standards effective when the wheat was loaded and when it was unloaded, and a drop of one grade in wheat from another hold due to a three-tenths of 1 percent increase in foreign material in the sample used for grading purposes. Parts only (18,824 bushels of the remaining three holds were changed to sample grade probably due to small leaks of water. (The oldest wheat loaded out was loaded in 1954.)

*Astoria reserve fleet.*—One ship unloaded; a drop of one grade due solely to the change made in the U.S. grain standards while the wheat was in store. (The ship was loaded in 1954.)

*Olympia reserve fleet.*—Six ships unloaded; no change in grade for one ship and grade data for the others not yet received. (These ships were loaded in 1955.)

Very truly yours,

RAYMOND J. POLLOCK, *Director.*

#### GRAIN STORAGE IN SHIPS

Memorandum to the Chairman:

The Maritime Commission (Captain Kriner) informs me that the Maritime Commission now has grain stored in ships at the following locations:

	<i>Bushels</i>
Hudson River, 63 ships-----	14, 191, 336
James River, 68 ships-----	15, 207, 253
Astoria, Oreg., 40 ships-----	9, 364, 398



All of the grain presently stored is wheat. The ships are equipped with ventilating devices that blow fresh air into the bottom of the holds and the Maritime Commission says it is informed that the wheat is generally in "excellent condition" when it is removed. The oldest grain in ship storage has been there 4 years and the briefest storage period is 6 months at the present time.

I have requested from the Department of Agriculture more detailed data as to the condition of the grain removed from ships in the past year.

JOHN J. HEIMBURGER,  
*Counsel, House Committee on Agriculture.*

STATEMENT ON H.R. 6684—"FOOD FOR PEACE"—BY REPRESENTATIVE BYRON L. JOHNSON BEFORE THE HOUSE COMMITTEE ON AGRICULTURE

Mr. Chairman, I speak in support of my "Food for Peace" bill, H.R. 6684. There is wide agreement within the country that the United States should devote a portion of its surplus to help meet human need throughout the world. There is a growing recognition that food is itself a form of capital and can be used to help finance the accumulation of capital in underdeveloped countries.

Unhappily, the administration appears to prefer a year-to-year approach when the circumstances, both at home and abroad, justify a long-term program.

Our capacity to produce agricultural goods in excess of our domestic needs and in excess of normal exports at world market prices, is now clearly established. Even if American imports were to increase so as to provide more U.S. currency to foreign countries, it is unlikely that food would be high on the list of priorities because the dollars would largely go to countries that do not need the benefits of increased food stocks. This balance can only be redressed by something like a "Food for Peace" program, whether it be called UNRRA, Marshall plan, foreign aid or food for peace.

My bill accepts the principle that the United States should commit itself now for a 10-year period so as to provide the assurances which foreign countries need, namely, that in tying to this program, they are tying to a continuing program and not a year-to-year program.

Moreover, the United States, as the original sponsor of the United Nations, has pledged itself to strengthen the United Nations and to use the United Nations in support of its international programs. The food for peace program is a perfect opportunity to use the United Nations and thus strengthen it and strengthen the ties of international cooperation and friendship.

Under the provisions of my bill, therefore, the President is authorized to cooperate with the Secretary General of the United Nations in both bilateral and multilateral operations with other United Nations member nations that wish to further their own economic well-being and the objectives of the United Nations either through contributions or use of surplus foods and fibers.

Mr. Chairman, I have voted reluctantly for measures which restricted the output of food and fiber in the United States. I believe that the American farmers and the American people are properly reluctant to see the Congress restrict the production of food and fiber when they know that there are hungry and naked people in the world in need of that food and fiber. I believe that the peoples of the world would appreciate and applaud our action in continuing and strengthening legislation which demonstrates our willingness to harness our plenty to the world's needs. For this is the way to demonstrate in our day and generation that this Nation can beat its swords into plowshares and its spears into pruning hooks. Anything less than this is a betrayal of our political and religious heritage. And it is a betrayal of the needs of mankind.

The CHAIRMAN. The committee stands adjourned until tomorrow morning at 10 o'clock.

(Whereupon, at 4:40 p.m., the committee recessed, to reconvene at 10 a.m., Thursday, July 30, 1959.)













PL 86-341

# LONG-TERM CONTRACTS UNDER PUBLIC LAW 480

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## HEARINGS

BEFORE THE

## COMMITTEE ON AGRICULTURE HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH CONGRESS

FIRST SESSION

ON

H.R. 2420, H.R. 3066, and H.R. 3976

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APRIL 21 AND 22, 1959

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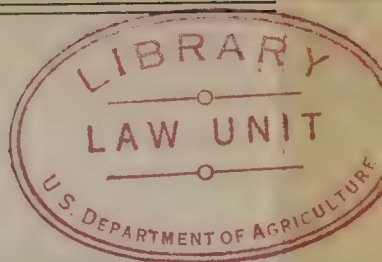
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# CONTENTS

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H.R. 2420. A bill to authorize the Secretary of Agriculture to make long-term contracts for the disposal of surplus agricultural commodities, and for other purposes.....	Page 1
H.R. 3066. A bill to authorize the Secretary of Agriculture to make long-term contracts for the disposal of surplus agricultural commodities, and for other purposes.....	3
H.R. 3976. A bill to authorize the Secretary of Agriculture to make long-term contracts for the disposal of surplus agricultural commodities, and for other purposes.....	4
Report on H.R. 2420, Department of Agriculture, True D. Morse, Acting Secretary, dated April 20, 1959.....	2
Statement of—	
Harris, Herbert E., II, assistant legislative director, American Farm Bureau Federation.....	43, 46
Myers, Max, Administrator, Foreign Agricultural Service; accompanied by Ray Ioanes, Deputy Administrator; Patrick O'Leary, Assistant Administrator; and Arthur Mead, Chief, Reports and Analysis Branch, FAS, U.S. Department of Agriculture.....	5
Richardson, Betty, associate director, oversea program of the Church World Service; accompanied by Olive E. Clapper, assistant director, CARE, Washington, D.C.; Gil E. Blackford, Church World Service; and Edward F. Snyder, Friends Committee on National Legislation.....	57
Solberg, Harvey R., president, Rocky Mountain Farmers Union; chairman of the Farmers Union board of directors, Denver, Colo.; accompanied by Reuben Johnson, coordinator, legislative services, National Farmers Union.....	30
Whatley, David, appearing as an interested individual.....	80
Additional data submitted to the committee by—	
American Farm Bureau Federation: Agricultural exports, fiscal year 1958 (table).....	49
Department of Agriculture: Foreign agricultural service participation in international trade fairs (table).....	12
Richardson, Betty, Church World Service:	
American voluntary agencies engaged during 1958 in free distribution of U.S. surpluses abroad.....	67
Appraisal of U.S. surplus sharing programs and suggestions for wider effectiveness.....	68
Ocean freight costs (reimbursed by United States to agencies distributing surpluses abroad), 1953-58.....	67
Suggestion as to clearer delineation of congressional intent for surplus use under "Food for Peace" policy.....	67
Surplus commodities donated to voluntary agencies for free oversea distribution abroad, 1950-58.....	67
Whatley, David:	
Foreign donation program—Shipments made during fiscal year 1958 (data by countries) (table).....	81





# LONG-TERM CONTRACTS UNDER PUBLIC LAW 480

TUESDAY, APRIL 21, 1959

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
Washington, D.C.

The committee met pursuant to notice at 10:10 a.m., in room 1310, New House Office Building, Washington, D.C., Hon. Harold D. Cooley (chairman) presiding.

The CHAIRMAN. The committee will be in order, please.

We have H.R. 2420 by Mr. Poage, H.R. 3066 by Mr. Roosevelt, and H.R. 3976 by Mr. McGovern before us. We have witnesses here from the Department.

(H.R. 2420 and the Department report, H.R. 3066, and H.R. 3976 are as follows:)

[H.R. 2420, 86th Cong., 1st sess.]

A BILL To authorize the Secretary of Agriculture to make long-term contracts for the disposal of surplus agricultural commodities, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by adding thereto the following new title:*

## "TITLE IV—LONG-TERM SUPPLY CONTRACTS

"SEC. 401. The purpose of this title is to utilize agricultural commodities and the products thereof produced in the United States, including but not limited to agricultural commodities in surplus supply, to assist the economic development of friendly nations by assuring such nations a stable supply of agricultural commodities on long-term credit for domestic consumption during periods of economic development so that the resources and manpower of such nations may be utilized more effectively for industrial and other domestic economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use.

"SEC. 402. In furtherance of this purpose, the Secretary of Agriculture is authorized to enter into agreements with friendly nations under the terms of which the United States shall undertake to deliver annually (a) certain quantities of wheat, rice, cotton, feed grains, or tobacco, or (b) such other surplus agricultural commodities as may from time to time be available, for periods of not to exceed ten years.

"SEC. 403. Payment for such commodities shall be in dollars or in services or in strategic or other materials of which the United States does not domestically produce its requirements, as the Secretary may from time to time determine, with interest at such rate as the Secretary may determine but not more than 2½ per centum per year. Payment may be made in approximately equal annual amounts over periods of not to exceed forty years from the date of the last delivery of commodities under the agreement and interest shall be computed from the date of such last delivery.

"SEC. 404. Any such agreement shall include the following undertakings on the part of the purchasing nation as conditions of such contract:



"(1) That commodities provided hereunder will not replace any usual imports of the same or similar commodities by such nation from friendly nations;

"(2) That commodities provided hereunder will be used only for domestic consumption and that none of such commodities will be sold outside the purchasing nation either directly or through replacement of domestic production;

"(3) That all of the net proceeds derived by such nation from the sale or distribution of commodities made available hereunder shall be used for domestic economic development of a nature non-competitive in world trade with United States commercial exports or in the United States with domestic production.

"SEC. 405. In entering into such agreements, the Secretary shall endeavor to reach agreement with other exporting nations of such commodities for their participation in the supply and assistance program herein authorized on a proportionate and equitable basis.

"SEC. 406. In carrying out this title, the provisions of sections 101, 102, 103(a), 106, 107, and 108 of this Act shall be applicable to the extent not inconsistent with this title."

APRIL 20, 1959.

HON. HAROLD D. COOLEY,  
*Chairman, Committee on Agriculture,  
House of Representatives.*

DEAR CONGRESSMAN COOLEY: This is in response to your letter of January 31, 1959, requesting a report on H.R. 2420, a bill "to authorize the Secretary of Agriculture to make long-term contracts for the disposal of surplus agricultural commodities, and for other purposes".

The Department opposes enactment of the bill.

The proposed bill would add a new title IV to the Agriculture Trade Development and Assistance Act of 1954 (Public Law 480, 83d Cong.), for the purpose of furnishing, on a long-term credit basis, surplus agricultural commodities, and other agricultural commodities and products thereof to friendly nations and for the purpose of assisting the economic development of these nations. The bill would authorize the Secretary of Agriculture to enter into agreements for periods up to 10 years under which the United States would undertake to deliver annually certain quantities of agricultural commodities. Payment for the commodities would be made in dollars or in services or in strategic or other materials of which the United States does not domestically produce its requirements. Such payments could be made in equal annual amounts over a period of up to forty years with interest charges not to exceed 2½ percent per year. The bill provides that the proceeds derived by the participating countries from the resale or distribution of the commodities shall be used for domestic economic development.

The long period involved in multiyear agreements of up to 10 years as proposed by H.R. 2420 would involve definite programming problems because of the difficulties in forecasting supply and consumption conditions in the importing countries and in the third countries which normally supply them. Such long-term commitments would entail substantial risk of unduly disrupting world prices of agricultural commodities and normal patterns of commercial trade.

Long-term agreements involving commitments by the United States to deliver specific quantities each year are likely to require the United States to finance the export of agricultural commodities not in surplus supply in a particular year. As a result, and in view of U.S. domestic agricultural legislation, this would tend to encourage the further development of U.S. agricultural surpluses. We feel it imperative that any commitments to furnish commodities under concessional Government financed programs be limited, as under title I of Public Law 480, to commodities which are clearly surplus during the period of commitment. Some 2- and 3-year agreements have been entered into under the title I program, but these have covered only commodities which would clearly be in surplus supply during the period involved.

There is ample authority under title I of Public Law 480 to accomplish the other objectives of H.R. 2420. Under existing title I agreements about one-half of the foreign currencies to be generated is reserved for direct loans to participating governments for economic development projects. These loans are repayable up to 40 years in dollars, foreign currencies, or in strategic materials. In appropriate cases, currencies to be reloaned greatly exceed the average of

50 percent. Additional amounts are being granted to participating governments and are being made available as loans to private business firms for economic development.

A technical difficulty is that sections 402 and 405 of the bill would authorize the Secretary of Agriculture to enter into agreements with friendly countries. Such authority, consistent with section 101 of Public Law 480, would more properly be vested in the President.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

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[H.R. 3066, 86th Cong., 1st sess.]

A BILL To authorize the Secretary of Agriculture to make long-term contracts for the disposal of surplus agricultural commodities, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by adding thereto the following new title:

#### "TITLE IV—LONG-TERM SUPPLY CONTRACTS

"SEC. 401. The purpose of this title is to utilize agricultural commodities and the products thereof produced in the United States, including but not limited to agricultural commodities in surplus supply, to assist the economic development of friendly nations by assuring such nations a stable supply of agricultural commodities on long-term credit for domestic consumption during periods of economic development so that the resources and manpower of such nations may be utilized more effectively for industrial and other domestic economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use.

"SEC. 402. In furtherance of this purpose, the Secretary of Agriculture is authorized to enter into agreements with friendly nations under the terms of which the United States shall undertake to deliver annually (a) certain quantities of wheat, rice, cotton, feed grains, or tobacco, or (b) such other surplus agricultural commodities as may from time to time be available, for periods of not to exceed ten years.

"SEC. 403. Payment for such commodities shall be in dollars or in services or in strategic or other materials of which the United States does not domestically produce its requirements, as the Secretary may from time to time determine, with interest at such rate as the Secretary may determine but not more than 2½ per centum per year. Payment may be made in approximately equal annual amounts over periods of not to exceed forty years from the date of the last delivery of commodities under the agreement and interest shall be computed from the date of such last delivery.

"SEC. 404. Any such agreement shall include the following undertakings on the part of the purchasing nation as conditions of such contract:

"(1) That commodities provided hereunder will not replace any usual imports of the same or similar commodities by such nation from friendly nations;

"(2) That commodities provided hereunder will be used only for domestic consumption and that none of such commodities will be sold outside the purchasing nation either directly or through replacement of domestic production;

"(3) That all of the net proceeds derived by such nation from the sale or distribution of commodities made available hereunder shall be used for domestic economic development of a nature noncompetitive in world trade with United States commercial exports or in the United States with domestic production.

"SEC. 405. In entering into such agreements, the Secretary shall endeavor to reach agreement with other exporting nations of such commodities for their participation in the supply and assistance program herein authorized on a proportionate and equitable basis.

"SEC. 406. In carrying out this title, the provisions of sections 101, 102, 103(a), 106, 107, and 108 of this Act shall be applicable to the extent not inconsistent with this title."



[H.R. 3976, 86th Cong., 1st sess.]

A BILL To authorize the Secretary of Agriculture to make long-term contracts for the disposal of surplus agricultural commodities, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by adding thereto the following new title:

#### "TITLE IV—LONG-TERM SUPPLY CONTRACTS

"SEC. 401. The purpose of this title is to utilize agricultural commodities and the products thereof produced in the United States, including but not limited to agricultural commodities in surplus supply, to assist the economic development of friendly nations by assuring such nations a stable supply of agricultural commodities on long-term credit for domestic consumption during periods of economic development so that the resources and manpower of such nations may be utilized more effectively for industrial and other domestic economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use.

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"SEC. 405. In entering into such agreements, the Secretary shall endeavor to reach agreement with other exporting nations of such commodities for their participation in the supply and assistance program herein authorized on a proportionate and equitable basis.

"SEC. 406. In carrying out this title, the provisions of sections 101, 102, 103(a), 106, 107, and 108 of this Act shall be applicable to the extent not inconsistent with this title."

The CHAIRMAN. Do you have anyone with you whom you wish to sit at the table with you?

Mr. MYERS. Yes, sir. I would like to bring Mr. Ray Ioanes, Deputy Administrator; Mr. Patrick O'Leary, Assistant Administrator; and Mr. Arthur Mead.

The CHAIRMAN. We are glad to have all of your gentlemen present.

**STATEMENT OF MAX MYERS, ADMINISTRATOR, FOREIGN AGRICULTURAL SERVICE; ACCOMPANIED BY RAY IOANES, DEPUTY ADMINISTRATOR; PATRICK O'LEARY, ASSISTANT ADMINISTRATOR; AND ARTHUR MEAD, CHIEF, REPORTS AND ANALYSIS BRANCH, F.A.S., U.S. DEPARTMENT OF AGRICULTURE**

Mr. MYERS. Mr. Chairman and members of the committee, I have brought a short statement which I would like to read.

I appreciate this opportunity to discuss with you the concept of long-term programing of agricultural commodities with particular reference to provisions of H.R. 2420.

Objectives of H.R. 2420: I am sure that all of us favor the accomplishment of the principal objectives of H.R. 2420; first, to dispose of large quantities of U.S. farm surpluses to friendly countries abroad, and, second, to assist these countries in their efforts to accelerate domestic economic development. The real question before us, I believe, is how we can best accomplish these objectives.

Despite increased agricultural exports during the past few years, mainly as a result of special programs, the surplus situation remains serious. There continues to be a great need in the free world for food and fiber. There is also need for economic expansion in many countries so as to achieve better standards of living.

Relationship to title I, Public Law 480: We have studied the relationship of the proposal to title I of Public Law 480 which has been our largest special program for using our agricultural abundance abroad. Title I sales for foreign currencies have been accounting for between 15 and 20 percent of the value of total U.S. agricultural exports and have been of considerably greater importance in the export of several major commodities. The sales proceeds are being used for a variety of purposes specified in Public Law 480. Although special emphasis is placed on the domestic economic development of participating countries, foreign currencies are also financing several important U.S. agency programs.

H.R. 2420 makes many of the provisions of title I applicable to the new proposal. There are, however, some major differences which I would like to touch upon.

First, H.R. 2420 provides that wheat, rice, cotton, feed, grains, and tobacco may be programed regardless of whether they are in surplus supply. Under title I, the Secretary of Agriculture must make a determination that commodities are in surplus supply before they may be included in sales agreements. Since no surplus determination would be necessary under H.R. 2420, the U.S. Government might have to enter the commercial market to finance commodity purchases which might not otherwise be made under the price-support program.

Second, H.R. 2420 authorizes supply commitments for commodities for periods up to 10 years. Title I also permits forward programing of commodities although no specific time period is mentioned in the legislation. In practice, however, forward programing under title I has been limited to 2- or 3-year commitments. The specific authorization of 10-year forward programing in H.R. 2420 will tend to create the impression that surpluses will be with us for at least that forward period. We believe it would be unfortunate to create this impression.



Third, H.R. 2420 has no limitation in programing either in terms of time or funds. Title I has always had such limitations. The first authorization was for 3 years and the most recent extension was for 18 months. The newly proposed title IV would be permanent legislation and would reinforce the impression that in general agricultural surpluses would be with us indefinitely. We view agricultural surplus disposal under special programs as a temporary measure. Therefore, we do not favor the permanent authorization.

Fourth, H.R. 2420 provides for a long-term credit arrangement repayable in dollars, strategic materials, or services, with the foreign country utilizing the proceeds for economic development. No provision is made for foreign currency use by U.S. Government agencies. Title I does provide for the use of foreign currencies for a number of programs of interest to the U.S. Government. These include military family housing, the payment of U.S. expenses, agricultural market development, educational exchange, and scientific activities. None of these uses will be provided for under H.R. 2420.

We have drawn these comparisons between title I and H.R. 2420 because it appears that the latter authorization is aimed at the same countries now participating in the title I program. Some of them might consider H.R. 2420 as an alternative to title I, but we doubt that their purchase of commodities would be any larger under the new proposal. We do not infer that title I operations cannot be improved. Later in this testimony we will mention several policy changes being instituted which are aimed at this objective. However, we believe that title I is already serving the principal purposes envisaged in H.R. 2420 without some of the disadvantages indicated in the four-point comparison.

The experience gained in title I programing during the past 4½ years includes several two- and three-supply commitments. We are convinced that there is little to be gained in programing commodities over any longer term. A longer term supply commitment does not eliminate the fact that most countries assess their needs on an annual basis and they do not usually choose to import an amount greater than they need to supplement their own domestic production. This is just as true in 2- or 3-year agreements as it would be in 10-year agreements.

Title I sales agreements on a 2- or 3-year basis have been negotiated for commodities which were clearly in surplus supply during the period of the commitment and where there was room for increased consumption of the commodities without adverse effects on normal commercial trade. Because of the annual appraisal by importing countries, however, there is no assurance that commodities will move in the total amounts programed under these arrangements.

Assistance in economic development: We favor the assistance of less-developed countries in their domestic economic development programs through use of the foreign currency proceeds obtained from sales under title I. We are aware, of course, that there has been a considerable lag in the use of currencies in many countries reserved for direct loans for economic development projects. The administration, however, has been streamlining procedures and practices which we believe will greatly facilitate economic development in friendly countries through the use of title I currencies. As you know,

the greatest title I impact on economic development results from loans to foreign governments under section 104(g) of the act. About 50 percent of the currencies being generated under title I agreements is now reserved for this purpose. This amounts to the equivalent of \$1.7 billion.

Recent developments of most interest to the committee include a decision last week to eliminate the maintenance of value provision in loan agreements; that is, in foreign currency loan agreements. This means that in repaying loans, participating countries will need only to repay the number of foreign currency units it has borrowed without regard to the value of the currency in terms of U.S. dollars. Formerly, they have had to repay sufficient foreign currency to equal the dollar value of the currency at the time the loan was made. If its currency depreciated, more units of the currency were required to meet the U.S. dollar equivalent value. This decision, we are sure, will result in fewer negotiating problems and earlier signature of sales agreements and will speed up the use of economic development funds.

Other efforts to speed up the use of these funds include a change in procedure whereby approvals of economic development projects are now being made by U.S. diplomatic missions abroad with review by the International Cooperation Administration in Washington being limited in general to broad guidance to the field. Also, audit, inspection, and documentation now generally follow Development Loan Fund procedures so that these field operations are consistent.

There are other means under title I whereby foreign currencies are used for economic development purposes. Up to 25 percent of the funds under each agreement may be used for loans to private business firms, largely U.S. firms, under the Cooley amendment. Since the amendment was passed in August 1957, the equivalent of nearly \$200 million has been reserved for these loans. The Export-Import Bank of Washington administers this activity and I understand the Bank has been furnishing progress reports to the committee from time to time.

Also, larger use is being made this year of grants of currencies under section 104(e) for non-self-liquidating projects. Total grants now exceed the equivalent of \$200 million. This greater emphasis on such grants is in accord with a specific recommendation in the conference report dealing with the extension of Public Law 480 last August.

Summary: Our main concern with H.R. 2420 is that it would tend to encourage the further development of U.S. agricultural surpluses, and, at the same time, establish commitments which would require the United States to finance commodities not in surplus supply in a particular year. The implications of long-term programing also would tend to establish surplus disposal on a permanent basis. The whole business of utilizing our excess production and appraising the domestic agricultural situation is much too large and much too important to legislate years ahead. We need to review these operations periodically. And not the least in importance would be the international repercussions of long-term commitments authorized under H.R. 2420.

The CHAIRMAN. Thank you very much, Mr. Myers. I would like to ask you some questions.

First, about the nature of the maintenance of value provision in the contracts. What affect will the action recently taken, eliminating that provision, have upon contracts now in existence?



Mr. O'LEARY. The action would apply to loan agreements covering funds accruing from sales agreements made in fiscal year 1959. The fiscal year 1959 sales program would be the breaking point.

In prior agreements the maintenance of value would not be affected by this decision unless on the basis of subsequent negotiation, with give and take involved, they should be negotiated out. Whether this will be done, I don't know, sir.

The CHAIRMAN. I was thinking about a situation in Brazil I read about recently. The contract, I think, was made in 1954, was it not?

Mr. O'LEARY. 1956.

The CHAIRMAN. It would take an enormous amount of money to pay off the obligation in dollar value. I suppose that is a special situation which might hereafter be renegotiated in some way to the satisfaction of the two countries. It would leave them now holding the bag under the old maintenance of value law. And under the new contract, they would be far better off.

Mr. MYERS. I would like to ask Mr. Ioanes to speak on this.

Mr. IOANES. We do not have an answer for you today as to what retroactive action would be applied prior to June 30, 1958.

Certainly, Mr. Chairman, what we have done in the interest of making it easier for countries to take the commodities, probably, will have some implications for every loan agreement which we have signed since the beginning of the program.

The CHAIRMAN. I am not pressing you for an answer now. I am pointing out the situation that you should consider.

Mr. IOANES. We certainly will.

The CHAIRMAN. On this long-time loan proposition suggested by Mr. Poage in his bill, if I understand your report, it is unfavorable and I think you said so this morning. It was so indicated in Mr. Morse's letter saying that under existing law there is ample authority to make loans, but you say that you do not think it would be well to have longtime commitments, just for 2 or 3 years at a time.

Mr. MYERS. We feel that commitments—longer term commitments than one season, 1 year, should be made only when the supply of surplus commodities from which the shipments will be drawn is visible and that the other country's situation as to what its needs and uses of it are, also, somewhat viable.

We are opposed to making commitments that may result in our Nation having to buy on the open market, or which might result in the other nation making a poor use of the product if it drew on it.

The CHAIRMAN. Well, now, I have one more question. You make a statement here in the beginning that there is a great need in the free world for these surpluses. We continue to have a surplus supply. We have abundant food and fiber. And our surplus commodity situation is deteriorating every day. We have over \$9 billion invested. Do you know of any authority this committee could give you that you feel you need in disposing of these surplus commodities you now have?

Mr. MYERS. Sir, we are making every effort possible to move more of the commodities. And we are not being hampered at this time by lack of authority.

The factors which are causing us problems are factors concerning the ability of the other countries to take and use the surplus effectively. There is a different reason between having people who could use the

product, somewhere in the country, and getting it to them that involves many things other than legislation.

The administration with regard to President Eisenhower's "food for peace" program indicated a willingness to ask for legislation, if we found we were being hampered.

We are working very hard, and we have tried to increase our exports. I am very proud of what has been done. But we do not at this time see any need for legislative change in this matter.

The CHAIRMAN. I do not know why you recalled the attachés. The attachés in Europe and other places were put over there to promote transactions. They were put there for that purpose. And now they are all back home. The offices have been closed up. And that, it seems to me, is being done at a time when, instead of calling them home, we should send them out.

Mr. MYERS. Dr. Slagsvold is the representative of the Commodity Stabilization Service, and he is with our attaché's office in Paris.

It is the judgment of the Department that the functions being performed there can be carried on in any event. And I can assure you that if more people are needed, in our judgment, to push this matter, we shall, certainly work hard at that.

The CHAIRMAN. That does not satisfy me at all. The attaché has been put there and he was working, and I assume doing a good job. And now you close up his office and say, "Come home," and he is out of business. It seems to me you should put one in every European country to promote business. Now to bring the man back to Washington, it seems to me, you are weakening your efforts to dispose of these surpluses.

Mr. MYERS. Sir, Dr. Slagsvold does not happen to be an employee of FAS. I am speaking on a subject which could be better answered by Mr. Berger, the Administrator of the Commodity Stabilization Service.

The CHAIRMAN. He is under Mr. Berger?

Mr. MYERS. Yes. But I happen to know that Dr. Slagsvold's duties have been primarily concerned with the French housing deals that were concerned with sales of surplus commodities, and these are pretty well closed out.

The CHAIRMAN. I understand about 80 or 85 percent completed. Such housing could be a very good transaction for us to pursue in arrangement for movement of our commodities, and we should find some more like it. Could you not find some more like it?

Mr. MYERS. I do not have personal knowledge on that. I assume it will be a good transaction.

The CHAIRMAN. It does seem to me that we should give all the attention we can to disposal of surplus commodities.

I have a bill here. I have not called it up yet. The purpose is to require exchange of commodities for services and other things in foreign countries—to make such exchange mandatory so that we can dispose of surpluses.

The Russians are operating disposal programs. They have a big transaction to sell cotton to Japan. That does not sound very good to us, when we have cotton piled up in the warehouses. I am not an international trader, but it does seem to me that if we had somebody out on the firing line, in the markets of the world, this would



not happen. I understand the Russians have done a lot of business with European countries.

Mr. IOANES. France.

The CHAIRMAN. In Belgium, for instance. A check should be kept on all transactions with other countries of sales that we should be making. I do not know who has that. Who is the salesman?

Mr. MYERS. The foreign—

The CHAIRMAN. You are the largest cotton merchant—the largest merchant in all of it. You ought to have a sales organization somewhere.

Mr. MYERS. There is a sales organization under the Commodity Stabilization Service.

The CHAIRMAN. Who is the head of that?

Mr. MYERS. Mr. Walter Berger is the Administrator.

The CHAIRMAN. Oh! Oh!

Mr. MYERS. The acting sales manager is Mr. John Dean.

The CHAIRMAN. Mr. Poage is recognized.

Mr. POAGE. I will yield to Mr. Hoeven.

The CHAIRMAN. Mr. Berger does not see eye to eye with us on these things. Yet, the Secretary comes out in speeches over the country saying there is no surplus.

Mr. HOEVEN. Mr. Myers, this is a situation with many ramifications. It involves foreign policy—it involves a lot of questions.

This committee is vitally interested in the disposition of our large surpluses of agricultural products.

We have had testimony in the past indicating that we have about reached the saturation point in the operation of Public Law 480. Is that right?

Mr. MYERS. We would never admit that we cannot do better. We are working harder. We feel that the easy ones have been picked up.

Mr. HOEVEN. That is right. What are the prospects for the future—how can we enhance the disposal of surplus agricultural commodities under Public Law 480, in the foreseeable future?

Mr. MYERS. We feel that the types of activities we are now engaged in, the market development work, the continued emphasis on trying to get the commercial sales, followed by work on the title I sales for foreign currency to the maximum extent, plus continued effort on the donation programs under the existing authority, will improve this situation within reasonable limits. We are doing everything we can to work at that.

Mr. HOEVEN. Well, now, how much are we going to cut down the surplus we have on hand and are again accumulating this year? In other words, what dent are we going to be able to make in the surplus, in the next 2 or 3 years?

Mr. MYERS. As Administrator of the Foreign Agricultural Service, I do not feel that I can make any definite commitment as to what effect we will have on our surpluses, the amount of which cannot be predicted exactly. All I can say is that our organization is going to move as much as possible of it into export with the realization that the export market is not the only, or the main, control on the surplus.

The CHAIRMAN. Everything indicates, though, Mr. Myers, that we are going to increase the cotton surplus; we are going to add to the corn surplus; and will add to all of these surpluses—they are going

up rather than going down. If they were going down, I would have some hope.

The law authorized you to take the currencies generated by the Public Law 480 program for participation in horticultural fairs. A big flower show is going on in Holland. We are not in it at all. Are we going to the Rotterdam show?

Mr. MYERS. We have had requests for two. The Rotterdam Horticultural Show and the New Delhi Agricultural Fair in India for next December and January 1960.

The Department has forwarded the budget request in the 1959 supplemental to cover foreign currency use for those two exhibitions. It has been acted on favorably, I understand, by the Senate Appropriations Committee. It has come back to the House because it was put in the supplemental later than the House Appropriations Committee action. And those are the only two on which we have had requests from any source to make such shows.

The CHAIRMAN. Why are we not represented in the fair going on just outside of Paris? I was asked that question. I didn't know the answer. Is it that no one requested you to participate—is that it?

Mr. MYERS. No one has requested either in Government or in trade or the Embassy that such participation occur.

I would like to point out this distinction. On trade affairs, we watch those as a part of the market development work and try to attend as many as we can within our resources.

On this very new provision for agricultural and horticultural shows, the number of opportunities in the last few months, of course, has been relatively limited. And since such a show takes 6 to 8 months preparation, I would assume that if any agricultural or Government group thought of that particular show they probably decided that the time element was not sufficient. But I am speaking only as a guess on that.

We have not been approached on that.

Mr. O'LEARY. We will participate in 15 fairs this coming year plus the horticultural show at Rotterdam and the one in New Delhi, making a total of 17.

The CHAIRMAN. Where are these other shows?

Mr. O'LEARY. Well, they are scattered all over.

The CHAIRMAN. Name a few; you do not have to name them all.

Mr. O'LEARY. We will be in Cologne—we will be in four feed grain shows in Italy—we will be in one in Salonica, Greece—we will be in a fair in the fall in Lima, Peru, with the Department of Commerce. We will be at Lausanne, Switzerland, in a fine foods show this summer, and there are others.

The CHAIRMAN. Will you furnish to the clerk a list of these fairs and information about them?

Mr. O'LEARY. Yes.

The CHAIRMAN. Some of the men and the lady member of the committee may want to attend them.

Mr. MYERS. We will welcome that. I would like to repeat my distinction between the trade promotion exhibits and fairs where we are out looking for the marketing opportunities and this new provision where people have not really oriented themselves to it in terms of making requests.

(The data referred to above follows:)



*Foreign agricultural service participation in international trade fairs<sup>1</sup>*

Fair location	Dates	Scope	Name of fair and U.S. agricultural commodities involved	U.S. trade groups participating
Verona, Italy <sup>2</sup>	Mar. 8-16, 1959	International	61st International Agricultural Fair; feed grains and balanced mixed feeds.	Grain Sorghum Producers Association; Soybean Council of America.
Cagliari, Italy (Sardinia)	Mar. 15-29, 1959	National	11th Samples Fair of Sardinia; feed grains and balanced mixed feeds.	Do.
Calcutta, India <sup>3</sup>	Mar. 15-Apr. 15, 1959	do	Solo U.S. exhibit; wheat and flour; recombined milk and ice cream; soybean products.	Dairy Society International; Millers National Federation; Soybean Council of America; Washington Wheat Growers Association.
Bologna, Italy <sup>2</sup>	May 8-22, 1959	do	23d Samples Fair; feed grains and balanced mixed feeds.	Grain Sorghum Producers Association; Soybean Council of America.
Madrid, Spain	May 23-June 23, 1959	International	IV International Country Fair (Agricultural); recombined milk and ice cream; soybean meal—balanced feeds.	Dairy Society International; Soybean Council of America.
Barcelona, Spain <sup>3</sup>	June 1-20, 1959	do	International Samples Fair; U.S. supermarket exhibit.	National Association of Food Chains.
Poznan, Poland <sup>3</sup>	June 7-21, 1959	International; 39 countries from all continents, including most Soviet bloc countries.	Poznan International Fair; feed grains, tobacco.	Grain Sorghum Producers Association; Tobacco Associates, Inc.; Leaf Tobacco Exporters Association; Burley and Dark Leaf Tobacco Export Association.
Lausanne, Switzerland	June 13-28, 1959	International	Fourth International Congress on Food Distribution; wheat and flour; rice; poultry; fats and oils; fruits; U.S. convenience foods.	National Association of Food Chains; U.S. Fruit Industry; Institute of American Poultry Industries; Great Plains Wheat Market Development Association, Inc.; The Rice Industry; Soybean Council of America.
Trieste, Italy <sup>3</sup>	June 21-July 5, 1959	do	11th Trieste International Samples Fair; feed grains and balanced mixed feeds.	Grain Sorghum Producers Association; Soybean Council of America.
Madras, India <sup>3</sup>	Sept. 1-30, 1959	National	Solo U.S. exhibit; recombined milk and ice cream; wheat and flour; soybean products.	Dairy Society International; Millers National Federation; Soybean Council of America; Washington Wheat Growers Association.
Salonika, Greece <sup>3</sup>	Sept. 1-22, 1959	International	24th International Fair of Thessalonika; feed grains.	Grain Sorghum Producers Association
Cremona, Italy <sup>2</sup>	Sept. 12-21, 1959	do	14th International Fair; Dairy of Cattle; feed grains and balanced mixed feeds.	Grain Sorghum Producers Association; Soybean Council of America.
Cologne, Germany	Sept. 26-Oct. 4, 1959	do	Fifth General Provisions and Fine Foods Exhibition (ANUGA); wheat and flour; fruit; fats and oils; poultry; U.S. convenience foods; rice.	Great Plains Wheat Market Development Association, Inc.; the Rice Industry; Soybean Council of America; Institute of American Poultry Industries; U.S. Fruit Industry.

Lima, Peru <sup>1</sup>	Oct. 1-18, 1959	International countries from most continents; most Latin American countries; Europe heavily represented.	Pacific International Trade Fair; wheat and flour; feed grains and concentrates; poultry; convenience foods.	Great Plains Wheat Development Association, Inc.; Grain Sorghum Producers Association; Institute of American Poultry Industries; Soybean Council of America.
Foggia, Italy <sup>2</sup>	Nov. 23-30, 1959	National	National Cattle Fair; feed grains and balanced mixed feeds.	Grain Sorghum Producers Association; Soybean Council of America.
New Delhi, India	Dec. 11, 1959-Feb. 11, 1960	International	World Agricultural Fair	Plans being developed.
Rotterdam, Holland	Apr.-Sept. 1960	International; 12 nations, probably more.	Rotterdam International Horticultural Exhibition; U.S. horticultural products; U.S. home landscaped with U.S. plants; U.S. fruits and vegetables displayed in the kitchen; fruit salads, etc.	American Horticultural Council.

<sup>1</sup> Prepared in International Trade Fairs Branch, Foreign Agricultural Service, Apr. 22, 1958.

<sup>2</sup> U.S. Government participation is in form of FAS mobile exhibit.  
<sup>3</sup> Joint participation USDA and Department of Commerce.



Mr. HOEVEN. I appreciate the fact that the Department is taking the position that Public Law 480 should be considered as temporary legislation. That is correct, isn't it?

Mr. MYERS. Yes.

Mr. HOEVEN. It is interesting to note that in the President's special message to the Congress on agriculture, he did not spell out specific limitations on the extension of Public Law 480, which seems to me is an indication that even the administration does not consider the surplus entirely temporary. I think anyone who wants to be realistic about the matter will have to come to the conclusion that we are going to have a surplus problem for the next several years, unless we embark on some kind of a crash program to get rid of the surplus commodities. Are you in accord with that statement?

Mr. MYERS. Sir, I am in accord with it to the extent that we have substantial surpluses now and will have for, at least a short time into the future, but I do not wish to make any estimate on time duration.

Mr. HOEVEN. How are we going to get rid of the surpluses?

Mr. MYERS. I would like to express as a personal opinion, not being responsible for domestic programs within the Department of Agriculture, that I would certainly hope that the efforts of this and other committees and the Department itself will make and propose substantial reductions in the surplus under plans now in effect.

From the standpoint of foreign trade in agriculture, we will make every possible effort to move as much as we can and to help the other countries as much as we can. But we do not feel that short-term outlook for moving commodities into foreign markets will be a cure-all for the surpluses.

Mr. HOEVEN. This committee is groping for additional methods to enhance the disposal program. The chairman has asked you for specific recommendations. If there is any legislation that is needed, this committee, I am sure, is ready to consider it.

As far as the proposed legislation is concerned, it is alleged that, if purchases could be made on a long-term basis instead of from year to year, it might attract more business. Personally, I believe such an extended program should be limited to a surplus situation. I can see no reason for spending the taxpayers' money to augment a purchase program, not related to the surplus problem confronting us. I think it should definitely be limited to surpluses.

The CHAIRMAN. Mr. Poage.

Mr. POAGE. Mr. Myers, I judge that you join in the applause of the President for his advocacy of the use of food for peace. I do, and I assume you do.

Mr. MYERS. Yes. And we are assisting in implementing that with the first public step being of wheat-exporting nations to be held here May 4, 5, and 6, as a sincere exploration for ideas and ways in which more can be accomplished.

Mr. POAGE. I am for that, although I realize that some of the nations who are coming are coming to protect themselves against what they conceive to be an encroachment upon their export program rather than to join enthusiastically in the program.

I agree with you, we ought to explore it. But we ought to do some exploring here on the domestic level. And that is what this bill seeks

to do, to give us an instrumentality to explore what we can do with our surplus goods.

You pointed out that this bill provides that the United States will commit itself to provide food on certain terms—will commit itself to provide food over an extended period of years. And you object to that, if I understand you correctly, because we might not have surpluses 10 years from now. You object to making that kind of contract, isn't that right?

Mr. MYERS. There are two or three aspects to your statement and your question.

On the time element, we do not feel that authority to make longer term commitments or the lack of such authority is hampering us at present.

On the supply side, we do object to making supply commitments which would involve the U.S. Government going into the market to buy commodities which might not be surplus at that time.

Mr. POAGE. What is the difference? What is more dangerous about doing that than agreeing to get these people to pay with U.S. dollars over a period of years? We have had a program that has been pretty generally used, certainly, it is bipartisan; most people have been for it—most Members of Congress have—of providing foreign aid and oft-times we commit ourselves to make loans over substantial periods of time, in dollars, don't we? We call that good. The President recommends the continuation of it. Not only the present President, but the preceding President. Why should we find it entirely consistent with our policy to commit ourselves to give dollars when they need them and find it inconsistent with our policy to commit ourselves to sell corn?

Mr. MYERS. The long-term dollar loans are definite foreign-aid programs labeled as such.

The surplus disposal programs, which involve foreign commitments are geared to our domestic farm programs which do not make such long-term commitments.

Another aspect of it which we mentioned was that if under the terms of this bill we were willing to commit ourselves to 10 years, even if the other countries said, "All right, we will agree to that," they will look at their annual production and they might or might not take up their commitments, in any event, or they may try to get out of them.

The CHAIRMAN. In respect to that, Mr. Morse said this—

Under existing title I agreements, about one-half of the foreign currencies to be generated is reserved for direct loans to participating governments for economic development projects. These loans are repayable up to 40 years in dollars, foreign currencies, or in strategic materials.

It seems you are doing already what is suggested under the bill. You take the money generated from the payments here and loan it for 40 years at about  $2\frac{1}{2}$  percent interest.

Mr. MYERS. Four percent now.

The CHAIRMAN. At 4 percent. And now Mr. Poage is trying to find out from you why you are willing to loan the money generated by the sales but you are not willing to make 5-year commitments on the materials.



Mr. MYERS. The distinction, Mr. Chairman, is that the commodity sale involved was arranged with surpluses in being and with the needs of that country for the use of the commodity.

Then the loan of foreign currencies was a financial transaction extending over a longer period.

The CHAIRMAN. All right. Suppose under the authority you now have you can make commitments furnishing to India or some other country so much of corn and wheat, you are willing to do that, but within the surplus situation that you have.

Mr. MYERS. We have made five such transactions. They were within the surplus situation. They were instances where the need and use by the other country could be visualized ahead for 2 years or 3 years and they were within the current dollar authorization for title I of Public Law 480. Even though it was a 2- or 3-year commitment, the total dollar value was charged against the then current Public Law 480 authorization. I might read for you the arrangements that have been made. Three were in 1956, with India, Brazil, Indonesia.

The first two for 3 years; Indonesia for 2.

There was a commitment made in 1957 to Colombia for 3 years. There was a commitment made in November of 1958 to Pakistan for 2 years.

Each of those were within the framework and terms which I have just mentioned.

Mr. POAGE. Mr. Chairman, I think that Mr. Myers has put it clearly and has pointed out the objection in his original statement. And I realize that he represents an agency that is concerned with the disposing of agricultural surpluses.

From the standpoint of surpluses alone, it does not make sense to say that we will commit ourselves to dispose of surpluses when we do not have any surplus. But this bill is much more far reaching than merely a surplus disposal bill. This bill attempts to lay down a policy that will enable this country to use agricultural products in lieu of tax dollars to carry out the policies that we are going to have to carry out. If I visualize it at all correctly, it is an effort to use food for peace. It may be a misguided effort, but it is an effort to use food for peace. We cannot use food for peace if we use it simply as a means of serving our own agricultural interests. If we confine our food-for-peace programs simply to something that will bolster our agricultural policy at home our food-for-peace program would be a flop. We have to consider people who are buying our products.

This bill is not a giveaway bill. It is not even a foreign currency bill. It is not a substitution for sale for foreign currency as some of the witnesses have seemed to feel. This is in addition to Public Law 480. It allows continuation of the sale for foreign currency. It allows continued use of such currencies as you need to make our expenditures within the countries. But these sales that are made under these long-term conditions are going to be repaid in dollars. It is not a giveaway. It does not even contain the authority, either, to wipe out the loan. It says that the loans shall be made to be repayable in dollars, over a 40- or 50-year period—50 years from the time the commodities are first granted.

I think one of our weaknesses in the world today has been that Russia is offering and is giving aid at a much lower interest rate than the United States. These countries with whom we are dealing have pencils and they have paper, whether they have IBM machines or not, and they have got sense enough to sit down and figure the difference between 2 and 4 percent. They understand when we talk about 4-percent loans, as against Russia's 2-percent loans, we are dealing pretty harshly with them.

So I am trying here to figure a rate of interest that will be somewhat comparable with what we ourselves expect to have to pay, because we won't be taking a substantial loss, but we will be actually dealing in the world realistically with the rate of interest with which other people are dealing.

We are kidding ourselves when we say we are offering aid to the rest of the world and Russia offers them 40- and 50-year loans at 2 percent.

Why you know and I know that that rate of interest interests them as much as the principal of the loan does. We are not going to get them to take a "pig in a poke."

We are going to be repaid in U.S. dollars. That is about all we have done with Public Law 480, is it not? Most of your agreements up until the last few weeks have been in effect nothing but loans. Now it seems to me that what you are doing is merely canceling the loans or a large part of them and making gifts, out of what Congress thought was a business program.

You had the right to make the gift in the first place, but I doubt materially that you have the right to change the program after the commitments have been made. I am not at all sure that you have any right to negotiate these agreements after you have told this Congress that you are getting back so many dollars, without even suggesting to the committee that you want to know what our thoughts were. What you have done means that all of these loans that you made in the last year are now actually payable in whatever anybody wants to pay us when the loans come due.

The CHAIRMAN. He said they were not prepared to do that.

Mr. POAGE. He did tell us that he was changing every loan in fiscal 1959, isn't that correct? Didn't you? He told us he was changing every loan made in 1959, fiscal 1959, isn't that right?

Mr. IOANES. I said this would apply to all loan agreements, sales agreements, signed from June 30, 1958, onward.

Mr. O'LEARY. Yes. Only proceeds of sales agreements entered into in fiscal year 1959.

Mr. POAGE. It is retroactive for this, isn't it?

Mr. IOANES. Mr. Poage. If I could interrupt you for a second?

Mr. POAGE. Certainly.

Mr. IOANES. Do you oppose the dropping of maintenance of value in the loan?

Mr. POAGE. I think I do. To say the least, I think that this committee should have had an opportunity to consider it. I think that I do oppose it. I think I oppose it because you have told us repeatedly, not simply you, but I mean the agency has repeatedly told us of the value of the loans that they had made, and the value of our repayment was secure by the arrangement, and that it was not a giveaway



proposition, but that we were going to get paid in the equivalent of dollars. We have been repeatedly told that. That has been one of the inducements. We were told last year in conference that by extending this program we could know what we would get back. That was one of the inducements for extending it. For you to use this maintenance of value clause as an inducement and to change it without ever saying a word to us, does not appeal to me at all. I do not want to pass judgment upon whether we ought to do so in the future or not, but that is one of the things that you held out as a basis for passing the law. I guess you can change the rules now that you have the money, but I do not like it. I thought that Congress was the law-creating agency of the Government.

Mr. IOANES. The reason I wanted to comment is because this is a significant change in one direction. And that direction is to make the program more attractive to the foreign participants so we could move more commodities, and we think—and when I say, “we think,” I mean those working on this program—we think that will be a way to do two things.

One, to make it easier for countries which are short of dollars, since the loan does not become a dollar obligation but becomes a local currency obligation.

And secondly, will encourage them to put these funds to use faster.

No matter who thought of them, or what we think about them, the purpose is to use our tools more effectively so we can get more stuff moving.

Mr. POAGE. That is what I thought when you were asking whether I thought it advisable to make the change or not. But I do know that that is what the Congress originally thought we were doing when it first passed it. I am sure that we thought you were going to make the sales and there would be only foreign currency involved, but the years passed, and you—and I do not mean “you” personally, but the men in charge, repeatedly came before us and told us that the Department required the maintenance value clause. That was a part of the legislative history when we renewed this bill. And I think that as a matter of fairness to the Congress if you were going to change the whole viewpoint—even to change it back to what Congress originally believed they had done—that you should, at least, have told us that you proposed to change the rules. Maybe Congress did not mean these regulations to be a loan program. That is all Public Law 480 has been. It has not been anything but a loan program for quite some time.

Now then, I am not saying that maybe it should not be something more than a loan program. But we certainly extended what we thought was a loan program.

Now then, you changed it retroactively, and you made it a completely different program. I think the Congress ought to consider it again.

Anyhow, this bill we have before us is not a soft currency bill. This bill would not have repayment in foreign currency. This bill would involve simply a loan program and everyone understands that it is a loan program. Thinking that was all that was in Public Law 480, we attempted to liberalize the loan program so that those nations that are trying to build their economies and know that they must plan some years in advance could use this loan program for building their

economy. So a country—let us call one by name and suggest Libya—wants food. Maybe they do not have enough food to feed their people for a long time. I think they will need food 10 years from now. In her development program, she needs to know she can get that food. She needs to know that she will have it, not this year only, but that she will have it 8 years from now. And so this program says, "You can make the kind of contract that will meet Libya's needs. We are going to consider the effect on Libya as well as the effect on the United States—we are going to try to help both parties."

Many of the countries of the world are backward in their technology, and they have to use human labor to do much of their work. The Sudan is an illustration. It will be needing to build roads and canals for many years. They have to move their earth by scraping it up by hand and putting it in little baskets to carry. That is the way they do it. They have got the labor to do it. Consequently, it would be rather foolish to import machinery and put people out of work. Now then, this bill proposes that we help to feed them. To have food to do it with. That is the biggest thing we can provide; that is the food if they are going to carry on their work. If they are going to carry on a program of internal development, and we hope that they will, they will have to know that they can get food from some source and have to know that they can get it for a longer period than 1 or 2 years. They will have to know just how and how much they must pay.

We thought that with this bill that they would be able to know that for a period of time that they would have food that they need. Food for them is the same as the fuel oil that drives these piledrivers over here in this building that we are building; because they do by hand the work we do with machines.

Many of these other countries will have to do those things by human labor, and will need a dependable supply of food at dependable prices.

So we thought we would say to them, "Sure, you want to develop a long-time program, 5-year program"—maybe we do not want to endorse the term "5-year program," but we know the world is accepting it, nevertheless—India is using a 5-year program—many nations are using these development programs. They cannot plan for these programs unless we help them plan for them. This bill contemplates that we will enable them to look down the road 5 years or 10 years and see what they can get in the way of food. Certainly, from our standpoint we would rather advance food than to commit ourselves to advance money, either as a gift or as a loan.

What is wrong with that? We know that we are going to have surpluses most of the time.

Mr. BELCHER. Will you yield?

Where in this bill does it say this program will cut down the present aid program?

Mr. POAGE. It does not say it, but if we can supply a country's need with food we reduce the need for money.

Mr. BELCHER. Are you naive enough to believe that this will cut down the foreign aid program for dollars? It will be in addition.

Mr. POAGE. I do not know that. But I think that if we are going to consistently oppose the giving of dollars to these people, and I think you and I have voted against it—



Mr. BELCHER. Correct.

Mr. POAGE. If we are consistently going to do that, we will have to provide something in lieu thereof; something that will achieve the results. And it seems to me that to use this food, if we have such an abundance, is a sound way to approach the needs of the other countries.

Mr. BELCHER. We give them the dollars to go out and buy it. It does not make any difference whether we give them the dollars or the food. So far as the taxpayer is concerned, it is "even Stephen."

Mr. POAGE. I don't think it is. When we provide food it does create a market for our farm products which otherwise would not be created.

Mr. BELCHER. For a product that is not in surplus; it does for that.

Mr. POAGE. For a product that I think will be in surplus during the 10 years. Do you think you will have wiped out our surpluses in 10 years?

Mr. BELCHER. I want to have it for the wheat surplus and to take all of the rest of these commodities out that do not need help.

Mr. POAGE. Do you think we will be rid of our cotton surpluses in 10 years?

Mr. BELCHER. Under this program you can still do it as long as cotton is there.

Mr. POAGE. You can contract under this program for wheat, for cotton, for corn, and other feed grains, and for tobacco, and that is all.

The CHAIRMAN. Rice is in that.

Mr. POAGE. And rice is included. I think you will all agree that they have a surplus of rice and of the other basic commodities. I do not think anybody will deny the fact that we have surpluses and are going to need markets for some years to come.

Mr. BELCHER. Probably 480 will take care of the surpluses.

Mr. POAGE. It has not. The purpose of Public Law 480 is not to use our food for peace so much as it is to simply dispose of it. We have had Public Law 480 for a number of years, and we have surpluses.

The CHAIRMAN. Do you object to, say, a five-year contract dealing with surpluses, for corn or wheat, each year for the next 5 years?

Mr. MYERS. Mr. Chairman, I would like to point out that under the present authority a 5-year contract could be made if the circumstances would justify it.

The CHAIRMAN. You have the authority. You said you have the authority. Mr. Poage is complaining you are not using the authority.

Mr. BELCHER. He was complaining they were using it a minute ago.

Mr. POAGE. No, no. I said I complained about using the authority to cancel out these notes that they are taking.

I think it is quite clear that if we are going to sell these things we have got to consider what the purchaser wants and what we want. We have got to give some consideration to his needs.

We now must sell them on terms that are most convenient to the United States regardless of whether that meets the convenience, or the needs of the purchaser or not. I know we have got the right to do that. I won't deny that at all. We have got the right to say that, "We won't sell at all unless you come here and get the goods and pay cash for them." We have a perfect right to do that.

Now then, if we are really serious to get rid of surpluses, if we are really anxious to sell them, we have to take into consideration the wishes of the people who may buy them. What do they want with our surpluses? One of the things that people may want with them is a stable source of supply. Don't you agree that is one of the things they want?

Mr. MYERS. We have——

Mr. POAGE. A reliable source of supply.

Mr. MYERS. We have not found that the other countries want, under the 480 provisions, to commit themselves to these long terms. And if we find a transaction—if the one in Sudan, as you mentioned, should be such that they and we see the need for a 5-year deal, we can do it now.

I would like to point out that we do try to fit it to their needs. We try to make it more attractive to them. As a matter of fact, his maintenance of value was in that direction, as Mr. Ioanes said.

Mr. POAGE. This would still be further in this direction?

Mr. MYERS. We have no plans to do that.

Mr. POAGE. I didn't ask that. I just asked if it would not still be further in that direction—wouldn't it?

Mr. MYERS. Yes.

Mr. POAGE. Of course. Why all you did was to do part of the cancellation. I am not going to tell you that cancellation may not be a good thing. I know, however, that it is a complete change of the policy that this Congress established. It seems to me that if you can cancel part of the debt without consulting the Congress, that, obviously, you have the authority to cancel all of the debt. I think we ought to have it on the record. Do you think you have the authority to cancel all of the debt?

Mr. MYERS. This is a matter that is a little complicated. In terms at the time of the original deal, the decision can be made by the U.S. Government to put it all in terms of grants, or most of it in terms of grants rather than in loan and, in effect, there would be no debt. Also, the possibility of negotiating or renegotiating——

Mr. POAGE. Those are technicalities. Let us consider those agreements where you have canceled the maintenance of value clause, would you say that you did or did not have legal authority to cancel the entire debt on those specific agreements?

Mr. MYERS. Yes, it could be done.

Mr. POAGE. You feel you do have the authority?

Mr. MYERS. I would like to make one point, however, this cancellation of maintenance of value does not necessarily mean reducing the amount of repayment. Some of the countries where we have made sales recently have strengthening currency.

Mr. POAGE. I know. Maybe Bolivia currency will go up and become of equal value to the dollar. Then you are wanting to get back more value than you would have given?

Mr. MYERS. I was not thinking of that particular example. There are some of the countries, only a portion of the total sales, but in some of the countries, the currencies are strengthening and in some they are weakening. I would like, if I may, to refer to two points made earlier in your comments here, Mr. Poage.



First, I am sure that the administration and the United States Department of Agriculture do not view the whole matter of food-for-peace concept in the limited sense of surplus disposal. But however, the intent of Public Law 480, as it was written, was for surplus disposal.

A second point I would like make related to a comment that you made. Is it our judgment that the countries to which your proposal would apply are essentially the same ones which are now getting substantial quantities under title I of 480. And it is our judgment that they would not be likely to take more of these commodities with the additional provision than they do now.

If I may use an example and mention India, the only limitation at the moment on the amount of wheat that is going to India is their ability to move. We are not holding them up on other than that.

Mr. POAGE. Of course, countries would not take advantage of a loan that had to be repaid in dollars as provided in this bill if they could get the same commodities by agreeing to repay in their currency at a later date.

I agree with you that you have arranged the situation where very few countries would take advantage of this proposal. There is no doubt about that.

If you agree that 6 months after the signing of the notes that you are going to cancel the entire notes, you would induce still fewer countries to take advantage of my proposal.

The CHAIRMAN. You have not mentioned whether some have asked for grants. Are there some countries?

Mr. MYERS. You mean grants of currency?

The CHAIRMAN. In other words, if they have asked for commodities.

Mr. MYERS. I would like to ask Mr. O'Leary to speak on that.

Mr. O'LEARY. The use of grants has been minor in the past. Until this year there have been very few grants made under the program.

The CHAIRMAN. Why is that?

Mr. O'LEARY. Well, we have not found that the requirement that the currency going for use by the country be under loan instead of grant, was a limiting factor as regards the quantity of commodities that they would take. Generally the quantities of commodities that they have taken under the program have been that quantity that they could absorb, taking into account their own production and other sources of supply.

The CHAIRMAN. Well, now, taking into account the starvation that prevails among people in other parts of the world, whereas we have these huge supplies here in the United States, why can we not get that food over there where it is needed?

I read in the paper the other day where people have died in Haiti of starvation. Something is wrong somewhere.

Mr. O'LEARY. Well, all you can do is to try to—

The CHAIRMAN. I understand sometimes there are political considerations and there are other causes, but the fact still remains that we have people starving all around us and here we have all of this food in storage.

Now, is that because there are political roadblocks, or economic roadblocks, or what?

Mr. MYERS. Mr. Chairman, I would like to respond to that, rather briefly. You mentioned people dying of starvation in Haiti, and in the newspaper it talks about disease down in Haiti. I will come to that in an instant.

Now, in some of these countries the ability of that country to take and move and distribute the commodities is a limiting factor.

I would like to point out also that under titles II and III of Public Law 480 considerable quantities have been furnished in emergencies and to relief organizations, church supported and other, that are prepared to move the product. The limiting factor has been the amount that can be so moved, not the willingness of the U.S. Government to furnish the commodity.

With specific reference to Haiti, now, the U.S. Government has checked that situation with three survey teams. On a visit to Rome last week I found, as the result of Food and Agricultural Organization check by their local people in Haiti, that the story of deaths from starvation and the story of epidemics in Haiti is false.

The CHAIRMAN. You said false?

Mr. MYERS. False. There is plenty of need for help in Haiti, there is no doubt about that. There is a drought and there might be an even more serious situation before too long. But as far as the survey teams of the FAO and the survey teams of the International Cooperation Administration were able to tell, and they went right into the area mind you, the story of deaths from starvation or the story of disease epidemics down in Haiti, those stories are not correct.

The CHAIRMAN. You saw that in the paper?

Mr. MYERS. I saw it in the newspapers. As the result of seeing it in the papers, there was an immediate investigation. I should add that there are food stocks on the island and the U.S. Government is prepared to send more in immediately if necessary.

Mr. POAGE. Mr. Chairman, may I ask this question before we get too far away from what we were discussing?

I think that it is inevitable that you are going to have to rewrite all of the outstanding contracts that were made before June 30, 1958, as well as those made since that date. I think that in good conscience you should give these other people, our early customers, the same privilege as has been granted to the late comers.

Mr. O'LEARY. Well, there are some countries that would not want that change.

Mr. POAGE. Perhaps not, but anybody that comes and asks you for it, you are going to give it to them; aren't you?

Mr. MYERS. Mr. Poage, we are just going to have to consider them—we have made no indications that we are going to grant that.

Mr. POAGE. I understand, Mr. Myers, but I want to be frank with you and I want you to be frank with us. We know, I know and you know and everybody knows, that the United States of America is not going to pick out certain countries and tell them, "We are going to cancel this provision in the contract with you," and then say to other countries, "You signed the contract 3 days earlier and we will not make any concession to you." You know that we are not going to do that. And you know you are going to treat the early contracts just as favorably as you do the more recent contracts.



Mr. MYERS. Well, that would have to be a matter of negotiation between the two governments. We are helped a little bit on it by the fact that there was this gap of the time period when we were not signing any negotiations.

Mr. POAGE. I think that a moment ago, Mr. Myers, you said that you wanted to help, you would try to help, but that you do not want to extend, if I understood you correctly, to all the people who made these contracts the same privilege.

Are you telling this committee that you would not extend that same privilege to the people who made these contracts in 1956 and 1957 that you have extended to those people who made contracts in 1958?

Mr. MYERS. I did not mean to so imply. I meant only that each individual instance will have to be looked at on its own merit.

Mr. POAGE. And you are not going to give them the same privileges?

Mr. MYERS. You see, sir—

Mr. POAGE. You say that you want to help, but you are not going to give them all the same privileges.

Mr. MYERS. Well, the choice of the word "help" may have been a little unfortunate. What I meant is that the gap in time—we will prevent someone coming in and saying, "We were just 3 days ahead," and we—

Mr. POAGE. I do not like to be interrupting you all the time, Mr. Myers, but as a matter of fact, you will give them the same thing, you will treat them all alike, will you not? You know that you will. Why are you not frank about it?

Are you not going to treat all nations with whom we trade alike? Since you have already given this privilege to one group, you are going to have to give it to the others, and you know you are going to have to, and you are going to recommend it, are you not? That is one of the problems of making retroactive agreements.

Mr. MYERS. I don't wish to make a decision on that this moment. We will look at each case on its merits.

Mr. McGOVERN. Will the gentleman yield?

Mr. POAGE. Yes.

Mr. McGOVERN. I have been very much impressed with Mr. Poage's statement that we have to evaluate this program, at least partially, from the standpoint of the people that we are trying to help, instead of merely from the standpoint of what it does for us.

Will it not create a much better attitude on the part of the recipient countries if they know that we are willing to supply some food, even though it may not be in surplus supply in this country, just because those people need food?

I question whether we generate very much good will and appreciation on the part of these other countries when we limit our aid simply to those commodities that we know are in great surplus in the United States.

As Mr. Poage indicated, we have to consider those other countries who are cooperating with us; we have to think in terms of their needs as well as in terms of dollar benefits to the United States.

Mr. MYERS. Sir, I think that the overall foreign programs of the U.S. Government in one way and another give considerable assurance that we are not limiting our efforts strictly to surplus disposal.

However, the particular program of Public Law 480 was focused and has been more focused in that direction. I do not believe that the other nations are in a position to say that we have limited our overall programs to that particular narrow definition.

Mr. McGOVERN. Mr. Chairman, just one more point. I would like the record to show that, following the leadership of Mr. Poage, several other members have introduced measures identical to H.R. 2420. I have introduced H.R. 3976 and the gentleman from California, Mr. Roosevelt, has introduced an identical measure, H.R. 3066.

Mr. HAGEN. Mr. Chairman.

The CHAIRMAN. Yes.

Mr. HAGEN. I would like to ask you, Mr. Myers, how these foods are distributed in these countries under Public Law 480. Are they distributed through the Government directly, or how?

Mr. MYERS. Title I commodities are handled through regular commercial channels.

Mr. HAGEN. Just what do you mean by that statement?

Mr. MYERS. From this standpoint: They are sent out from the United States through regular commercial channels, and they are handled in the other nations in the manner in which their trade is set up.

As you are aware, some countries have completely private operations and some have government corporations or a government distribution system.

The effect is that under title I, commodities go into the markets in these other countries through the distribution system, just as if it were a private trading firm which had purchased some wheat or cotton.

That is not correct for the donation aspects of Public Law 480. For example, where commodities are furnished to a charitable organization, the U.S. Government puts them on the other shore and into the hands of the charitable organization which then handles the distribution according to its own network of charitable outlets.

Mr. HAGEN. Well, let us take the case of commodities that are going into the commercial channels, or let us take the case of, say, wheat, in a case where the government itself is going to get it. How are they going to get their return, to be able to repay this loan or to put money into the development project?

Mr. MYERS. The government gets its return from the sale of it to its own people for its own currency.

Mr. HAGEN. In other words, do they sell it at wholesale prices and leave a profit margin on it? Do they do that and then put it in the trade?

Mr. MYERS. Congressman, I would like to ask Mr. O'Leary to talk about the details on this.

Mr. O'LEARY. The sales under title I are just like any ordinary commercial sale—

Mr. HAGEN. Except you are dealing with governments.

Mr. O'LEARY. Well, you may be and you may not be. We use the regular established banking channels in the United States and the other country in order to make the financing available so that the sales may be made by private exporters. The exporter's draft is paid by the U.S. bank in dollars, and the documentation which goes overseas is paid off by the corresponding bank overseas, by deposits of



foreign currencies in a special bank account in the name of the United States.

Payment is made in this manner, whether the commodity is bought by a government corporation, as in the case of Yugoslavia, or whether it is bought by a private trader, as in the case of France.

Now, the way the government of that country gets to use that portion of the currency that is being made available as a loan to that government: the U.S. Government through the facilities of the Export-Import Bank of Washington makes the loan available to the foreign government on a long-term basis—if it is a grant, of course, the grant is made directly by the U.S. Government to the other government to be used for development projects.

Mr. HAGEN. The reason I am interested is because there is apparently an awful lot of profit taking that is going on over there.

Mr. O'LEARY. The profit taking would be in most cases exactly the same kind of profit taking that you have in any commercial sale of an agricultural or any other kind of commodity. Everybody works on a margin; nobody is in business to go broke.

I might add that in some instances we have had problems where the domestic price in the foreign country is higher than the world price, so that if governments were buying it, if it were bought by a government corporation at the world price under our program, that corporation would be in a position to resell those goods into the domestic economy at a considerable profit.

In general, we have been able to hold this to the point where the profit which is made on one commodity is used to make up for a loss which that government has on another commodity that they take under the program where their domestic price is lower, and therefore the government has to subsidize it into the market at its domestic price.

In some instances, we have been able to negotiate a blend price, you might say, where the domestic price was considerably higher than the world price, which would do two things:

First, it would eliminate to a considerable degree the profit taking that you have mentioned.

Second, it would lower the general price of the commodity in the country and result in increased consumption in that way which otherwise would not be done.

Mr. HAGEN. There is one other point. This bill merely gives the Secretary a new authority.

Mr. MYERS. We recognize that.

Mr. HAGEN. It merely imposes an additional authority which he may or may not exercise.

Mr. MYERS. We realize that, but we also realize that many other people around the world will look at it as another way to try to get us to do something more liberal with it.

Mr. JOHNSON. Would it not put the Secretary on the spot if he had authority and did not do it? He might be open to criticism, and in this way it would be indefinite or not quite as obvious.

Do you have any comments to make on that?

Mr. MYERS. No, sir; I don't think I have.

Mr. DIXON. Mr. Chairman, would the gentleman yield?

The CHAIRMAN. Yes.

Mr. DIXON. The purpose of H.R. 2420 is praiseworthy, and I think there is an urgent need for some step to be taken. Whether this is a step that is correct or not, I do not know.

However, our surpluses are skyrocketing. Now, do you or do you not believe that under Public Law 480 we are going to be in a less favorable position in disposing of them than we were last year?

Mr. MYERS. No, sir. We don't believe that the opportunities are going to be less. We think that doing more with it is getting increasingly difficult, but the total is not going to be less.

Does that answer your question?

Mr. DIXON. My impression is that it is getting more difficult. We had \$4 billion last year and that we expect less this year—is it \$3,800 million—

Mr. MYERS. Sir, the \$4 billion was total U.S. agricultural exports including the commercial sales, not the amount through Public Law 480.

Mr. DIXON. My concern in that matter arises from the thought that we are facing this economic warfare. You may remember that Khrushchev said he would bury us, and I don't think he meant he would do it with bombs, but that he might do it by commodities.

Now, if we do have this economic warfare increasing, if that competition is going to get more strenuous, is that not going to make it more difficult for us to dispose of as many commodities as formerly?

Mr. MYERS. It is making it difficult, and it is causing us to redouble our efforts to counter that in certain areas and in certain commodities.

I would like to point out that since the authority in Public Law 480 was extended by this Congress in late August and signed by the President in early September, agreements have been signed to move products at CCC cost, worth \$883 million, and agreements are in negotiation for another \$244 million, plus some other requests that have been made that are in process.

Mr. DIXON. But you do believe it is going to be harder to get the same results on account of this economic warfare?

Mr. MYERS. In certain areas, yes.

Mr. DIXON. That is, you have to work harder and you have got to have more help?

Mr. MYERS. We are working harder.

Mr. DIXON. And you are going to have to continue and work even harder and have even more help if you are going to dispose of the same amount of our surpluses which are skyrocketing, as I said, \$4 billion.

Do you feel that this bill would help to dispose of the surplus? We need something to do that; we need something that will justify taking this food-for-peace program overseas. If this bill is not exactly what we want, what do we have that will accomplish that end?

Mr. MYERS. Sir, in the first international meeting to be held under the food-for-peace program with the wheat exporting nations in early May, there will be a sincere and comprehensive discussion of ways in which each of the nations and this Nation can improve and better use the food-for-peace program.

President Eisenhower in his speech indicated that there would be such an exploration, it is being carried forward at the first meeting that I mentioned.



Mr. DIXON. And I assume that you think it will be fairly well spelled-out and you feel that it will show that this food-for-peace movement will bring about the result we want?

Mr. HOEVEN. If the gentleman will yield, it is my understanding that after the preliminary meeting it is also contemplated to have another meeting at a higher level perhaps, on the Foreign Minister or Cabinet level.

Mr. MYERS. When I speak of a meeting in early May, sir, I refer to a meeting at the Cabinet or Minister level. There will be a working-level meeting the week preceding that.

In other words, I wanted to point out that there will be further conferences.

The CHAIRMAN. When will that first meeting be held?

Mr. MYERS. The working-level meeting will start on the 27th of April, sir.

The CHAIRMAN. What date?

Mr. MYERS. The 27th, the 28th, and the 29th of April for the working-level meeting, and the 4th, 5th and 6th of May for the higher level meeting.

The CHAIRMAN. Where will the meetings be held?

Mr. MYERS. In Washington.

Mr. DIXON. Another question, if I may, Mr. Chairman.

I am very much interested in the Cooley bill, the so-called Cooley amendment. Now, I have the impression that probably we require too much of the domestic money of a foreign country. Money which they need to step up their industries, particularly in countries like India. I have the impression that under the Cooley bill we demand of them more money than they have got to build up their industry.

What is your comment as to that?

Mr. MYERS. As you realize, the experience under this particular amendment is rather limited, but a substantial amount has been set aside—if I may, I would like to ask Mr. O'Leary to speak to the details of what has been done so far and what the objections are, if any, which are encountered.

Mr. O'LEARY. In most countries, the Cooley amendment loan program has been successful, and I understand the Export-Import Bank has reported to the committee on its progress. In most countries where economic development is going forward at a favorable rate, they have had no difficulties making the loans under the Cooley amendment for general business development mostly, and in some cases under the agricultural portion of the Cooley amendment. In some instances where programs are large, such as India, they will have to do a little work in order to be able to loan out the full amount of Cooley funds available to them.

That is to say, sir, just overnight you cannot find outlets for commercial loans of this type in this amount. It is a problem I think in a country where hard currency is also required for any project for the creation or expansion of industry—this is the problem in India, and I think it will be overcome. To what degree, I don't know, but I am sure that they will make loans in India.

Mr. DIXON. Will this bill help in any way?

Mr. O'LEARY. This bill would have no Cooley amendment in it.

Mr. DIXON. I know, but the assurance that they can get food on long-term loan, would that help implement it?

Mr. O'LEARY. I do not think that is a factor. It is the hard currency which is the factor.

Mr. DIXON. Well, do you think that it will not help India build up its industry through the Cooley bill, or isn't there any hope? I am very much concerned about it.

Mr. O'LEARY. Well, there is hope; yes, sir. You see, at the time you and I were in India, the Cooley amendment was relatively new in that country and the question at that time was, "How do we get the loans made, how do we get the program into operation?"

I have not checked recently, but I feel sure that they will get the program into operation there.

Mr. DIXON. One further point, and this is on this food for peace program. Are you going to have to have more help, establish more posts, and so on, in this effort to dispose of our products in these foreign markets?

Mr. MYERS. In the food for peace program as it affects the organization we represent, we think there are two aspects.

We are redoubling a study of our own efforts to see how we can do better, and that is going forward, and if as the result of such study we should see a need for more people, we shall certainly ask for that.

Mr. DIXON. I notice that you put on one in Hong Kong.

Mr. MYERS. We put two new posts into effect very recently as a result of permission to use foreign currency for attachés given by the Congress. One is at Tel Aviv, Israel, and one at Hong Kong. Those posts have been just established. But under the food for peace program, we are studying our needs in this regard and we will not hesitate, I assure you, to make requests if we have the need.

The other aspect is exploration with other nations, and that is also going forward, as I mentioned. That second aspect does not concern us at this moment.

Mr. DIXON. Another question. It pertains to the problem of getting the program going forward, streamlining it so that it can get off the ground. Have you been held up by Congress; that is to say, by the Appropriations Committee? Are they making it more difficult for you in getting the program going?

Mr. MYERS. No, sir.

Mr. DIXON. Mr. Chairman, I surely appreciate the work that these gentlemen are doing, the way that they are pushing it, the way they are doing their planning and their efforts to move the program forward. I feel that everything in the world that this Congress, and this committee in particular can do to help them is going to help us to help ourselves.

I think that this bill is definitely aimed at that purpose. If it is not, then we want to correct any deficiencies so that it will do what we want.

I certainly will welcome a detailed program that will bring about or help to bring about the things that the public expects from the food for peace program. I think it is something that we ought to be united in cooperating on.

Thank you.

The CHAIRMAN. Thank you very much.

I would like to ask one question.



A friend of mine called me yesterday. He was interested in how applications for loans are handled under the Cooley amendment, and he wanted to talk to someone.

Whom can we send him to?

Mr. MYERS. Those are handled through the Export-Import Bank, but we also are contacted on the loan if it affects agricultural industries or developments, and——

The CHAIRMAN. Well, to whom should we direct him?

Mr. MYERS. He should be directed to the Export-Import Bank.

The CHAIRMAN. Off the record.

(Discussion off the record.)

The CHAIRMAN. Thank you very much.

I regret to say that the executive session we had planned will not be held today.

We will now hear from Mr. Solberg.

**STATEMENT OF HARVEY R. SOLBERG, PRESIDENT, ROCKY MOUNTAIN FARMERS UNION; CHAIRMAN OF THE FARMERS UNION BOARD OF DIRECTORS, DENVER, COLO.; ACCOMPANIED BY REUBEN JOHNSON, COORDINATOR, LEGISLATIVE SERVICES, NATIONAL FARMERS UNION**

The CHAIRMAN. All right, Mr. Solberg. We will be glad to hear your statement.

Mr. SOLBERG. Would you rather have me comment on it or read the script?

The CHAIRMAN. Just as you prefer, Mr. Solberg. You may file your statement with the reporter and it will be in the record, and then you may make such oral statement as you desire.

Mr. SOLBERG. Mr. Chairman, let me say at the very outset that it is my deep conviction, my very deep conviction—and this is not in the statement I will file—but I do it, and everybody does it: We always refer to surplus and surplus disposal.

I happen to know that the recipient nations feel that we are just getting rid of a problem instead of helping them.

I come from a wheat country and so you can expect me to think in terms of wheat; but the exporting countries, since we talk about surplus disposal, think in terms of dumping. If we could change that—and I don't even like the words "disposal of excess production"—to production, not surplus, the countries of the world that need their economies strengthened would look more favorably on our export programs.

It is just a matter of semantics, Mr. Chairman, that is tremendously important in this context.

I do believe that we can have 5- and 10-year plans for the countries that have the least and areas within countries that are the poorest. They are the ones that need the long-term assurance, and I happen to know that America can in the next generation, by some planning, provide the food necessary under those commitments. I am not a bit afraid that the spring wheat area and the hard wheat area, for example, can't take care of the commitments that are made this year for the next 10 years and much, much more than that. But I think it is unwise to call it surplus.

The CHAIRMAN. There is the same objection in other parts of the world, and the Russians I think are using that to their advantage, saying that Americans are not very generous but are just getting rid of their surplus because they do not need it, and that they are giving away what is left over and not used in their own economy.

Mr. SOLBERG. And disposals, sir, we use in our kitchen.

The CHAIRMAN. That is right.

Mr. SOLBERG. It is garbage.

The CHAIRMAN. Well, suppose we adopt the food-for-peace slogan?

Mr. SOLBERG. I am for that.

The CHAIRMAN. You do approve of Public Law 480?

Mr. SOLBERG. Mr. Chairman, I am sure that Public Law 480 has done good to everyone and it needs to be expanded under this or some other administration.

I also want to add, and I am quite sure I know what I am talking about now, Russia is expanding at a tremendous pace. It is expanding slower in food than any other commodities, but let us not kid ourselves, let us not think that it won't produce food. It will. And when it comes to that point, Russia does not have to consider its citizens and it will take over, by this or some other method, it will try to destroy our economy.

I am convinced that continuing a normal market and I am for continuing the normal market but continuing it without expanding on our Public Law 480 operations may mean that we are going to be licked economically—in other words, our playhouse is going to be destroyed.

Our population increase in this country is only half the production increase of agriculture, and within the next 25 years, I doubt that we are going to equalize production with consumption except through law and quotas.

And now I want to say this, Mr. Chairman, that I have always thought that telephone operators were the most calm people and had the most patience, but I believe that committees of Congress have more, sitting listening to the reading of a script.

I will read this as quickly as I can, Mr. Chairman.

National Farmers Union strongly supports H.R. 2420, introduced by Congressman Poage and the other such bills which have been introduced. Authority for long-term commitments of food and fiber under loans to recipient countries, which Congressman Poage's bill provides, is an essential and central element to the most constructive use of our food and fiber stocks under the Public Law 480 program. It is our conviction, moreover, that food and fiber ought to be used to strengthen and bolster the international policies of the United States and contribute more to the kind of economic development to which H.R. 2320 refers. We are convinced that such use would help in the attainment of a just and enduring peace.

Genuine peace must rest upon a foundation of economic health and the political stability which flows from it. Peace and prosperity are related. For the world to be prosperous, it must be at peace. And peace depends upon prosperity.

The causes of World War II are identified with certain political leaders but we would do well to think of the tragic economic conditions which undermined political stability and brought the dictators



to power. This can happen again. But as leaders of the free world we can and should take positive action to prevent the conditions that gave rise to World War II.

The Marshall plan and point 4 won the support of U.S. citizens because they were dedicated to human advance.

The food-for-peace program will have the support of American citizens as well as the segment of agriculture.

The economic and political benefits of our efforts under the Marshall plan and point 4 were due to recognition of the true face of America by the recipients.

In recent years, the image of the United States, as seen by our free-world neighbors, is no longer showing the true face. The most tragic part of the situation and that which has done more than anything else to change attitudes about us as a nation is failure to recognize our food and fiber stocks and our agricultural productive capacity as the powerful instrument it is, and to commit it to furthering economic progress in the lesser developed nations of the world.

The administration has handled our food and fiber stocks as a liability instead of an asset. Secretary Benson has sat on the surplus when he could have used it constructively for strengthening the free world. He has insisted and still insists on annual renewals of Public Law 480 instead of long-range extension necessary for sound economic planning in recipient countries.

The CHAIRMAN. Would you yield for an interruption?

Mr. SOLBERG. Yes.

Mr. DIXON. I want to object to that statement you just made, that Secretary Benson has sat on the surplus instead of using it constructively for strengthening the free world. That is not correct. He has used it for that purpose.

Mr. SOLBERG. He has done some, but he has not used the imagination that is needed if our food and fiber is to be put to the kind of use that will endure to the long-range economic interest of recipient countries.

Mr. DIXON. Well, he used \$4 billion last year for that purpose, using the surplus to that extent.

Mr. SOLBERG. Well, sir, there is enough surplus so that the farmers cannot get an income from what they produce, and he must solve the problems—this is only one of them.

He has not shown any inclination to work out formal agreements with other exporting and importing countries to provide for the maximum use of food and fiber in needy nations and to show a spirit of cooperation and fairness to other exporting countries in making donations and concessional sales.

And I want to add there, in that connection, that the independent private trade goes out for a year at a time to find their markets, instead of letting the other countries come here. They go out for a year at a time and they work for the markets and they work for the agreements—

Mr. DIXON. All I want to say about that paragraph is that it is entirely false; I challenge it.

Mr. SOLBERG. Well, you may do so, sir, but I believe that if eight people got out of their seats in the Department and went out to find a market for us under Public Law 480, we would be moving twice as much as we are today.

And if they do not do that, then we will have to, and I hope that we, the farm organizations that have very little money, will have to go to those countries and sit down and try to find agreements; if nobody else will, we will have to.

He opposes, for example, additional international commodity agreements such as the International Wheat Agreement. He continues to oppose multilateral negotiations necessary for the establishment of an international food and raw materials reserve.

The CHAIRMAN. How can you justify the statement where you say that the Secretary is opposed to international commodity agreements? Is that true?

Mr. SOLBERG. Commodity agreements such as the wheat agreement he has supported, but he has not done anything on cotton, has he?

Mr. HOEVEN. You are making the bold statement that the Secretary opposes the International Wheat Agreement. How can you back up such a statement?

Mr. REUBEN JOHNSON. May I give an example of where he has opposed an international agreement?

The example is when the countries wanted to work out a coffee international agreement. I don't know whether I can document this by a quote of the position of the Secretary of Agriculture, but I think everybody in the world knows that he has opposed working out an international coffee agreements.

I think the same thing is true of cotton. I think the same thing is true of other commodities which enter importantly into world trade.

The CHAIRMAN. But the fact remains that the Secretary has supported the wheat agreement.

Mr. REUBEN JOHNSON. Yes. This sentence, unfortunately, is not being interpreted correctly.

Mr. SOLBERG. This means agreements on the order of the wheat agreement.

The CHAIRMAN. Well, why don't you say so?

Mr. REUBEN JOHNSON. We are sorry; that is what we meant to say.

The CHAIRMAN. And the last sentence in your statement in that paragraph about multilateral negotiations and the reserve, what about that?

Mr. SOLBERG. Let me say——

The CHAIRMAN. What proof do you have of that?

Mr. SOLBERG. Let us say in relation to all of this: An attitude of not doing anything, to me, is doing nothing. It is not positive.

Mr. HOEVEN. I can see no need for bringing personalities into the discussion.

Mr. SOLBERG. OK.

Mr. HOEVEN. Your type of critical speech is no way to influence the members of the committee and gain friends.

I suggest you stick to the subject and not make false accusations which you cannot prove.

Mr. REUBEN JOHNSON. If I could interrupt Mr. Solberg, I want to say that we do not intend to reflect on any individual here. What we are trying to do is to state the situation as we have looked at it and to try to point up the problem of where we are now and try to figure out where we go from here. The approach is one of construction, an attempt to be helpful. Our statement is general and we will be most happy to document any part of it for the record.



Mr. HOEVEN. Well then, may I suggest that you keep away from personalities?

Mr. SOLBERG. The next paragraph may be the basis for the paragraph which we are discussing, actually.

While every major agricultural producing nation continues and improves programs of price support for agricultural producers, Secretary Benson continues to ask the Congress for authority to lower still further prices of U.S. farm commodities and to imply that the farmers of this Nation ought to sell at prices established in the unprotected and widely fluctuating world market by international cartels and speculators.

That happens and it influences the full international picture.

Against this background, Mr. Chairman, this hearing takes on more than ordinary significance. You will decide whether we continue a program of surplus disposal or use our stocks of food as a means of promoting economic development and rising living standards.

We mean living standards in other countries.

I am also convinced that if we don't do this, other countries will try to take ours away.

This hearing is significant, too, Mr. Chairman, because Public Law 480 expires on December 31, 1959.

You have several other bills before you which have been drafted in the interest of using food for peace and to express the sense of the Congress in favor of resolving the paradox of U.S. agricultural abundance and the lack of food in the great part of the world. These bills provide for greater use of our food and fiber as an integral part of the U.S. foreign assistance program. We refer to concurrent resolutions and bills introduced by Congressmen Lester Johnson, J. Floyd Breeding, George McGovern, and others. We commend this action.

We want to take this opportunity, also, to commend the chairman and the members of the committee who assisted in the shaping of Public Law 480. The Secretary of Agriculture has been given every assistance within the power of the committee to make our food and fiber an asset in oversea use. The chairman, on February 10, 1959, when Secretary Benson appeared before the committee, again expressed the interest of the committee.

The chairman said, and I quote:

All of the hunger is not beyond the Iron Curtain. And the President is anxious for this food to be provided for hungry people.

This committee is anxious for the food to be provided.

What can we do? What is it that this committee can do to expedite the distribution of these foods among the needy people of the world? Do you need any authority that you do not now have?

These comments of the chairman seem to reflect not only the attitude of members of the committee, but the attitude of the Congress, and the people of this Nation.

Nearly everyone seems to recognize that food is of basic importance in the furtherance of policies essential to the growth and development of democratic government and to rising living standards in the lesser developed areas. In this connection, we want to stress the values we see in looking upon the Public Law 480 program as amended by H.R. 2420, as a vital arm of our international policy.

The implications of such a position are far greater than merely budgetary.

The Secretary of Agriculture obviously fails to see Public Law 480 operations as anything more than a surplus disposal program.

I am sure that that was reflected this morning. We must get away from that concept.

It is natural that he would have difficulty getting other exporting nations to look at it any differently. However, if the Congress should recognize the significant part that the expanded use of food can play in economic development and technical assistance programs, we believe the result should be to greatly strengthen such programs and at the same time put out food and fiber stocks to work in such a way as to benefit all the citizens of the United States.

It is a matter of conviction with us that it is morally wrong to permit starvation and malnutrition to exist anywhere in the world if there is productive capacity to fill the need.

I have attended at least six meetings of the IFAP, the International Federation of Agricultural Producers, in different countries, and if there is one thing that you find total agreement upon in these meetings, it is this: The farmers of the world just despise the restriction of production or the waste of food as long as there are hungry people. It is basic. They like to plant, they like to see their crops growing, and they like to see them eaten.

We feel that the justification of our view is grounded in fundamental humanitarian considerations inherently subscribed to by the people of this Nation. To live up to our convictions, Mr. Chairman, it is proper that we begin to look at our food and fiber stocks as valuable assets to all our citizens and to project their use over whatever period will best serve the interest of poverty-ridden and starving people.

How do we make the changes needed to emphasize the use of our food and fiber as an arm of our foreign policy?

The very first step, Mr. Chairman, is to recognize in the authorizing legislation the need for long-range commitments and contracts into the Public Law 480 program.

That is more important than 2- or 3- or 4-year authorizations.

In this connection, Mr. Chairman, H.R. 2420 authorizes the use of agricultural commodities to assist economic development in friendly nations by assuring a continuing and stable supply of food and fiber on long-term credit during periods when development projects are underway. By so doing, the resources and manpower of such nations may be more effectively applied to the tasks at hand.

I would like to compare these loans with loans to farmers; short-term loans to farmers are no good, if you are going to get improvements of production.

In addition to wheat, rice, nonfat dry milk, cotton, feed grains, and tobacco, other agriculture commodities as may be available may be loaned. Shipments are authorized over a 10-year period with repayment and interest beginning with the date of the last delivery in the 10-year period. Repayment may be made by the recipient country over a 40-year period beginning with the date of last delivery and may be made in dollars, in services, or in strategic or other material not produced domestically in sufficient amounts to fill requirements. Interest is fixed at  $2\frac{1}{2}$  percent.



With the Secretary of Agriculture meeting early next month with Cabinet-level agricultural officers from wheat exporting countries, we feel that section 405 is of particular importance. It recognizes the need for the Secretary of Agriculture to reach agreement with other exporting countries to see that overall participation in the program of long-range commitments of food and fiber is handled on a fair and equitable basis.

By the way, Canada and the United States have nearly 90 percent of the carryover of wheat and could, I believe, arrive at agreement on what to do with it.

Provisions are included which safeguard the uses made of food and fiber by the recipient country with respect to replacing normal imports from friendly nations, resale, and the uses within a recipient country.

Mr. QUIE. If the gentleman will yield, I should like to ask one question of Mr. Poage.

Does your bill provide for payments not to start until after the last shipment was made?

Mr. POAGE (presiding). It may provide for a suspension of interest until the last shipment is made. This bill does not, I believe—let me look at it.

Mr. QUIE. It seems to me that perhaps we ought to provide for payments for the commodity that is shipped the first year, or at least obtain the interest on that during the entire period and not waste the whole 10-year period.

Mr. POAGE. Well, of course, you would not have your full amount.

Mr. QUIE. No; not the full amount, but on what has been shipped.

Mr. POAGE. Your idea is that they should pay interest on the delivered goods that we would be supplying. Perhaps they should pay interest on what they currently owe.

Mr. QUIE. You are dealing here with the subject of self-respect. People and nations both like to maintain their self-respect. One way to enable them to retain self-respect is for them to obtain a loan and pay the interest as they go along, and then they will not feel that they are getting something free. They will retain their self-respect.

You might remember the difficulty that we had with Brazil when they did not want us to provide food which they needed as relief. I believe that asking these people to pay interest would enable them to maintain their self-respect.

Mr. SOLBERG. This would authorize, I believe, the Secretary to do this, and I believe he could ask for earlier payments under your bill.

Mr. POAGE. Well, there is a conflict; I don't know whether he could or not.

Mr. SOLBERG. The purpose is to build the economy. I think that Mr. Quie is right on that matter of self-respect.

Mr. QUIE. Well, it is exactly like two individuals. A banker might give one \$10,000 to build up his business, and that man would do a lot better job and feel better about it than if he were getting something for nothing; and he would be obligated and he would pay this interest.

In this case, the interest would be 2½ percent. I think paying that interest would help them. I think it would be better if they had an obligation of that 2½ percent interest for the deliveries as they came in, in order to maintain their self-respect.

Mr. POAGE. Did you have something, Mr. Short?

Mr. SHORT. Well, just one more question on the subject. What is the anticipated extent of the delivery period? Are they going to enter into an agreement, purchase agreement, so to speak, with these countries?

Mr. POAGE. Yes.

Mr. SHORT. To deliver them certain commodities over a particular period of time, an extended period of years?

Mr. POAGE. That is right. That is it, exactly. It might run for 2 or 3 or 5 or 6 or it might be 10 years.

Mr. SHORT. And if I interpret the bill properly, I believe the bill reads that if this delivery period should extend over 10 years, they would not start paying interest until the last delivery at the close of the 10-year period?

Mr. POAGE. I think that is right.

Mr. SHORT. It would seem to me just as a matter of a more business-like basis—as well as self-respect—that possibly the matter of applying the interest as the commodities are received should be given pretty serious consideration. Maybe, of course, there is some good reason why it should not be done that way.

Mr. POAGE. Well, I don't know of any reason it should not, frankly.

If there is nothing further on that, Mr. Solberg, you may proceed.

Mr. SOLBERG. Provisions are included which safeguard the uses made of food and fiber by the recipient country with respect to replacing normal imports from friendly nations, resale, and the uses within a recipient country.

While I recognize that in shipments of our food and fiber to India, Mr. Chairman, India would protect its own farmers, it might be well that we were on record to say that we want to protect the farmers of India. They do become worried, and we show our concern for their welfare. We recommend changing the bill to show that we want farmers in recipient countries to be protected.

Long-term contracts such as are provided for in H.R. 2420 will strengthen Public Law 480. The provisions of the bill would become title IV of that law. It is our view, Mr. Chairman, that long-range commitments such as would be possible under this new title IV should not be restricted to a part of the Public Law 480 program but extended to titles I and II as well.

We should extend permanently the authority in titles I and II of Public Law 480. It is our suggestion, also, that we amend existing legislation to stress in concrete terms our interest in using food and fiber in excess of our needs to finance and support economic development in the nations in need of such assistance. Our interest is in stating clearly in authorizing legislation that our objective is to help aspiring people in less fortunate circumstances and to then see that Public Law 480 is administered in the spirit of a food-for-peace program, not continued as a surplus-disposal program.

Moreover, we see the need, Mr. Chairman, for more liberal terms than are now provided, including additional grants, under title I. For the critics of more liberal terms, we hasten to point out that we gave all, or virtually all, of the Marshall plan aid. We have reason to believe that giving more of our food may be the more prudent course to follow from the standpoint of cost—not only for ourselves



but for other nations in the free world whose security and well-being is closely tied to the security and well-being of the United States.

Policy commitments along these lines, Mr. Chairman, would (1) remove the uncertainty with respect to the use of our food, furthering economic development projects which cannot be completed in the short time afforded under annual renewal of Public Law 480; (2) remove the basis of criticism in other exporting countries; (3) cut the ground out from under Communist propaganda, and (4) strengthen existing programs of dollar economic cooperation.

Committing our agricultural commodities in this manner changes them from "surplus supplies" to "development supplies," and changes the name of the Public Law 480 program from a program of a "surplus disposal" to a program of food for peace.

Let me add, this should not be just limited to Government stock of surplus. There again, both recipient and exporting countries work together.

In the conduct of our international policy, dollar loans are authorized under the Development Loan Fund. Farmers Union has supported such economic assistance. In this connection, we should like to urge that where feasible, our abundant food be used to aid in financing capital investment projects of basic economic nature such as dams, roads, et cetera. Our abundant wheat will go a long way toward aiding countries such as India in providing work opportunities on projects which, when complete, will contribute to the upgrading of standards of living generally. We do not believe, however, that our food and fiber is a substitute entirely for dollar aid.

We are here stressing long-term loans. We do know there has to be authority and appropriations for grants.

We know that there are problems to be solved to make possible such use of U.S. food and fiber and that many of the technicalities cannot be solved through enactment of legislation. We believe, however, that the interest of all citizens of the United States would be served if means can be found to utilize our great storehouse of food in the emerging areas of the world.

Mr. Chairman, what we are proposing is making changes in the basic legislation as to make it a positive program of food for peace.

In specific terms:

1. We urge that the proposal of Congressman Poage be made a new title in Public Law 480. Embodied in H.R. 2420 is the main point we have been making so far in our testimony. The inclusion of H.R. 2420 in Public Law 480 will open the door to long-range planning in recipient countries and we are convinced the whole program would be stronger if Congressman Poage's idea concerning longer range planning is applied across the board.

2. We believe that section 2 of Public Law 480 ought to be expanded and that emphasis should be placed therein on congressional recognition of the part of food and fiber can and should play in the conduct of our international policy, and in economic development in needy areas of the world, and that the justification for such congressional findings be based on the concern of people in the United States for the welfare of people in need elsewhere in the world.

3. We recommend that there not be a termination date in either title I or title II and that a new paragraph be added to section 101

calling for longer range title I agreements whenever possible. Moreover, we urge that interest made on loans authorized under paragraph "g" of section 104 bear interest at the rate of  $2\frac{1}{2}$  percent per year, the same as loans under Congressman Poage's bill.

4. We continue to urge that approval be given under section 104 for use of food and fiber and/or foreign currency to establish programs to promote universal free systems of general and vocational education and to aid with health problems in friendly nations in need of such assistance. We concur with the action taken by the House in 1958 in section 7 of the House amendment to make possible more liberal use of foreign currency in financing non-self-liquidating projects (education and health).

It is almost impossible to conceive of economic growth and expansion and development of markets where 90 percent of the people cannot read nor write, where sickness is prevalent and where children are needed at home for the work required for their sustenance and clothing. The emerging nations cannot get off of economic dead center unless something is done from the outside to cut through the cycle of poverty. In many instances, this assistance can be given in the form of long-term loans of food as provided in H.R. 2420. Some grants should be possible, however, if repayment of the full amount of loans would preclude desired economic growth of the nation receiving such aid.

5. We believe that the uses that can be made of local currencies in our hands should be expanded to include: (1) the financing of technicians and other personnel of the United Nations specialized agencies whose work is related to relieving chronic hunger and malnutrition either directly or indirectly; (2) activities of the "Free the World From Hunger" campaign of the Food and Agriculture Organization. These are just two examples that occur to us. We urge that Public Law 480 be amended to provide wide latitude on the part of the President and the administration of Public Law 480 in the use of local currencies.

6. It follows logically that—as already provided in section 102—steps be taken to finance out of funds appropriated the sale and exportation of surplus agricultural commodities whether from private stocks or from the stocks of the Commodity Credit Corporation. We urge that further efforts be made to get this provision administered as Congress intended. We note with approval that the 85th Congress specifically authorized CCC to purchase outright products of oilseeds, edible oils and fats and the products thereof for donation. This authority should be extended to commodities sold for soft currency under title I.

7. The Committee on Commodity Problems of the United Nations Food and Agriculture Organization has urged member governments to improve the present international machinery for disposing of agricultural surpluses. Again the need is stressed for the Farmers Union's proposed International Food and Raw Materials Reserve Bank. To help bridge the gap between present unilateral actions in the programing of food and fiber into needy areas of the world and a sound, workable multilateral approach to the programing of food and fiber under concessionary terms, a Farmers Union strongly endorses the use of food through the United Nations.



The largest contributions to the special fund and the technical assistance programs, as expected, are made by countries which have developed their own resources most fully and as a result have made the greatest economic progress. Food used through these and other appropriate U.N. programs would not replace contributions of currency, but would be made available by governments presently contributing for two specific purposes:

(1) To further the objectives of economic and social progress through education. Food would be used wherever it would contribute to the program and its use would be administered in the same or similar manner in which currencies contributed are administered. (This is in keeping with proposal made by the U.S. delegation to the United Nations for greatly stepping up economic and technical assistance under the special fund now headed by Paul Hoffman. Our Government's spokesman on the U.S. delegation, Congressman Judd, recommended a program of \$100 million scope to replace the present \$25 million program.)

(2) To determine whether a multilaterally administered program which involved the use of the world's surplus of food and fiber can be a solution to the problem pointed up time after time by the FAO Committee on Commodity Problems. Such a pilot program would provide opportunity to develop administration procedures which would be of great value in the administration of an International Food and Raw Materials Reserve Bank.

8. Mr. Chairman, we urge you to consider changing the administration of Public Law 480. We believe that with emphasis on food for peace, the Administrator ought to be in a position to reconcile differences between the Department of State, the Department of Agriculture, and the other agencies now represented on the committee deciding on the oversea uses made of our commodities. To do this, we believe there should be established in the executive branch an agency to deal, as its exclusive responsibility, with the use of our food as a vital and important arm of our international policy. The peace food Administrator should be appointed by the President with the advice and consent of the Senate, as are other members of the cabinet.

The President of the United States is committed to a plan which he has labeled, "Food for Peace." We believe that this committee ought to give the President a food for peace program that is representative of the true face of America.

Mr. Chairman, I want to express on behalf of our president, Mr. James G. Patton, and the executive committee of National Farmers Union, appreciation for the interest you have in the constructive use of our food abroad. Public Law 480 has served us well; it can serve us even better, transformed into a program of food for peace.

I want to say finally that food moving to a country is not inflationary in dollar cost, and that is very important to some of these countries.

Mr. POAGE (presiding). Thank you for your appearance. We appreciate your statement and we believe it will be very helpful in our discussion on this subject.

Are there any questions?

Mr. McINTIRE. Just one. I would like for you, Mr. Solberg, to interpret your objective a little more clearly so that there might not be any confusion as to your objective compared to the previous authorization.

Is it your understanding, first, that this legislation, Public Law 480, is substantially surplus commodity legislation, and is it my understanding that what you are proposing here is that we change the objective of the existing legislation from that of surplus removal to one that is broader than just surplus? Is that what you propose?

Mr. SOLBERG. Mr. Congressman, the number one problem is the one which I stated at the beginning. I think much of it is semantics. I think that the purpose of Public Law 480 is what I want it to be or what you want it to be, but to my mind, the purpose should be developing the standards of living in these other countries in the free world.

But we always talk in terms of "surplus disposal."

Mr. MCINTIRE. May I read from section 2 of the act, which says:

\* \* \* to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment therefor.

It seems to me there is a substantial difference between what is represented in that section and a purely surplus removal effort. In short, this section is saying that surplus agricultural commodities may be used in furtherance of our foreign policy.

Mr. SOLBERG. And I believe, sir, it says, "for humanitarian purposes" in another place.

My problem is this:

We had a meeting with Mexico and Canada about 3 weeks ago, and we talked about "surplus movement" or "disposal," and they say it is "dumping."

Mr. POAGE. Well, thank you very much, gentlemen.

The committee will stand adjourned, subject to call of the Chair.

(Whereupon, at 12:25 p.m., the committee adjourned, to reconvene subject to the call of the Chair.)





## LONG-TERM CONTRACTS UNDER PUBLIC LAW 480

WEDNESDAY, APRIL 22, 1959

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, D.C.*

The committee met, pursuant to call, at 10:10 a.m., in room 1310, New House Office Building, Washington, D.C., Hon. Harold D. Cooley (chairman) presiding.

Mr. GRANT (presiding). The committee will be in order, please.

The chairman is temporarily delayed. He will be here in a few minutes.

We have a witness this morning with regard to H.R. 2420. The first witness is the American Farm Bureau Federation. Mr. Harris, come forward, please.

### STATEMENT OF HERBERT E. HARRIS II, ASSISTANT LEGISLATIVE DIRECTOR, AMERICAN FARM BUREAU FEDERATION

Mr. HARRIS. My name is Herbert Harris, assistant legislative director of the American Farm Bureau Federation. I have a prepared statement which I would like to submit for the record with the chairman's permission, and just go through and hit the main points of the statement. If I may, I should like to have the whole statement appear in the record.

Mr. GRANT. Without objection, it will be inserted; you may proceed.

Mr. HARRIS. We want to express our appreciation for the opportunity of appearing here this morning on H.R. 2420, which is an amendment to Public Law 480, the Agricultural Trade Development Act. It provides additional authority to sell on long-term credit agricultural surpluses.

The committee is familiar, I know, with the role the Farm Bureau had in developing the original concept of Public Law 480, and the strong support it gave the original enactment of the law.

Initially we set out three main objectives for Public Law 480:

One, to reduce surpluses by making possible sales of farm products in addition to the normal dollar sales.

Two, to establish private trade channels for sales of farm products which could be continued with dollar sales after the termination of the program.

And three, to use part of the foreign currency received from such sales to develop new markets or expand existing markets for farm products.



The Agricultural Trade Development Act, when interpreted under these objectives, seems to us to have been sound legislation. We feel these objectives should be maintained.

Public Law 480 was proposed as a temporary program. It was set up as a 3-year program. And although it had to be extended twice, we have emphasized continually that its nature as a temporary program had to be maintained.

The Committee on Agriculture here in the House of Representatives has recognized the importance of maintaining the temporary nature of this program. I will quote just briefly from the report of this committee dated May 9, 1957:

This committee would remind those in charge of administering this law—

Public Law 480—

that it is not intended as a permanent part of either our agricultural or our foreign trade program. It is an emergency law designed for the sole purpose of making the best of a bad situation by providing for the disposal of agricultural surpluses in a manner which will return some benefit—

if possible, a permanent benefit—

to the United States.

This is an excerpt from the committee's report, May 9, 1957.

In our original statement before this committee on Public Law 480 when it was being first considered in 1954, we stated in part:

\* \* \* but in so doing, we must always guard against policies that would indicate to our foreign customers that we have in mind some giveaway scheme for agricultural commodities. We believe that if the executive branch of the Government and the Congress should adopt such a large scale giveaway policy it would impair our firm dollar sales of agricultural commodities.

This is a statement that we made in 1954. We feel that if our foreign customers of agricultural products begin to assume that they can buy all of their requirements of food and fiber through foreign currency or other special mechanisms, they will continue to adjust the use of their dollar exchange accordingly, and that agriculture will be caught in a trap. Where foreign countries assume that they will use their dollar exchange for U.S. industrial goods, U.S. agriculture will be denied their right to compete for that dollar exchange on the foreign market.

We have been very successful in moving substantial portions of agricultural commodities into export markets. At the same time, we have not been successful in removing the Government incentives for surplus production. As a consequence, U.S. farmers have continued to produce those commodities that have high Government guaranteed support prices in excess of market demand. When we began Public Law 480 in 1954, the Commodity Credit Corporation had title or loans on about \$6 billion worth of agricultural products. Today, about 5 years later, after this tremendous disposal effort that we have been going through, we have over \$9 billion in surplus agricultural products. It is difficult to describe that as progress.

We can expect adverse reactions from our foreign competing nations, who are, also, good customers of the U.S. farmers unless we adopt measures to reduce Government stimulus to surplus production, and to begin to show our firm intention to prevent sales for foreign currency from becoming a long-term means of exporting American farm products.

During fiscal year 1958, 31 percent of our agricultural exports moved under direct Government programs. When you compute that on the calendar year 1958 basis, this percentage rises to 37 percent.

And when you add to that the exports which were for dollars, but which were subsidized, substantially subsidized, such as wheat and cotton, you see that over 70 percent of our agricultural exports were the result of Government programs.

We think that this is an extremely dangerous condition for American agriculture to find itself in.

H.R. 2420 institutes a program of a permanent nature. It is in basic conflict with the nature of Public Law 480 as I have outlined in the foregoing.

We see a permanent authority to the Secretary with expanded authority for surplus disposal. It does not replace any existing authority.

We see the need to explore the manners by which we can shift from foreign currency sales to dollar sales. We recognize that, perhaps, this is an attempt to explore it, but we do not feel that this provision in any way helps us in this very necessary transition.

The Secretary of Agriculture will be authorized to commit the United States to supply friendly nations for 10 years with wheat, rice, cotton, feed grains, and tobacco, whether or not these commodities are in surplus. Recipient countries would have 40 years after the last delivery of the commodity had been made, to make repayment which would mean, in effect, up to 50 years to pay for deliveries.

This would be a permanent authority vested in the Secretary without any termination specified in the bill.

The practical effect of H.R. 2420 would be to sell these farm products for foreign currency. The countries would have use of those foreign currencies, all of them, with virtually no control by the United States for 10 years and would have use of part of the foreign currency over the next 40 years without any control—any real control—by the United States. This seems to us to duplicate in a large extent the efforts being made under title I. There are some basic differences.

First of all, the foreign currency is not paid into a U.S. account, as is done under title I. It goes directly to the foreign country for them to control. The United States has no control over the individual projects that this foreign currency will be used for.

Second, the foreign currency cannot be used for any U.S. uses as under title I, and none of the foreign currency can be used for market development work to expand markets for agricultural products, as under title I.

Another real difficulty that arises is that when we guarantee a supply of these products over a 10-year basis, how do you assure that these supplies will be over and above the normal commercial requirements? You can try to estimate what those normal commercial requirements are going to be in 5 or 10 years. Such a long-range estimation would be extremely difficult and subject to a wide margin of error.

Certainly, if the economic development funds are going to have any effect, you would assume that the recipient country's purchasing power would increase over the years. Whether or not you would



reevaluate annually normal commercial requirements, or just how you would determine what the normal commercial requirements would be, I do not believe the bill makes clear.

After a careful analysis of the bill, we are forced to conclude that should such a program be added to our export operations the result would be, one, a decrease in the share that commercial exports now have in our total agricultural exports.

Second, an increase in the dependence of recipient countries upon the United States for soft term and foreign currency sales to meet food and fiber requirements.

Third, the serious disruption of normal marketings of the United States.

And four, even greater impetus to government-to-government trading and the elimination of the private trader from international commerce.

Agriculture is on unsafe grounds, we feel, when we are so dependent on Government to subsidize the agricultural exports. We look forward to the time when American agriculture can move at a more rapid rate toward expanding commercial exports for dollars. And toward gradually reducing farmers' dependence on vast export subsidies and sales for local currencies.

Mr. Chairman, we will continue to cooperate with this and other committees to the end that we can find a solution to this very difficult problem.

That concludes my statement.

(The prepared paper is as follows:)

STATEMENT OF THE AMERICAN FARM BUREAU FEDERATION BY HERBERT E. HARRIS II, ASSISTANT LEGISLATIVE DIRECTOR

The American Farm Bureau Federation appreciates the opportunity to present its views concerning H.R. 2420 which amends Public Law 480, The Agricultural Trade Development Act. This amendment would add title IV to Public Law 480 and provide surplus disposal authority to the Secretary of Agriculture.

The committee is familiar with the leading role which Farm Bureau took in developing Public Law 480 and the vigorous support which it gave toward its passage. From its inception, the three main objectives of the Public Law 480 program have been: (1) To reduce surpluses by making possible sales of farm products in addition to the normal dollar sales; (2) to establish private trade channels for sales of farm products which could be continue with dollar sales after the termination of the program; and (3) to use part of the foreign currency received from such sales to develop new markets or expand existing markets for farm products. In our opinion these objectives are still sound. There is no reason to alter them.

The original law establishing Public Law 480 prescribed a temporary program with a 3-year limitation. While it has been necessary to extend the law beyond this period, Farm Bureau has emphasized that it is imperative to recognize that Public Law 480 is a temporary program. Congressional committee reports on these extensions also have emphasized this point.

The report from the Committee on Agriculture of the House of Representatives (Report No. 432, dated May 9, 1957), "This committee would remind those in charge of administering this law that it is not intended as a permanent part of either our agricultural or our foreign trade program. It is an emergency law designed for the sole purpose of making the best of a bad situation by providing for the disposal of agricultural surpluses in a manner which will return some benefit, if possible, a permanent benefit to the United States."

In our statement supporting the beginning of the Public Law 480 program in 1954, Farm Bureau stated in part:

"\* \* \* but in so doing, we must always guard against policies that would indicate to our foreign customers that we have in mind some 'giveaway' scheme for agricultural commodities. We believe that if the executive branch of the

Government and the Congress should adopt such a large scale 'giveaway' policy it would impair our firm dollar sales of agricultural commodities."

We must always keep in mind that American farm products, for the most part, compete directly with U.S. industrial exports for scarce dollars.

Many countries of the world are engaged in state trading of one form or another. If our foreign customers assume that they can continue to obtain their food and fiber needs with local currencies, they will certainly not be interested in spending scarce dollars for these agricultural commodities. They will undoubtedly direct a substantial portion of these scarce dollars for the purchase of U.S. nonagricultural commodities.

Foreign countries or domestic producers should not come to depend on "easy sales" through this program. There is some evidence that American agriculture is becoming too dependent on Public Law 480 and similar programs.

We have been very successful in moving substantial portions of agricultural commodities into export markets, but, at the same time, we have not been successful in removing the Government incentives for surplus production. As a consequence, U.S. farmers have continued to produce those commodities having high Government guaranteed price supports in excess of effective market demand.

When Public Law 480 was passed on July 10, 1954, CCC had title or held loans on about \$6 billion worth of agricultural surpluses. Today, almost 5 years later, this figure is in excess of \$9 billion.

Objections from competitor nations whose friendship and cooperation is necessary to the United States have not been infrequent. Some of these nations are very good customers of American farmers. However, many have recognized that our serious surplus situation required programs to move substantial portions of U.S. production into the export markets. In 1954 Farm Bureau stated, " \* \* \* To indiscriminately dump or give away these huge Commodity Credit stocks would be very disruptive to our efforts in developing a coalition of free nations for mutual defense." These competitor nations have been willing to accept such programs as a temporary means of alleviating our surplus problem. We can expect adverse reactions from them unless we (1) adopt measures to reduce Government stimulus to surplus production, and (2) begin to show our firm intention to prevent sales for foreign currency from becoming a long term means of exporting American farm products.

In fiscal year 1958, 31 percent of our agricultural exports moved under direct Government programs. (See attachment I.) Computed on a calendar year 1958 basis, this rose to 37 percent.

If we include exports made possible by subsidizing the sales price, we estimate that approximately 70 percent of our agricultural exports were the result of some form of Government assistance. For example, during the past fiscal year all of our wheat and cotton exports were subsidized.

H.R. 2420 institutes a program of a permanent nature which is in basic conflict with the nature of the Public Law 480 program as originally enacted. We have in the foregoing carefully outlined the necessity of keeping Public Law 480 a temporary program.

The 1959 policies of the American Farm Bureau Federation state:

"American agriculture must not become permanently dependent on Government export programs. A program must be formulated to replace foreign currency sales with commercial sales for dollars on a gradual basis."

We recognize the need to explore avenues by which U.S. agriculture can free itself from this overdependence on Government export programs. We do not feel that the program proposed in H.R. 2420 accomplishes this objective. We feel, in fact, that it would only further entangle agricultural exports in the network of Government programing.

H.R. 2420 does not replace or reduce the present authority for surplus disposal. Title I of Public Law 480: Sales for Foreign Currency would continue. This bill, then, would expand the use of special Government programs for agricultural exports. Under its provisions the Secretary of Agriculture would be authorized to commit the United States to supply friendly nations for 10 years with wheat, rice, cotton, feed grains, and tobacco, whether or not these commodities were in surplus. Recipient countries would have 40 years after the last delivery of the commodity had been made, to make repayment which would mean, in effect, up to 50 years to pay for deliveries. This would be a permanent authority vested in the Secretary without any termination specified in the bill.



The practical effect of the program proposed in this bill would be to sell quantities of U.S. agricultural products to foreign countries who would in turn collect and hold the local currency which was generated from domestic distribution. The foreign country would be under agreement to use these currencies for "domestic economic development of a nature noncompetitive in world trade with U.S. commercial exports or in the United States with domestic production." These countries would have the use of all of these local currencies for 11 years and a part of the local currency for up to 50 years.

This proposal would duplicate in some respect sales for foreign currency under title I of Public Law 480. The main difference would be that this currency would not, as in title I, go into a U.S. Treasury account, but would be controlled by the recipient country. The disbursements on individual projects would be left to the discretion of the foreign country with virtually no U.S. control.

Another distinguishing factor would be that none of the local currencies would be allocated for U.S. uses, such as payment of embassy expenses. Nor would there be an allocation for market development programs for increasing markets of agricultural products.

We believe it would be extremely difficult, if not impossible, to assure that exports under such a program would be over and above normal commercial procurements. In making food and fiber commitments over a 10-year period, it would be necessary to attempt to estimate the normal commercial requirements several years in advance. The alternative to this would be to reassess every year what the commercial requirements would be and to enter into numerous negotiations for adjustment of the program. The bill is not clear as to how this problem would be resolved.

After careful analysis of the bill we are forced to conclude that should such a program be added to our export operations, the result would be:

- (1) A decrease in the share that commercial exports now have in our total agricultural exports;
- (2) An increase in the dependence of recipient countries upon the United States for soft term and foreign currency sales to meet food and fiber requirements;
- (3) The serious disruption of normal marketings of the United States; and
- (4) Even greater impetus to government-to-government trading and the elimination of the private trader from international commerce.

We are disturbed over the fact that surpluses continue to accumulate in the hands of Commodity Credit Corporation. This situation will not be corrected by any grandiose scheme for exports. It will only be corrected when the Congress makes up its mind to try to stop the flow of Government price-supported commodities into Government bins and warehouses.

Farm Bureau has made recommendations to the appropriate committees for programs designed to get high net per family income for farms and for programs that will help farmers produce for the market.

Agriculture is on unsafe grounds when we are so dependent on Government for subsidizing our agricultural exports. We look forward to the time when American agriculture can move at a more rapid rate toward expanding commercial exports for dollars and toward gradually reducing farmers' dependence on vast export subsidies and sales for local currencies. We will continue to cooperate with this and other committees to the end that we can find solutions to this very difficult problem.

*Agricultural exports, fiscal year 1958*

[Millions of dollars (estimated)]

Commodity	Total exports	Exports under Government programs <sup>1</sup>	Outside of programs	Percentage under Government programs
Wheat.....	724.2	471.7	252.5	65.0
Feed grains.....	427.8	118.4	309.4	28.0
Rice.....	97.6	45.7	51.9	47.0
Rye.....	4.1	.3	3.8	7.0
Cotton.....	841.0	289.1	551.9	34.0
Livestock products (dairy).....	585.4	180.8	404.6	31.0
Vegetable oil and oilseeds.....	412.9	104.8	308.1	25.0
Fruits and vegetables.....	383.1	12.8	370.3	3.0
Tobacco.....	343.0	26.1	316.9	8.0
Other.....	183.2	.4	182.8	.2
Total.....	4,002.3	1,250.1	2,752.2	31.0

<sup>1</sup> Programs: Public Law 480, all titles, and mutual security program, sec. 402.

The CHAIRMAN. Thank you very much.

Are there any questions?

Mr. McIntire.

Mr. McINTIRE. Mr. Harris, would the American Farm Bureau have any suggestions whereby the present arrangements of getting our agricultural products into expanding world markets can be implemented with the facilities that are available now?

Mr. HARRIS. Well, first of all, certainly; we feel that the main need is to work toward expanding these commercial markets and to try to move away from Government programing.

The only way that we know how to do this is to compete quality-wise and pricewise for markets to the maximum extent we can.

The Farm Bureau, as most of the members of the committee know, has advocated programs which would try to achieve those points.

In addition, we ourselves have established a foreign trade office in Rotterdam last October, which we would hope could be of real benefit to American agriculture in promoting and expanding these export markets.

We feel like it is necessary to really work at marketing our products if we are going to expand commercial exports.

Mr. McINTIRE. How does your office in Rotterdam function in providing this service? Will you discuss that briefly?

Mr. HARRIS. First of all, it is a new concept, I think, for an organization of the type of the Farm Bureau to actually establish an office like this and try to stimulate directly the trade of farm products.



It is entirely financed by the Farm Bureau. There is no Government money involved in the operation at all. I mention this because I think it gives our personnel in this office a real flexibility in handling potential customers and potential suppliers. They feel like that they can bring the buyer and seller together directly, not necessarily through a number of brokers or export agents or anything of the kind. They feel like they can develop real trade relationships with those who supply and with those who want to buy. Through this catalytic agent we can provide the force to bring buyer and seller together; that it can eliminate a great deal of the confusion from the buyer's mind as to where he is getting it and as to why the quality is good or not good.

Mr. McINTIRE. You serve mostly as a point of contact, not on a commission basis; you are not acting as a broker.

Mr. HARRIS. That is correct.

Mr. McINTIRE. How do you find it works? It is not on a brokerage basis.

Mr. HARRIS. With your permission, sir, I will illustrate the manner in which it works. Somebody comes to the office and is interested in buying poultry. Through our coordinating facilities here in the United States, we will find someone who is interested in supplying that type, that grade of poultry, and who will give the delivery date and a price for that poultry. We will advise the potential purchaser of the facts. From that point the purchaser is completely free to deal directly with the supplier. There is no commission of any kind for this service.

Mr. McINTIRE. Are you finding that there is a response to this type of service contact in Western Europe, and that the facilities are finding a place.

Mr. HARRIS. It is very encouraging. We have a great amount of activity; a great number of people are anxious to find out about the products that we do have for sale, their prices, and their availability.

We have learned a great deal as to the factors that influence trade in a trade center like Rotterdam.

We realize, for example, that when Russia puts 60,000 bushels of wheat into a market in 1 month where it only put 5,000 in the year before, this can have a very serious effect upon the market. And that the United States has some real worries in this regard if it is going to maintain the markets that we have had.

The CHAIRMAN. May I interrupt? Are you suggesting that the Secretary of Agriculture, with all of the money and manpower he has available to him, and all of the authority that has been vested in him, has failed to do the thing which you are talking about? How do you think the Farm Bureau can accomplish what the Secretary has failed to accomplish?

Mr. HARRIS. We think, Mr. Chairman, that in commercial trade there are certain things that government cannot do. We feel that there are certain restraints that are necessarily upon a government, or the government employee.

The CHAIRMAN. What do you think the Farm Bureau can do in Rotterdam that the Secretary cannot do in Rotterdam?

Mr. HARRIS. I think we can try to go into trade relationship more closely.

The CHAIRMAN. Please understand, I am not criticizing you. I am complimenting you. I think it is fine that you have opened the office in Rotterdam.

You say that we must make our commodities competitive. We have directed the Secretary to make the commodities competitive even to the extent of giving them away. And yet the commodities are piling up—surpluses are accumulating, and we are faced with this right now.

We had a man over there, Dr. Peter Slegsvold. He is an attaché for the Commodity Stabilization Service. They are closing his office and bringing him home, yet nobody over here seems to know why. It is puzzling to understand why, when the Farm Bureau has opened an office and we are closing one. The Government man is coming home in June or July. He was put over there for the very purpose of promoting business transactions, to enable us to sell our products.

I just wondered, what do you think we should give to the Secretary in the way of authority he does not now have that will enable him to expedite the disposition of these commodities.

Mr. HARRIS. First of all, we think there are certain necessary operations that a government can do quite properly through the agricultural attaché. We support our agricultural attachés and think they are doing a good and valuable job.

Secondly there are certain functions that cannot be done by government in commercial trade unless we make up our minds that we are going to have State trading and go that route.

If we are going to keep our trade in commercial channels, we think there are certain jobs that a private organization can do that government finds it impossible to do.

I would like to give you one example. If a person comes into an attaché, or for that matter any Government employee, and says he wants to find out a supplier for this certain commodity, I believe the Government employee has a very difficult job to do anything more than to give him some sort of a complete list in which he has been very careful to include every possible supplier in the United States. I think he just has to do that.

I don't think the Farm Bureau does have to do that. I think if we know a good supplier that we know is reliable, we can get a quotation from him and put the two right in contact with one another. I just do not think we have those built-in restraints that the Government employee necessarily has.

The CHAIRMAN. I do not think the Government employees should have the restraints that you say they have. But I do know that you cannot take these agricultural attaches and convert them overnight into salesmen.

Mr. HARRIS. No, sir.

The CHAIRMAN. I am delighted that the Farm Bureau has opened the Rotterdam office. It seems strange to me that our Government has not opened offices in all of the European countries and in other parts of the world, so that private business can go to those offices and obtain the information they need which would accelerate the flow and disposition of our commodities. I do not know how in the world we will ever get rid of them if we just sit here and do not let the world know we have \$3 billion of wheat. And yet, we are not moving wheat. And we have \$2 billion worth of cotton. And corn is piling up. Nobody seems to be doing anything about it.



I know we are moving surpluses but not in sufficient quantity. I think if we had a group of salesmen like you, we would dispose of much of this.

Mr. HARRIS. We are not finished in this market development job. We can see at least a potential role of the Farm Bureau as a private independent organization. We can see that if this does work out an expanded role for the Farm Bureau in such an operation.

The CHAIRMAN. Any further questions?

Mr. ABERNATHY. I have a question. On page 6 of your statement, Mr. Harris, I would like to direct your attention to the following paragraph.

We are disturbed over the fact that surpluses continue to accumulate in the hands of Commodity Credit Corporation. This situation will not be corrected by any grandiose scheme for exports.

What do you mean by that—what sort of a “grandiose scheme” do we have now? Is there one?

Mr. HARRIS. We, certainly, do not say that there is any grandiose scheme now, sir. We do say this—

Mr. ABERNATHY. Then what is that doing in this statement?

Mr. HARRIS. We do say this, that the basic problem here is the inflow into the Commodity Credit Corporation, and that it is impossible to devise any sensible export program which is able to shove this off onto the export markets at the present rate that it is now coming into the Commodity Credit Corporation.

Mr. ABERNETHY. Then the Farm Bureau is not taking a position that there is any such scheme at the present time.

Mr. HARRIS. We, certainly, haven't said that.

Mr. ABERNETHY. I just wanted to get that clear.

You continue further in that paragraph and say,

It will only be corrected when the Congress makes up its mind to try to stop the flow of Government price-supported commodities into Government bins and warehouses.

Is it the position of the Farm Bureau that the Congress has not made up its mind to try?

Mr. HARRIS. Surely attempts have been tried, but we feel that they have not been successful and that Congress should make up its mind to try on this and to continue to try.

Mr. ABERNETHY. Well then, do you take the position that it has not tried?

Mr. HARRIS. You are familiar with the Farm Bureau proposals.

Mr. ABERNETHY. That is not what I asked you. I just want to find out if you wish to leave that accusation in the record. If that is what the Farm Bureau wants to leave in the record then that is what I want to know?

Mr. HARRIS. I feel that the sentence should remain in the record, yes, sir; but I do not feel that it should be interpreted as an accusation.

Mr. ABERNETHY. How should it be interpreted?

Mr. HARRIS. Well, it should be interpreted that it will take a great deal of dedication on Congress' part to really solve this problem—this basic problem of production and price, if we are really going to solve the problem of surplus.

Mr. ABERNETHY. You are leaving it in the record.

Mr. HARRIS. Yes, sir.

Mr. ABERNETHY. I think that it is an unwarranted accusation of the Congress. You indict Congress, and you want to leave it in the record, as I understand it.

Mr. HARRIS. Yes.

Mr. ABERNETHY. How long have you been with the Farm Bureau?

Mr. HARRIS. About 4½ years.

Mr. ABERNETHY. Four and a half years.

Mr. HARRIS. Yes.

Mr. ABERNETHY. What was your background?

Mr. HARRIS. I came with the Farm Bureau as Assistant Director of International Affairs in 1955. Previous to that, I had approximately 4 years of experience in export and import operations. I am a lawyer, sir, a graduate of Georgetown Law School.

Mr. ABERNETHY. Where were you reared?

Mr. HARRIS. I beg your pardon?

Mr. ABERNETHY. Where were you raised?

Mr. HARRIS. I am from Missouri.

Mr. ABERNETHY. What place?

Mr. HARRIS. I am from Jackson County, Mo.

Mr. ABERNETHY. Do you have a farm background?

Mr. HARRIS. Well, let me say my family does, but I, myself, was not raised on a farm.

Mr. ABERNETHY. What is the Farm Bureau's program to stop this flow of price supported commodities into Government warehouses—what is your program? Tell us. You said the Congress has not tried. Tell us how you are trying. I want to find out how the Farm Bureau intends to do it.

Mr. HARRIS. I would suggest that if you want all of the Farm Bureau's proposals and position on the farm programs, I would be very happy to provide it for the record. I would be happy to read you our policy on wheat, cotton, and tobacco, of course, out of our 1959 policy book, but our position—

Mr. ABERNETHY. Would these policies stop—would that stop it?

Mr. HARRIS. Stop what, sir?

Mr. ABERNETHY. The flow of these surpluses into the Government warehouses.

Mr. HARRIS. I do not think there is any magic button to stop this inflow all at once, but I do think that these policies are realistic enough to stop giving the type of incentive to surplus production and would eventually stop the accumulation of vast surpluses.

Mr. ABERNETHY. One further question. What legislative recommendations does the Farm Bureau have here that would stop this flow? Do you have one there?

Mr. HARRIS. In regard to any given commodity?

Mr. ABERNETHY. No, to stop these price-supported commodities from moving into Government warehouses. That is what we are trying to do. What recommendation do you have on that?

Mr. HARRIS. In the past, we have had a number of recommendations, of course. Right now if you ask if we have a specific legislative proposal, we do not.

Mr. ABERNETHY. That is all I wanted to know. Thank you.



Mr. MATTHEWS. I think Mr. Harris has comported himself very well this morning with a very difficult problem. The thing that worries me is that I think constantly the Farm Bureau's position on Public Law 480 is that it is a temporary program. Am I right about that?

Mr. HARRIS. Absolutely, sir. That is the Farm Bureau's position, the committee's stated position and is so stated in the law.

Mr. MATTHEWS. From what I have been able to read, and from the feeling that I have, we are going to become more and more engaged in the life and death struggle with Russia from an economic standpoint as well as, of course, from a military standpoint. Our farmers are going to have to keep on producing to live. And we feel that in order for them to have enough production to enable them to live, they are going to have to export. And if Russia with its powerful state support can throw all kinds of economic benefits to her farmers in getting rid of her surplus, what is your program now if we do not have Public Law 480 to help the American farmer continue to stay in business? That is what worries me. What is the alternative to Public Law 480? Not just one fine office in Rotterdam. Of course, that is helpful, but something that will move literally billions of dollars of farm commodities.

Mr. HARRIS. I think that is an extremely fair question.

First of all, if we tried to get into the game of competing with Russia in state trading, we are going to lose because they have the type of government and the type of political setup that they can "out-state trade" us very easily. They can shove the products any place they want to, whether or not individual Russians go hungry does not matter to them if it will obtain certain political purposes.

We think what will really achieve victory in this economic warfare is commercial trade.

It is the Farm Bureau's position that given the opportunity to earn dollars in this country, these countries will be able to buy agricultural products with the dollars. It seems strange to us, for example, that we say that we recognize the need for economic development in South America. Many say that we must help them more in economic development. Yet it seems that in the same breath we slam the door in their faces so far as lead and zinc and petroleum exports are concerned. We seem sometimes to take the attitude, "Look, let us give you the money, or lend it to you on long-term credit, but do not try to sell anything to us."

We do not think that this is sound international policy, either from a political or economic standpoint.

We feel that there is great potential for expanded trade with many of these countries if they are given the opportunity to earn the dollars with which to buy our farm products. And I think that given such opportunities, business and trade relationships can do a lot more to combat Russian trade offensive than by trying to "out-state trade Russia." Such trade relationships can be the strongest ties of unity in the free world.

Mr. MATTHEWS. I cannot say that I am quite as optimistic as you would be on a basis like that because, remember, while we are trying to sell our commodities for dollars, Russia is probably going to be trying to sell her commodities for less dollars.

How can our people who produce these American agricultural commodities stay in business? We are not thinking about competing with Russia's status, but we are thinking about giving the American private enterprise system as it pertains to the American farmer—and he is still the greatest class of private enterprise operators we have in America—how will we give him a chance without some Government program such as Public Law 480 to compete with Russian statism? That is the question.

Mr. DIXON. Your point is exactly this, that Russia's end is not profit. Her end is political power. To us it has to be profit. How are we going to overcome that barrier?

Mr. MATTHEWS. I think you have stated the question very well.

Mr. HARRIS. I would like to make one point clear here. First of all, we have not in this statement advocated termination of Public Law 480. We have opposed the inclusion in Public Law 480 of additional measures which we feel would further entangle agriculture in this network of Government programing, and which would be in a large measure duplicative of the title I efforts of Public Law 480. We continue to support Public Law 480. We will support an extension of it.

We will continue to support title II, which provides agricultural commodities for relief and emergency situations.

And, of course, title III relief through voluntary agencies, which we feel have done such a fine job in getting this food to where it is really needed.

The Congress is familiar with the problems of distribution. We are not quite certain sometimes where all of this stuff is going. But we do know through the voluntary agencies where it goes. We continue to support those programs.

Mr. MATTHEWS. That is all.

The CHAIRMAN. Mr. Dixon.

Mr. DIXON. Mr. Harris, you have talked about Russia, and while on this question, can you give us any specific instances of material importance where Red China and Russia are encroaching upon our export programs on farm commodities?

The CHAIRMAN. If you will let me interrupt. I think I can give you an abundance of information on the very subject you have mentioned. It will be available this afternoon showing precisely what inroads have been made on our foreign trade. It is a devastating picture.

Mr. DIXON. I just wanted that information.

The CHAIRMAN. I am getting it up in the hope we can carry the news to the Republican policy committee and to the White House so that they will know themselves what is happening in the world market.

Mr. Heimburger has the information and he will recap it. I would like for you and Mr. McIntire to have a talk about it this afternoon to see just what we have. It is an alarming picture.

Where we are coming out of this situation, I do not know, but I do know something must happen somewhere or we will never get rid of these surpluses.

Coming back to what we have tried to do. Following Mr. Abernethy's question, if this committee has failed to do anything we are



not aware of it, because we have done everything we could possibly do. We have granted all of the authority that has been requested. We have provided all of the money and the manpower. I do not know of anything else this committee can do.

This is one thought, that we might authorize the long-term commitments which might accelerate the flow of the commodities. The Secretary says he has the authority.

So far as I am concerned, I am not going to force any more authority upon him. It seems to me this bill is probably water under the bridge. I think 5-year contracts can very well be made. I hope the Secretary will be impressed with the idea that we believe that if you give these people in foreign countries long-term commitments this would enable them to industrialize their economies, and become permanently good customers of ours.

Mr. DIXON. I will withdraw that question therefore. I would like to say that the chairman's action in having secured this information on Russia and Red China is commendable. It will give me a lot of satisfaction to have that information.

The next thing I would just like to have some information on. As you say, your purpose was expanding commercial markets.

Mr. HARRIS. Yes, sir.

Mr. DIXON. What role has the Farm Bureau played in increasing the amount of counterpart funds that are allocated to foreign countries for marketing and utilization research? To clarify my point, we did give them \$6 million and now we are increasing it to \$10 million. What is the Farm Bureau doing to help expand foreign markets, commercial markets, through utilization research?

Mr. HARRIS. I have given some examples of the Rotterdam office. The market development programs under Public Law 480 can be very valuable in this regard, if they are conducted properly.

We have great concern in taking Public Law 480 as apparently some feel we should and changing it completely away from the trade development program into some sort of giveaway program, and destroy the whole nature of the program and this trade development concept that we have.

Mr. DIXON. Are you opposed to the food for peace movement?

Mr. HARRIS. I am not really sure what it is. It has been applied to so many things. I would rather say what I am for. I am not against using food for peace, no, sir. But the slogan has been applied to a number of different things.

Mr. DIXON. The food for peace program, do you have any suggestions on that?

Mr. HARRIS. We, certainly, feel that there is merit in sitting down with these competing nations, and coordinating our programs. This will help other countries to understand our surplus problems and our efforts in moving these surpluses in such a way as not to disrupt the commercial markets. It will help us to better appreciate the very real need to constantly guard against the disruption of commercial markets. I think that the effort in this regard of sitting down with them and working out a program together, toward moving surplus without disrupting the commercial markets, is an extremely important endeavor and will be extremely beneficial to us.

Mr. DIXON. You speak of it as a program. Have you read any program on food for peace yet.

Mr. HARRIS. Well, I understand the program will be to sit down with these countries and, if you will, sir, work out a program.

Mr. DIXON. It is yet to be worked out?

Mr. HARRIS. I would say that the detailed program has not been.

The CHAIRMAN. I understand that we will have a meeting on the 27th, and then later have a meeting of those from Government with the idea of working on this food for peace program. I had a meeting about that. I hope somebody from this committee will be invited to attend the meetings as an observer.

Mr. DIXON. Getting back to this search for the utilization of the farm commodities, does not expanded use of counterpart funds for foreign countries to do utilization research represent one solution?

Mr. HARRIS. This was one of the concepts in Public Law 480 that we have supported the strongest. We have tried to keep, for example, section 104 of Public Law 480 from being expanded out of proportion so that there would be funds left to use for this type of work, for this type of market development work. We have seen each year, of course, different organizations that wanted to use some of this foreign currency, to the extent now that there is going to be a great lack, we feel, of the market development currency available for this use—for the use of market development. It will be used for other purposes.

Mr. DIXON. I look upon one of the best means to expand for our commercial markets is through research on further utilization of the farm industry. We only use 7 percent in manufacturing. What have you done in your booklet on the Farm Bureau policy with regard to that.

Mr. HARRIS. We support research for further industrialization of farm products.

The CHAIRMAN. Any further questions? If not, thank you very much, Mr. Harris, and we are very glad to have had your statement.

Mr. HARRIS. Thank you.

The CHAIRMAN. Our next witness is Miss Eileen Eagan. We will be glad to hear you now.

Miss RICHARDSON. She was not able to come today. This is the same group. My name is Betty Richardson.

The CHAIRMAN. We are delighted to have you here, with your distinguished colleague, Mrs. Clapper. We are delighted to have all of you.

**STATEMENT OF BETTY RICHARDSON, ASSOCIATE DIRECTOR, OVERSEA PROGRAM OF THE CHURCH WORLD SERVICE; ACCOMPANIED BY OLIVE E. CLAPPER, ASSISTANT DIRECTOR, CARE, WASHINGTON, D.C.; GIL E. BLACKFORD, CHURCH WORLD SERVICE; AND EDWARD F. SNYDER, FRIENDS COMMITTEE ON NATIONAL LEGISLATION**

Miss RICHARDSON. I, myself, am associate director of the overseas program. My name is Betty Richardson, associate director of the overseas program of the Church World Service, which represents the Protestant churches, and is part of the National Council of Churches. And, also representing on this occasion Lutheran World Relief, which was not able to send a representative. And I am very



happy to have with me, Mrs. Olive Clapper, who is assistant director of CARE in Washington, and Mr. Edward Snyder of the American Friends, also, Mr. Gil Blackford, who is consultant for the American Council, and today is representing Church World Service.

And Miss Eagan was expecting to be with us until last night. She is with Catholic Relief Services, National Catholic Welfare Services, but was detained at the last moment and has asked us to represent her.

These agencies I have just mentioned, Mr. Chairman, are responsible for shipping almost all the food which is sent to the world's needy under title III of Public Law 480. And we feel that they fulfill a very important role in promoting social peace in the world.

In 1958, they shipped approximately  $1\frac{1}{3}$  billion pounds of food to the world's needy, operating in approximately 60 countries throughout the world.

Now, specifically on the bill that is before you, H.R. 2420, we would like to applaud the long-term principle which is expressed in that bill. We feel that, perhaps, this is the only point at which we would have anything useful to say to the committee except possibly the other item might be one which concerns the use of moneys generated which might reduce the amount of soft currencies, which have been helpful in maintaining programs in these various countries. It is the long-term principle expounded in this bill which is of chief concern to us.

We feel that this is wise in principle, that it is a right principle in all types of foreign assistance, and it is of particular importance where countries are concerned that are just coming out of colonialism that need time. And while they need time to establish themselves they need the trust and respect of this country to get on their feet. And the long-term principle expresses that trust and respect.

We hope to see this long-term principle carried into the types of foreign aid, into government community development programs, and more particularly, of course, in legislation which affects our own voluntary agency program.

We feel that if this were done, it would eliminate certain difficulties that we have found in the past, as for instance, in the ordering of our commodities we have only assurance, relative assurance, that they will be available, that we can plan programs on a 1 year basis and sometimes, quite often, indeed, this 1 year is reduced to a matter of several months, if any difficulty comes up in the approval of that program.

We believe that long-term programing is sound in our own program. And we like to have this assurance. In any of our government relationships, we would, also, see a long-term principle applied.

For instance, in Latin America, one might say that social welfare concepts are relatively new there, the idea of helping one's neighbor. These ideas have to be fostered and have to grow naturally. And we are trying to build on them and plan our programs carefully so that they are not overloaded at the beginning and the local people take the responsibility as they are able.

And secondly, in the matter of personnel, long-term planning, we feel, is essential, because you can hardly go to a man and offer him an appointment if you do not quite know for how long he can be appointed. If the availability of the commodity is not assured beyond 1 year, it seems hardly worth his while, for instance, to learn the lan-

guage of the country if he isn't assured of a fairly long-term appointment. And we do feel that that thorough effort on his part is worthwhile.

We, also, feel that we would get better people to appoint overseas if we could offer them a longer term assurance.

I think, Mrs. Clapper, you have some comment on how the long-term principle looks from the point of view of the country that is receiving the supplies.

Mrs. CLAPPER. Yes. I would like to say something to that point. The agencies find when there is an uncertainty about the length of time when they can hope to get this aid through the voluntary agencies—when there is an uncertainty, they then develop a nervousness. They, also, do not know how to plan.

There is a certain cruelty, also, in this short-range planning as far as the individuals who are receiving the help are concerned. It is not very farsighted to feed children, for instance, if day after tomorrow they may not have any food available. So that this in turn creates not only uncertainty, but a certain criticism, perhaps, of American policy.

The point that has been made is very valid. We need long-range planning. And CARE is very hopeful that the committee will have success with your overall plan and that, perhaps, it will in turn be projected to the voluntary agency planning.

Miss RICHARDSON. That concludes our formal presentation.

We will be glad to entertain any questions.

Mr. GATHINGS (presiding). Do you have a statement to make?

Mr. BLACKFORD. I think it has been covered.

Mr. GATHINGS. Would you like to make a statement?

Mr. SNYDER. I have nothing at this time, Mr. Chairman.

Mr. GATHINGS. I just wondered now with regard to this long term. Do you have any information on any of these countries that are the recipient of our foods? They are increasing in population; and at this time they do not produce enough to be self-sufficient in many of those countries, is that true?

Miss RICHARDSON. That is true.

Mr. BLACKFORD. No question about that.

Mr. GATHINGS. How is that?

Mr. BLACKFORD. No question about that.

Mr. GATHINGS. Their population increases and they want to look ahead and would like to be in the position to know about next year and the second year and the third year ahead whether or not they will be able to obtain these foods. Is that the idea?

Miss RICHARDSON. And then they have time to plan for their own self-sufficiency.

Mr. GATHINGS. Do you approve of the provisions of the Poage bill, or do you want the long-term provision written in to Public Law 480?

Miss RICHARDSON. We feel that with regard to this particular bill, we are only concerned in the long-term principle.

Mr. GATHINGS. The principle only?

Miss RICHARDSON. Yes.

Mr. BLACKFORD. If I may say, in the voluntary agency programs, which operate under title III, there is no limit to the extent of title III. It is continuing legislation. The only legislation limiting it is



in the funds which are provided for ocean freight transportation, which come out of title II, which is renewed from time to time.

At the present time, it is until December 3 of this year and will come up before this Congress for renewal. That is the only limit on the program, sir. And there is no thought that this will not be continued.

The 1-year limitation is really a matter of administrative decision. And a matter which has not been delineated by the Congress. It was left to the discretion of the administrative officers and they work on the year-to-year basis. I think, largely, because the moneys that make it possible are appropriated more or less on a year-to-year basis, you see. That is the anticipated situation. But it does place an uncertainty on programing, you see.

Mr. GATHINGS. How are these foods received in these different countries? I just wondered whether or not they go to these recipients, the real needy persons that receive this food—and do they know where it comes from?

Miss RICHARDSON. Yes, indeed. It is the people within the countries, usually committees, local committees that decide who are the needy people. And they, in order for us to approve our programs—and I am speaking now in general for all voluntary agencies—require that they give us criteria on which they judge these people to be needy.

Secondly, you are probably aware of the markings that are carried on all of the goods, "Gift of the United States, the people of the United States."

Mr. GATHINGS. Do you have any picture of any of these packages? What is the label on the packages.

Miss RICHARDSON. I do not have a picture with me. The official marking, "Donated by the people of the United States, not to be sold or exchanged." And this is in the basic legislation, I understand, that is all goods that are distributed overseas must carry these markings. Even on the small packages.

Mr. GATHINGS. What do they contain in the package?

Miss RICHARDSON. The commodities that we have available at the moment are flour, cornmeal, and milk, powdered milk. We would hope very much that it might be possible to have additional commodities. We need them so very badly to balance the diet.

Mr. GATHINGS. Does it say anything about rice?

Miss RICHARDSON. Rice is despartely needed in the Far East. That is, also, permissive legislation which will permit the Secretary to release oils and fats which are very badly needed; but here it is the administrative decision that so far has not made it possible for us to have the oils and fats.

Also, we could very well use corn oil, cornstarch. We could use Bulgar wheat, which is more familiar to the people in the East, for instance. All of these things are very badly needed in the diets to make it a balanced diet.

Mr. GATHINGS. I wonder if you could give us a picture up to the present time, especially, of the amount of commodities that have been distributed. Could you put that into your statement and let us know whether the program is static or expanding? Could you tell us now whether or not it is larger this year than last year, larger than in 1956?

Miss RICHARDSON. I do not know if we will be in a position to give you the exact figure right now. Mr. Blackford could give you a general picture. We will be glad to send them later.

Mr. GATHINGS. Can you give that?

Mr. BLACKFORD. Yes; I think I can. What we call the SOS program, which is the distribution of surplus that began back in the early fifties with some sporadic grants of commodities. I believe in about 1954 there was a great amount, a considerable amount, a considerable amount of powdered milk in surplus. And it was made available. This was a large quantity. A great deal of this was distributed. I cannot give you the exact figures. It was a very small figure compared to the total amount now being distributed. In 1956 in addition to dairy products. Until that time we had powdered milk, cheese, butter, butter oils. And then grains were released.

Of course, this jumped the volume of the distribution tremendously. Probably, tripled them at that time. At least three times as large.

Mr. GATHINGS. Speak louder, please. The doors are being slammed.

Mr. BLACKFORD. And during the first year that we had grains, I think the total overseas distribution by voluntary agencies amounted to something in excess of a billion pounds.

Mr. GATHINGS. What about 1957?

Mr. BLACKFORD. It grew again up to about a billion and a half.

Mr. GATHINGS. How much?

Mr. BLACKFORD. The last 2 years' figures have been close to 1,800 million. It has just about leveled off, not because of the need filled, but because of the various regulations and restrictions and availabilities of various types of commodities. I say "availabilities"—I do not mean that there are not commodities that could be distributed. I mean commodities which have been made available to the programs by the governmental agencies concerned. At the present time, we are running about 1,800 million pounds a year throughout various voluntary agencies; all of them.

Mr. GATHINGS. That has increased.

Mr. BLACKFORD. It has gone that fast in the last 2 or 3 years.

Mr. GATHINGS. How many years do you think the authority should be extended? You want a longtime program. How long?

Mr. BLACKFORD. I would think not less than 3 years for voluntary agency programs. It would be helpful.

Mr. HOEVEN. Do you want to limit that to surplus commodities?

Mr. BLACKFORD. May I be quite frank to say that I think that voluntary agencies would be very happy to get any goods of any type that can be used to alleviate suffering overseas.

Mr. HOEVEN. That was the original purpose of Public Law 480, to dispose of the surplus agricultural commodities.

Mr. BLACKFORD. We like to feel that the title of this bill—and I am quite sure that I am correct here—is a little bit of a misnomer.

Mr. HOEVEN. I understand under the provisions of the Poage bill, H.R. 2420, the Secretary of Agriculture would not only be authorized to dispose of surplus commodities, but would also be permitted to go out in the open market and purchase commodities. It seems to me that we would be getting away from a surplus disposal program and getting into a welfare program.



Mr. BLACKFORD. I am speaking personally now if I may say this. I think we have to strike a reasonable and realistic balance in this particular matter. And I personally feel that the ability of our agriculture to produce so much more than we ourselves need, I think if all of these goods were available we would have gone a long way you know down the path toward helping the world.

The purchase of goods on the market would be something that I feel our agencies are not—it would be presumptuous of us to enter this area.

Mr. HOEVEN. I may say we might have some difficulties with long-term commitments in delivering installments of surplus commodities. For instance if we had a drought in this country, and surpluses disappeared, we would still have a moral obligation to fulfill our commitments, would we not?

Mr. BLACKFORD. I think you would have to handle that, perhaps, as the manufacturer does. He makes the contract to deliver goods, and he writes "subject to act of God."

Mr. HOEVEN. I believe that if we limit any long range program to actual surpluses we would be on safer ground.

Mr. BLACKFORD. I will be quite frank to say I question just a little the purchase in the open market. I do not know, this may be a little overuse of the public funds. Maybe it isn't. I am not competent to answer.

Mr. HOEVEN. It is getting away from the original intent of Public Law 480.

Mr. BLACKFORD. It, certainly, is an extension of the thought. No question about that.

Mr. GATHINGS. Any other questions?

Mr. DIXON. I do not want any of the questions I ask to be interpreted as not showing great respect for your operations because I think they are remarkable and far better than any other method of distribution that I could conceive, especially where we find in some sections important officials in different countries use the distribution of foods for campaign and purely political purposes. In other places where there is corruption our food does not get to the people where we want it to go. That is no fault of yours. I want to ask one or two questions though.

Do you have a paid organization to distribute these?

Miss RICHARDSON. That is a question for each individual agency, of course. Most of our agencies, I think, are using voluntary help to distribute, although, of course, we are obligated under the law to have our own American representative and we do have an American supervisor for our programs. Very often his staff is voluntary. Not in all cases, however.

Mr. BLACKFORD. There are certain numbers of paid personnel in the higher areas of the controls. There must be. In our organization it is, I presume, 30 or 40 or 50 people.

Mr. HAGEN. I have to go for a TV broadcast and wish to ask a brief question before I leave. I want to give a little background for my question first. I am acquainted with the wife of a very high Ceylonese official. She is a Buddhist and has some criticism of the Fulbright program because she said invariably Ceylonese selectees were Ceylon citizens who had been converted to Christianity and

that this created resentment. In distributing these goods, is there any effort to indoctrinate recipients or to discriminate on the basis of differing religious beliefs?

Mr. BLACKFORD. In the main this food is distributed completely without question as to race, color, or creed. I think that I could say that human nature is human nature. I would be less honest not to say that. I think in every program of great scope, there are little infractions that may occur, but these are not policies of the organizations, but rather ill-advised actions sometimes on the part of the individuals. Very small, of no consequence.

Mr. HAGEN. You never had any substantial criticism of any country as to this aspect of the way the program was handled?

Mr. BLACKFORD. I do not recall ever hearing a word of this type.

Mr. HAGEN. That is my only question.

Mrs. CLAPPER. CARE is nonsectarian.

Mr. HAGEN. I know that, but I wanted to establish that fact by testimony from you responsible people.

Mrs. CLAPPER. Therefore, we have no problem of that kind.

Mr. JOHNSON of Wisconsin. I think it would be wonderful if they would put into the record, as our chairman suggested, what the increase was, up to the present time, of food distributed.

One other question. Have you figures on what it costs to distribute?

Mr. BLACKFORD. Beg pardon?

Mr. JOHNSON of Wisconsin. What it costs to distribute a pound of food or per pound or per package?

Mr. BLACKFORD. Yes, sir.

Mr. JOHNSON of Wisconsin. I think those would be good figures to have in the record.

Mr. BLACKFORD. Yes, sir.

Mr. JOHNSON of Wisconsin. I suggest that you send it up to the committee.

Mr. BLACKFORD. I can give it to you; I know the figures quite well.

Mr. JOHNSON. Is there any objection to that?

Mr. GATHINGS. It ought to go into the record without objection. Do you want to give it right now?

Mr. BLACKFORD. Only if you wish. As you all know, the CARE organization advertises that it distributes 22 pounds of food for a dollar contribution. This is an exceptional achievement, particularly when you understand that the CARE organization is completely a paid organization. It is a fantastic achievement.

In religious agency programs only because of the fact that we have fantastic numbers of volunteer personnel the figures run higher than that.

In our own Protestant organization—these figures will be hard for you to believe, but they are true—400 and some odd, I believe 466 pounds of food last year were distributed overseas for each dollar of contribution. This seems almost impossible. But actually it is true.

In the Catholic organization, which has programs in many countries, Spain and Italy, which is widely Catholic and, therefore, the mechanics of the Catholic Church are used and they have larger volumes, they run even larger figures than this.



I would not attempt to say—it may run 600 or 700 pounds per dollar of cost. This seems fantastic, but it is actually true.

Mrs. CLAPPER. I would say it is possible for any of the vountary agencies to distribute in great bulk. The reason that 22 pounds of CARE at \$1 cost, which is only one of the surplus food programs, covers our costs of packaging. When it comes to us in bulk, we package it to family size, and it is distributed overseas at CARE cost in a country. CARE, also, has a large school feeding program in some 11 countries today, and in that instance, we deliver great quantities, you see, of bulk food for very small costs, and the country receiving the food pays CARE's cost of supervision of the end use of that food. So that I think this is true, also, of the other voluntary agencies. There are several different ways in which surplus food is used and handled by the agency.

Mr. DIXON. Are these parochial schools that you are speaking of or public schools?

Mrs. CLAPPER. These are public schools.

Mr. DIXON. There is supervision in the public schools?

Mrs. CLAPPER. Yes, sir.

Mr. DIXON. Let me ask you this question. Have you heard of any dissatisfaction concerning the distribution of these foods, on the ground of partiality being shown as to the church or organization the food is distributed to? Have you heard of any such dissatisfaction among these groups?

Mrs. CLAPPER. Certainly we have not. CARE has not received any such complaints. I suppose that there have been such criticisms, but there is no partiality as far as CARE is concerned, and I can vouch for that.

I have seen the operations of the other voluntary agencies overseas and I am sure it is not the intent of any of them to show any partiality.

Mr. DIXON. Miss Richardson, do you have anything that you care to add about that?

Miss RICHARDSON. Well, sir, I would make the same statement as Mrs. Clapper has just made. That is, it certainly is not the intention of any of these agencies and, by and large, there has been no partiality excepting cases of a few individuals, which is just human nature, but it is really so small that it is of no consequence.

Mr. DIXON. I realize, of course, that it is impossible for you to tell the ultimate disposition of these foods. But I happen to know, and I am sure that you are also aware of that fact, that there are instances where the recipients of the food trade their food for other things that are unnecessary—alcoholic beverages for instance.

Are you, your agency, or any of the agencies to your knowledge able to do anything about that? Is it possible?

Mr. BLACKFORD. Sir, if I may answer, in every case where it is possible to do so, the agencies try to distribute foods in bulk form. Some of the people come in with a pail and get reconstituted milk or they get flour in a bucket, you see, rather than in a closed package, in the final distribution in the field.

This is done whenever possible in order to avoid exactly this sort of thing or at least make it very very difficult mechanically to convert that food.

Now, there are some cases, sir, and this is my understanding—there is a thing that they call priority of need existing with certain individuals, where you have, for instance, a very impoverished family. That family may have a certain amount of food given to them for supplementary feeding for a week or two.

Now, maybe a child gets ill suddenly and this family finds that they have nothing to get medicine with, you see, and to pay the doctor. In that case they may break what is, with us, a compact, and trade something for some medicine. So there is a priority of need in individual cases but not very much.

Mr. DIXON. In Hong Kong that is quite a general practice, in fact you might call it a black market, where they are also selling the food.

Mr. BLACKFORD. The black-market operations are quite small, almost, considering the scope of the total program, almost negligible. In Hong Kong, sir, I believe that you are correct but you must remember that in Hong Kong you have the most fantastic human destitution that has ever existed and I think we cannot use Hong Kong as a comparison, comparing it with the rest of the world.

Mr. DIXON. I know just what you are up against, I appreciate that problem.

Mr. BLACKFORD. It is terrible.

Mr. DIXON. Do you have any system of auditing, or audit check?

Mr. BLACKFORD. Yes, sir.

Mr. DIXON. And you try to correct those things.

Mr. BLACKFORD. Oh, yes, sir.

Miss RICHARDSON. If I may break in, sir, we are also working in conjunction with the local police in all of these countries.

For instance, in our own Greek program, we are told there are usually a couple or 3 weeks of cases pending in the court at any one time for small violations. In other words, our Athens office is working constantly to follow up on any of these violations. It is bound to happen in any program.

Mr. DIXON. Do you have a regular system of audit?

Miss RICHARDSON. Yes, indeed. We submit reports to the International Cooperation Administration once every 6 months. These reports show exactly what is in inventory and how it is distributed and therefore it provides a justification.

Mr. DIXON. Thank you, Mr. Chairman.

Mr. GATHINGS. Mr. Matthews.

Mr. MATTHEWS. Thank you, Mr. Chairman.

I am particular interested in this program and have followed the discussion very closely. I have enjoyed so much the fine information that you have given. There is one question I would like to ask—well, I would like to ask several questions.

I know that you are trying every way in the world to be sure that the people who get this food realize that it comes as a gift from the United States.

When the packages are, you might say, stamped, is it in the native languages or is it stamped in the English language? In other words, if it is stamped in Arabic, then the Arabian recipients know, of course, that it comes from the United States; whereas, if it is in English then some Arabians may not know that. Is it stamped in the native languages?



Mrs. CLAPPER. If I may answer that, speaking for CARE, we negotiated with the Department of Agriculture for quite a while about getting the imprint put on in the language of the people concerned, the people who were to get the package.

However, there are technical difficulties. For instance, we are told that if the imprint is put on and it is in the Government warehouse, then that ties up the Government warehouse in such a way that they cannot release these same goods to Italy or to Hong Kong for them to be used there because the people in Hong Kong, naturally, do not speak—would not be able to read it. They say that it takes away the necessary flexibility and, therefore, the Department of Agriculture has thought that it is not a practical thing to do.

In this country, we understand this. However, when it goes overseas, when the goods get overseas, we do put posters up at the main distribution centers—and I think I can speak here for all of our agencies in general—we put a poster up at the main distribution centers explaining in the native language what this distribution is and that it is a gift of the American people, that it is not to be sold or exchanged and, normally, the name of the agency responsible for distribution also appears.

Mr. MATTHEWS. I am very much interested in that because, as you realize, not only what we do but what we get credit for doing is important. That is one area that I have had some concern about, the possibility that the Communists, to be specific, take advantage of this situation and create a false impression about this food that comes from America because Americans want to do things to be helpful, and give credit to another country.

There is another question I would like to ask. Could you give me just for information how many missionaries there are abroad, people connected with our churches, among these voluntary groups? I think that if we could get some idea about how many of them there are who are doing this for the love of their God, you might say, and love of their fellow men—could you tell us approximately how many?

Mr. BLACKFORD. Something in excess of 2 million.

Mr. MATTHEWS. Two million— isn't that amazing?

Mr. BLACKFORD. In excess of 2 million people.

Mr. GATHINGS. Along that line, I wonder if you would be good enough or if you could not list the names of these various organizations? Could you read them off to us at this time, the main ones among those who are engaged in this work?

Mr. BLACKFORD. I can almost give it to you from memory.

Mr. GATHINGS. That will be all right.

Mr. BLACKFORD. The American Friends Service Committee; the Mennonite Center Committee; the Humanitarian Service Committee; Church World Service, which is the agency of 35 of them, that is, of the major Protestant churches; Catholic Relief Services; CARE.

Whom have I left out?

Miss RICHARDSON. Joint Jewish Distribution.

Mr. BLACKFORD. Oh, yes, Joint Jewish Distribution, which is the Jewish agency.

Miss RICHARDSON. And I may add, sir, that there are several ethnic groups among them being American Funds for Czechoslovakian Refugees; United Lithuanian-American Relief Committee; United Uk-

ranian-American Relief Committee; American Relief for Poland—I am not quite sure that that is still operating.

Mr. BLACKFORD. No.

Mr. MATTHEWS. If I may interrupt, I think that if you could just supply the list for the record, it would be helpful.

Mr. BLACKFORD. We will be glad to do that.

(The lists and additional data referred to are as follows:)

*Surplus commodities donated to voluntary agencies for free overseas distribution abroad, 1950-58*

[Figures relate to poundages and are approximate]

	Million pounds		Million pounds
1950-53 (4-year total)-----	300	1956 -----	1, 200
1954 -----	150	1957 -----	1, 750
1955 -----	472	1958 -----	1, 800

*Ocean freight costs (reimbursed by the United States to agencies distributing surpluses abroad), 1953-58*

1953 -----	\$324, 591	1957 -----	\$23, 112, 800
1954 -----	3, 208, 994	1958 -----	24, 368, 045
1955 -----	8, 899, 002		
1956 -----	12, 570, 647	Total-----	72, 484, 139

*American voluntary agencies engaged during 1958 in free distribution of U.S. surpluses abroad*

American Friends Service Committee  
 American Jewish Joint Distribution Committee  
 American Middle East Relief  
 American Mission to Greeks  
 Assemblies of God—Foreign Service Committee  
 Catholic Relief Services—National Catholic Welfare Conference  
 Church World Service  
 Cooperative for American Relief Everywhere (CARE)  
 Foster Parents' Plan  
 Hadassah  
 International Rescue Committee  
 Lutheran World Relief  
 Mennonite Central Committee  
 Tolstoy Foundation  
 Unitarian Service Committee  
 United Lithuanian Relief  
 World Relief Commission—N.A.E.

*Suggestion as to clearer delineation of congressional intent for surplus use under "Food for peace" policy*

The Agricultural Act of 1949 as amended (Public Law 480) seems to be a very excellent piece of legislation and to include—with a possible few exceptions—permissive provisions under which tremendous amounts of surplus commodities could find their way into markets abroad and also could be utilized for assistance to hungry hundreds of millions overseas.

These hungry people, who are without means to purchase food, who are non-self-sufficient and who—psychologically frustrated, despairing, with little faith in themselves or in the future—not only are the prime target of communism but also constitute a vital factor, because of their basic unproductiveness, in the situations of economic illness that beset underdeveloped nations abroad.

From experience gained in contact with administration of Public Law 480 in the interest of voluntary agency operations, it often has seemed that utilization of the law's provisions are at a level far below the possible potential.

Without mandatory legislation, which commonsense dictates should always be avoided if possible, it is obvious that performance under any act of Congress can be at a level no higher than the administrative interpretation of the intent of the act concerned.



Naturally enough, in an operation where reticence to exceed the intent of Congress is strong, such interpretation and performance is highly liable to be geared to a lower rather than to a higher degree of the permissiveness of an act.

Definite clarity in the reports that accompany acts, with unmistakably directive language, spelling out with as little as possible opportunity for mistaken interpretation, might in many cases give administrative people a sense of greater discretion to more thoroughly apply the provisions of the acts than they might otherwise feel or exercise.

For instance, H.R. 2420 (as also H.R. 3066 and 3976) directly and unmistakably suggests a number of actions which have for a long time been permissive under Public Law 480.

Were such items as clearly and directly impressed upon administrative offices in the reports on Public Law 480, it would seem that the actions now sought might well have been taken previously.

It would seem, as governmental operations become so increasingly intricate and involve such increasingly great numbers of people of discretionary level, that there may be evolving a greater responsibility than formerly for the Congress to assist administrative agencies by clearer directives in reports.

Such a practice—particularly where there are recognized differences of basic perspective between Congress and administrative officers—might be conducive of a better carrying out of congressional intent as well as obviating much of the critical comment that often arises in both branches of Government and which not only confuses, many times, the American people and people abroad, but which also—by its existence—weakens respect for our democratic process.

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#### APPRAISAL OF U.S. SURPLUS SHARING PROGRAMS AND SUGGESTIONS FOR WIDER EFFECTIVENESS

Since the enactment of the Agricultural Act of 1949—partially incorporated into the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480)—making surplus American agricultural products available to overseas voluntary agencies for free distribution to needy persons abroad, there has existed a developing partnership between the voluntary agencies and the American Government that is undoubtedly without parallel or precedent either in scope of operations or value to the free world.

Until 1954, the growth of the overseas surplus distributions programs was comparatively moderate. During the 4-year period of 1950–53, only about 300 million pounds of surpluses—mainly dairy products and shortenings—were distributed in areas of need abroad.

Public Law 480 provided increased opportunity and additional facilities for surplus disposal by American voluntary agencies and during fiscal year 1955 such shipments abroad reached 403 million pounds as against the previous annual average of 75–80 millions.

In fiscal year 1956, during which wheat, corn, rice, and dried beans were released to overseas distribution programs, the relief agency programs expanded rapidly.

With this added opportunity for service benefiting from the fact that, by this time, the agencies had been able to perfect worldwide distribution facilities of high efficiency, nearly a billion and a quarter pounds—three times that of the previous year—were distributed to the hungry, homeless, and destitute as a gift of the American people.

During fiscal year 1957, shipments abroad by 22 agencies, going to needy people in more than 75 of our sister nations totaled above one and a half billion pounds.

Since then, shipments under Public Law 480 have averaged one and three-quarters to two billion pounds annually.

Despite the magnitude of this greatest of food relief efforts, there are still many millions of impoverished and undernourished persons in need, far exceeding in number those now being ministered to in the overseas distribution process.

#### NEED FOR IMPROVED EFFICIENCY IN BASIC CONTROLS

Government responsibilities for the overseas distribution program at the outset were shared by various existing Government agencies both here and in the recipient areas abroad—among them bureaus within the Department of Agri-

culture and within ECA, MSA, FOA, and later ICA, in the embassies overseas, in U.S. Overseas Missions, in agricultural missions, and so forth, and in the Advisory Committee on Voluntary Foreign Aid.

During the more or less experimental stages of the food distribution program, the combination of these departments and bureaus was fairly adequate to the task, despite the fact that the individual units concerned often necessarily operated upon policies divergent in interests and concepts.

Since the inception of the program, little change has occurred in the operating machinery, particularly as concerns the vital control points abroad, and there has been little actual change at home despite an apparent and recognized need which has somewhat recently resulted in attempts to remedy the situation through interdepartmental coordinating groups.

Meanwhile the agencies' programs of distribution, as a result of the enthusiastic nationwide response and support accorded them by individual Americans, and their representatives in Congress and the administration leadership, have "grown like Topsy" almost overnight, placing inordinately heavy strain upon the improvised machinery of operation.

Many circumstances have arisen that tend to militate against the basic objectives of the partnership to meet human need.

Such circumstances are largely an inescapable result of the rapid growth of the programs, and the progressive involvement of more and more departments of Government (however well suited to cooperation) and the resulting conflict of concepts and ideas and interests.

The persons and bureaus concerned with the program have attempted, and continue to attempt, to do their very best within the governmental structures in which they found themselves.

However, as there has, up to now, been no articulated policy or philosophy of program, there has been no way to acquaint the many concerned people and bureaus with the underlying aims toward which they should bend their efforts.

In view of the rapid expansion of the programs, thorough top level discussion and study of the total situation—with agency personnel and governmental officials working together—is essential.

Such a study by a workable group—joined perhaps by qualified industry people—drawing upon actual experience and viewing current problems and approaches realistically, could produce a valuable clarification in procedures and applications and could contribute effectively to a greatly increased efficiency.

Only through such a concerted effort—drawing upon the experience of all involved—can there be achieved the potential that lies in America's opportunity to utilize her abundance for the greatest good.

Mr. MATTHEWS. I realize you cannot pin it down 100 percent, but that number that you have estimated of 2 million people, are they all Americans?

Mr. BLACKFORD. No, sir. The bulk of these, of course, come from the religious organization network.

Well, now, this is really very simple. Let's take it in terms of the Catholics, because there we have an instance of a unilateral structure, and they are easy to get at in each area. If it is in Spain, for instance, there exists there a great network of churches, priests and sisters, and these are the people who contribute of their time from their other duties and, in the final analysis, they constitute the mechanics of distribution.

In Greece, you have the Greek Orthodox Church, a semi-Protestant organization allied with the churches of America. We convey the surpluses to Greece and through their distribution centers, et cetera, eventually they go to each village and are distributed through the mechanics of the Greek Orthodox Church, who have a priest in every village. This is why it is possible for these foods to be distributed in such quantities at such comparatively minor cost, as there is no comparable mechanical structure in the world which could possibly do it.



Mr. MATTHEWS. I have read this book, the Ugly American——

Mr. BLACKFORD. Yes, sir, and we have read it, too.

Mr. MATTHEWS. We are going to have a lot of Ugly Americans in this wonderful program. For those of you who have not read the book, that is a very complimentary term.

This Ugly American in this instance of the book is fighting for the survival of America. Not trying to pin you down, but would there be hundreds or thousands of these Ugly Americans involved in this program?

Mr. BLACKFORD. Not in the overseas operation——

Mr. MATTHEWS. Are there not missionaries abroad of different churches?

Mrs. CLAPPER. I cannot answer that, but I would just like to say that CARE sends into every mission Americans, one or two or three, depending on the size of the mission, who have the supervisory control and then they in turn employ an indigenous staff of people, so it is very hard to pin down the actual numbers.

CARE, if you are interested, has at this moment 250 Americans supervising CARE work in 26 countries of the world.

Mr. MATTHEWS. Thank you.

Now, one or two more questions.

We find that the Russians are making propaganda hay about the use of this program as a surplus-disposal program, a program for the disposal of agricultural waste. You know, you can think of a disposal, as kitchen garbage. The idea the Russians are trying to convey is that we sent over surplus and waste, the idea being that if it is something that we don't use, we give it away.

Do you find that in your program it would be better to get another name like food-for-peace or sharing the food program, or something like that?

I am conservative, now, and I don't want to get the wrong name for it. But do you find that idea has been of some concern to you?

Mrs. CLAPPER. Yes, we have talked it over in the American Council on several occasions, and they wish that we could find another word which would be a happier word.

Mr. MATTHEWS. You think that this committee should think about it, because it represents a problem, maybe not a major problem, but something to think about?

Mrs. CLAPPER. A terminology that would be happier psychologically, as far as the people receiving it.

Mr. MATTHEWS. One more question and I am through.

I would like to know, as a member of this committee, and I have the honor of being a member of the Foreign Operations Committee, I wonder if there is any legislation that we could try to get passed that would help you in your great program?

As I understand it, you need long-range plans, and it would be helpful if you could get other foods other than those foods now made available to you so far. But you are aware, are you, that the Secretary of Agriculture has permissive authority to do that now, and there is no need for extra legislation in that regard.

Can you think of any others?

Mr. BLACKFORD. Yes, sir; I would like to say just one thing on that subject of legislation.

There is permission for this, but it is not too clear. The most important thing, I think, in connection with your needy people overseas, is their eventual rehabilitation, their eventual self-sufficiency, of course, obviously.

Now, we give a great quantity of food away. However, no individual gets very much.

For instance, there is a program in Hong Kong at the present time among fishermen who fish in the nearby area and who have become, you might say, almost refugees. I think that there are 5 pounds of flour per month per person. This is 80 ounces of flour for 30 days, which is a little more—no, a little less—than 3 ounces per day, which is not a great gift to any individual, but it helps to supplement what they have.

I say this first because I want you to understand that very few individuals are completely sustained. They get a little aid, too, and so while we may distribute nearly 2 billion pounds, and it sounds like a tremendous amount of food that is going out, but when it gets down to the individuals so much—but this is a little beside my point.

More than anything else, I think what is needed overseas is something to add as an end of this feeding. You see, what I mean is that feeding is not an end in itself; it only sustains life which, unless it becomes productive, is valueless.

What is needed are programs, tremendous programs, which will lead to self-sufficiency.

Mr. MATTHEWS. You know, that is the one thing that is sort of worrying me; that is, are we developing, you might say, all over the Nation a sort of welfare program where through the years we are going to have people come up or write in about their food and wanting to know why they cannot get more help—I am very intrigued about this.

Mr. BLACKFORD. And the self-development programs are very important, and land reclamation, and better methods of farming, so that they can raise their own stuff.

Mr. MATTHEWS. These are in the programs, in our overall foreign-aid programs, the mutual security program, and other things.

Mr. BLACKFORD. They are too limited, sir.

Mr. MATTHEWS. Thank you, Mr. Chairman.

Mr. GATHINGS. Mr. Dague. I have promised Mr. Dague an opportunity.

Mr. DAGUE. I wish to say that I am reassured by the testimony we have heard this morning from CARE. That is one of my favorite programs and I donate to CARE every month. I am impressed by the activities and the good work that CARE has done.

I know for a personal fact that packages that had been sent to Germany reached the destination which CARE claimed that they had. I have received a raft of letters, letters which were written in German and which I sent over to the Library of Congress for translation and which proved that needy people received the food.

I am also impressed by the remarks we have heard about self-help programs, along the line that you have suggested, Mr. Blackford. You were speaking about placing in the hands of these people the means to help themselves.



Mr. BLACKFORD. This is one point in the new legislation in these three identical bills, sir, about the suggested use of the moneys, the use of that money for economic development, where the country that gets the money will use it for economic development, and this could, and very well might, replace what we call the soft currencies, the local currencies which accumulate now under the title I operations.

These currencies are available now and are being used to some extent for these programs of self-sufficiency, community development, and so forth, and I think it would be very unfortunate if there were to be lost and the funds were used by the local country for economic development and not for things leading toward the rehabilitation and self-sufficiency of their impoverished people. There is a danger here, perhaps.

Mr. DIXON. Would the gentleman yield?

Mr. DAGUE. Yes.

Mr. DIXON. Could you tell us how much of that is going for these programs?

Mr. BLACKFORD. Well, comparatively speaking, percentagewise it is not too much of it going for these programs, and yet there is a great deal being done.

Mr. GATHINGS. Mr. Breeding.

Mr. BREEDING. Thank you, Mr. Chairman. I want to ask if you know of the CROP organization, and if that is one of the organizations that distributes food for you. They collect foods among the farmers. Do you have such a collection program?

Mrs. CLAPPER. This is our own food collection program, and at Elkhart, Ind., we are collecting food from American farmers, which is a wonderful supplement, and the farmers started collecting food and giving it to us long before, and the foods that they are providing are a wonderful complement to the diets.

Mr. BREEDING. The reason I asked the question is I want it brought out that CROP is one of the organizations that is helping.

Mrs. CLAPPER. Yes indeed.

Mr. BLACKFORD. It is a subsidiary, you might say.

Mr. BREEDING. I would like to ask several more questions but several that I had intended to ask have been answered by questions from the gentleman from Florida. I would like to know if you have any figures on how many hungry people there are in the world.

Mr. BLACKFORD. There are somewhere between 25 million and 30 million people who are classed as homeless refugees. You can start with that.

People who are hungry, there is a statement that two-thirds of the world population goes to bed what we would call hungry every night.

Mr. BREEDING. What percentage of these do your organizations get food to?

Mr. BLACKFORD. Well, we scratch the surface but lightly, believe me. We may reach 50 million to 70 million people, I believe, in all of the voluntary agency programs—but, as the man in Hong Kong said, you have to start with one, you know.

Mr. BREEDING. If you had more food for distribution, could you get it to more people?

Mr. BLACKFORD. Well, if we had more food, and if we had less, I hesitate to use the words "stringent regulations," we could reach many more people.

Mr. BREEDING. I am glad that we have discussed this situation because we have millions of bushels of wheat in my district and certainly we would like to get some of it into the mouths of hungry people around the world.

Mr. BLACKFORD. So would we.

Mrs. CLAPPER. We would like to send our wheat to the East.

Mr. BREEDING. We would love for you to have some of it.

Mr. BLACKFORD. But the joker is, it costs a lot of money.

Mr. GATHINGS. You spoke about regulation. I am wondering if you could tell us whether or not this committee could do anything in that regard so that you may be able to do the job better, with less drawback. What are these regulations, these hindrances?

Mr. BLACKFORD. Yes, sir, the committee could do something. These things are regulations based upon criteria that are set up by the administrative departments, and of course they are set up in all sincerity and in an attempt to do right.

There is in the legislation a sort of a priority among needs that is written in, you might say, first, that we have to serve the American people first, which is proper. That is, that these foods that we use overseas are in excess of the foods anticipated to be needed here.

And there is a criterion that only what is done in America can be done overseas, you see, food must be distributed in America first before it can be distributed overseas.

Now, out of this grows a feeling among the administrative departments that only such classes of people that receive foods here may receive them overseas. This is a little unrealistic.

Over here, in the school feeding program, for instance, I believe that we don't go above the high school, the secondary schools, you see. And so overseas no food can be distributed in educational institutions that are higher than the secondary school level.

Well now, in the overseas world, this is not realistic, you see, whereas here it is. This is only one example, but there are many many such which cut the volume of the program.

For instance, in Greece, there is a list of classes of people, and I don't know how many people—I believe there are three classes—

Miss RICHARDSON. If I may break in, there are 2 million people earning less than \$40 a month out of a population of 8 million.

The CHAIRMAN. How much?

Miss RICHARDSON. Two million out of eight million earn less than \$40 a month.

Mr. BLACKFORD. And we serve only the lower third of that.

Mr. JOHNSON. Are you able to state where you draw the line, is it at \$3 or where?

Mr. BLACKFORD. We can get that figure.

Miss RICHARDSON. Our distribution stops at about \$3.50, and there is always a terrible decision to be made in some little village community where this person who is earning \$4.10 cannot have any food—where do you draw the line?

Mr. JOHNSON. Who promulgated those rules, the Department of Agriculture?

Miss RICHARDSON. This is the criterion set up in Greece. We just cannot feed everybody, we have to draw the line somewhere.



Mr. MATTHEWS. If the gentleman would yield: I think it is awfully important in the program that we realize that Greece sets the criteria, by the way, that we do not set the criteria.

Miss RICHARDSON. Oh, yes.

The CHAIRMAN. How about orphanages?

Miss RICHARDSON. They are eligible.

The CHAIRMAN. You do feed those orphans?

Miss RICHARDSON. Yes, we feed in many orphanages throughout the world.

The CHAIRMAN. Have you experienced any difficulty in availability of the food, or is it always available?

The reason I am asking is, suppose you make commitments, short-term commitments only, and I know that some of these organizations have said to me that it would be so much better if they could make long-term commitments and say, "We will make the foods available to you in such quantities of 1- or 2- or 3- or 4-year periods." What do you think about that?

Mr. BLACKFORD. I think, sir, that you were called from the room while we were speaking on that point.

The CHAIRMAN. I am sorry I was out.

Mr. BLACKFORD. In the earlier part of the testimony, we spoke about the long-term principle in this current bill, and we consider and hope that it could be extended to other programs of assistance.

The CHAIRMAN. I suppose you have heard the testimony that the administration has taken a public position here that no additional authority is needed, that the administration now has the authority to make long-term commitments.

Mr. BLACKFORD. If this is true.

The CHAIRMAN. Well, I assume it is true. The administration says that it is true; but that is the purpose of this bill.

These discussions have been very worth while because I think every member of the committee has indicated he wants the Secretary to have the authority. Of course, if the Secretary already has the authority, there is no profit in passing another bill.

Mr. BLACKFORD. Well, I suppose that you could put in mandatory legislation.

The CHAIRMAN. I don't know about mandatory legislation on this subject, but I do think that the Secretary should be impressed with the fact that everybody here seems to agree, even the administration witnesses themselves, that long-term commitments under certain circumstances would be good.

The only reason the administration opposes it, I think, is that it contemplates the possibility that these surpluses may disappear and our Government will have to go into the market and buy food and then make it available. I think that is probably their objection to the bill.

But let me come back to this. Have you experienced any difficulty in having food available when you need it?

Mr. BLACKFORD. Only in types of food. There has always been some type of food available.

There are at the present time no oils available. At one time there was cottonseed and other oil, but there are no oils or fats available whatsoever now.

We are hoping, and we have asked the Secretary to make available oils from the incoming crops which are taken into inventory in soybeans. This oil is tremendously valuable and there is a great quantity that is coming into the surplus inventory. At the present time they are thinking of cottonseed oil, but they have the option to sell it. A month from now there will be plenty of quantities of soybean oil, and we are hopeful that they will take these soybeans and press the oil out and that we can get some portion of it.

We are purchasing oils in the market ourselves for free distribution. Church World Service alone last week, I think, sent out for \$100,000 worth of oil.

The CHAIRMAN. Are you doing anything at all in Brazil? I understand that because of a long drought, people down there are actually facing starvation and are starving.

Miss RICHARDSON. Yes, indeed, sir. I am speaking now for Church World Service, but I know that the Catholics have also done something there. We have spent in cash roughly \$30,000 over a period, and it is being farmed out as work, largely, and also food, offers of food, some of it brought from the South in the agricultural areas and shipped North.

The CHAIRMAN. But have you been able to send surpluses to that area?

Miss RICHARDSON. Mr. Chairman, this is our big trouble, because the Brazilian Government—well, it is a question, I think, largely of national pride.

We have been trying to send surpluses and also the U.S. Government has offered surpluses under title II, and it is being refused.

Mr. BLACKFORD. There is involved here, Mr. Cooley, a thing that is of great importance, I think.

I think that in our programs both of sales of surplus and in our program of free distribution of surpluses, there is a principle that has not been applied.

That is, that in these things, I think that not only should the desires and wishes of the seller be considered, but the desires and wishes and acceptability of a product to the buyer, that should be of paramount consideration. In the programs of free distribution, I think the needs and wishes of the receiver are very important, equally as important as the wishes of the giver.

The CHAIRMAN. I understand that, and I agree. But this situation in Brazil—

Mr. BLACKFOOT. The Brazilian situation is tragic.

The CHAIRMAN. It really is very tragic, that national pride and policy prevents our giving food to starving people. I think that is what is happening in Brazil and maybe in other places.

Mr. BLACKFORD. There should be some way that our ingenuity may find to make it acceptable.

The CHAIRMAN. Right, and it is up to you people. I do not think it can be done by politicians or members of this committee, or by the administration, because it seems the State Department has not been able to break that situation; but it occurs to me that church people may do something.

Miss RICHARDSON. We are trying constantly. We have a man down there and he has negotiated for several months on behalf of ourselves and the Lutheran World Relief Committee.



The CHAIRMAN. I understand that some of the governments in the northeastern states of Brazil have actually tried to get food into that stricken area, but when they get to their Federal Government—

Miss RICHARDSON. The Federal Government, yes—that is the difficulty, sir.

The CHAIRMAN. And the Secretary and everybody else, of course, has to work through the Government.

Miss RICHARDSON. The local governments surely are in favor.

The CHAIRMAN. Thank you.

Mr. GATHINGS. Mr. McGovern.

Mr. MCGOVERN. Thank you, Mr. Chairman.

This is a program that is very close to my heart. Most of the questions I had intended to ask have already been answered, but there are a couple of points I would like to raise.

First of all, I am wondering what you people find is the temper of the American people toward this program as contrasted with their attitudes towards direct Government aid programs.

Mrs. CLAPPER. Well, I would like to say that I think there is a feeling among the people of the United States that—well, an appreciation of the people-to-people aspect of the voluntary programs, and that is why you have such a nationwide acceptance of the voluntary agencies and the job they are doing.

I suppose that it is natural; that Government aid is something that is easy to shoot at, and I don't know how widespread it is, but I do think that the voluntary agencies offer to the people of the United States and to the Government of the United States a facility in these developing parts of the world that is extremely valuable, in the present picture, certainly, and in the long-term picture, of getting people on their own feet so that they can take care of themselves.

Mr. MCGOVERN. My understanding is that one of the problems in using American surplus food, or any kind of food overseas, is the particular taste of the people we are trying to help. To what extent are you making an effort to convert American food into a form that will be palatable to the people we are trying to help?

I notice that you mentioned Bulgar wheat. Is that a very extensive program?

Mr. BLACKFORD. No, sir, there is no bulgur wheat being used at the present time in the program, none is available to us.

I think in all fairness to the administration we should say that the manufacture of Bulgar wheat is an expensive process and it adds almost double to the cost. It costs about, roughly, 3 cents to process a 3-cent product, and to do this and then give it away is really laying, I think, a little bit of a burden, perhaps, on the American people.

As I say, there is no Bulgar wheat available and the Department has made none available, and I think they are wise in this matter, anyway, in this regard.

I think there is room for development of Bulgar wheat under title I because there are a great many rice-eating areas where rice is in tremendous shortage, and this wheat could be used, Bulgar wheat. It is in a sense a closer food.

Mr. MCGOVERN. And private industry might be encouraged to move into this?

Mr. BLACKFORD. We hope, very much.

Mr. BREEDING. Would the gentleman yield?

Mr. McGOVERN. Yes.

Mr. BREEDING. Do you think there would be any merit in setting up a world food bank that would be handled by the United Nations? Do you feel that other countries would participate in a world food bank for hungry people?

Miss RICHARDSON. Yes, I think it is a very likely solution, because, for instance, UNESCO is not experiencing difficulties as we are in dealing with Brazil, because Brazil is a member of UNESCO itself and it does not feel this reluctance, like they do about accepting gifts from the United States, even from voluntary agencies.

Mr. BREEDING. I am glad to hear you say that. Several Members of Congress have introduced legislation to this effect.

The CHAIRMAN. Well, I can tell you that officials of FAO are not in favor of a food bank. I have explored that with them, and they say they are not in favor of it at all. They say that it all sounds well and you may be impressed with the idea at first, but after discussing it, you may understand there may be very good reason why they are not in favor.

Mr. JONES. Mr. Chairman.

Mr. GATHINGS. Mr. Jones.

Mr. JONES. May I ask this question. In the makeup of the items that are included in this 22-pound package, do you have the same things going to the various countries, or do you have different items in different packages going to various countries? In other words, do you try to take care of the desires of the people in that particular section?

Miss RICHARDSON. You are speaking of the CARE program?

Mr. JONES. Yes.

Mrs. CLAPPER. I will answer for CARE. Yes, we pack rice to the rice-eating countries, but the rest of the contents—

Mr. JONES. In other words, you do have different types of packages, 22-pound packages?

Mrs. CLAPPER. That is right.

Mr. JONES. You were speaking of oils. Would there be any oils included in this package as presently constituted?

Mrs. CLAPPER. There is no oil.

Mr. JONES. There is no oil?

Mrs. CLAPPER. No.

Mr. JONES. Now, this oil that you were speaking about a minute ago, the soybean oil, in what form would that be distributed if you had it?

Mrs. CLAPPER. Well, that is a question I cannot answer.

Mr. BLACKFORD. Oil is distributed both in packages and from large bulk containers.

Miss RICHARDSON. It is used for cooking.

Mr. JONES. I meant the refined oil, oil which would be suitable for cooking. Of course, the soybean oil that the Commodity Credit Corporation has, I understand, is not a product that could be used for cooking, it would have to be processed.

Mr. BLACKFORD. There would have to be some refinement made.

Mr. JONES. Does your organization participate in the processing of the oil?



Mr. BLACKFORD. No, we never have.

Mr. JONES. Is that processing done in the country of distribution?

Mr. BLACKFORD. The processing is done here. All processing of products is done in America and then it is shipped.

Mr. JONES. How would you distribute the soybean oil or the cottonseed oil? In other words, you would have that processed here into a cooking oil before it was sent overseas?

Mr. BLACKFORD. It would be processed by Agriculture.

Mr. JONES. By Agriculture?

Mr. BLACKFORD. By Agriculture, and made available to us in either comparatively small containers or in large drums.

Mr. JONES. Then when it is distributed over there, it might be distributed either in small containers or it could be distributed in bulk?

Mr. BLACKFORD. Ladled out, almost; yes, sir. This was the practice some years back when we had some.

Mr. JONES. One other question. What proportion of the foods, of the quantities of foods which are distributed, what proportion of that food is distributed in the CARE packages as contrasted with that distributed in bulk?

Mrs. CLAPPER. I do not have the answer with me. I can send you the information.

Mr. BLACKFORD. My guess is that it would be one-third.

Mrs. CLAPPER. I think, oh, it would be much less. I would think that it would be even less than—well, I would think about one-fifth of all of it.

Mr. JONES. Well, let me ask you this, now. Approximately how many CARE packages were there, say, during the year 1958?

Mrs. CLAPPER. Of the 22-pound packages?

Mr. JONES. Yes. How many?

Mrs. CLAPPER. 3 billion.

Mr. JONES. And most of those are distributed as the result of contributions of individuals?

Mrs. CLAPPER. That is right.

Mr. JONES. Are most of those distributed at the request of the distributor, or do most of them come in or send in and say, "Here is \$10, send out 10 packages?"

Mrs. CLAPPER. The name of the contributor goes on the package.

Mr. JONES. I mean, do most of the people specify the area?

Mrs. CLAPPER. They specify the area where they would like for it to go. However, there are a great many who say, "Give it to the needy."

Mr. DIXON. Mr. Chairman.

Mr. GATHINGS. Yes.

Mr. DIXON. The time is growing short, Mr. Blackford, but you have touched upon a problem that I am concerned with, and I would like to have some more comments from you about it. What can be done to further your program and to expand it, to expedite it, and to see that more goods get to more people?

Now, of the hindrances or impediments, Mr. Blackford, that you said restricted your program—I have made a summary of them.

First, you said that you had to feed the American people first.

Secondly, you could not do more for foreign people than our own.

Third, you have no oils or fats.

Fourth, some countries like Brazil will not accept our foods.

Fifth, some of the food for the needy, like the oils or fats, need processing.

Now, what have you to add to that, so that we can work to remove these barriers?

Mr. BLACKFORD. Well, sir, I think I would like to say that the Brazilian situation is unique or almost—well, you can't say "almost unique," you can't do that, but it is a single, almost, case. I cannot think of any other country, can any of you?

Miss RICHARDSON. No.

Mr. BLACKFORD. I can't think of any other country that refuses to take a gift. I don't think there is any other country.

Miss RICHARDSON. Well, Pakistan, come to think of it.

Mr. BLACKFORD. You find some reluctance in Pakistan and India, but they are not quite on the same basis as Brazil, and the reluctances there are mostly based on a desire of the indigenous government to control a little more of the distribution than the agencies can allow, you see.

Now, these programs are programs which are controlled very carefully and they are not allowed to be used for political purposes, and so it is impossible sometimes to do as much in a country as you would like, if the local government interferes too much, you see.

Mr. DIXON. They want to distribute it, rather than you?

Mr. BLACKFORD. That is—I would rather not talk about that, but it is one of those things. Like I said before, human nature is human nature and politicians are politicians.

Mr. DIXON. How about transportation as a factor? Do you have a situation where our shipments cannot get into the interiors? Take India, for example, Mr. Blackford.

Mr. BLACKFORD. No. Our ships get into India.

You do have one limitation on the programs in foreign countries. It is not in the law, but it is in the regulations, I think, of ICA, that in these programs the recipient country pays for the cost of inland transportation.

The fact is, sir, that sometimes and very often in the case of the very underdeveloped countries, that country just does not have the money to do that. This is quite true.

In South America, for instance, it is particularly true in some countries such as Bolivia, they just cannot afford it, they do not have the money.

And then you also find this situation, that in a country there may be large numbers of people, perhaps in Jordan or some other areas, groups of people coming in as refugees from some other area, about whom the local country, if I can say this in the vernacular, just could not care less. They do not have very much money anyway, and they cannot afford to spend it for inland transportation to feed these people that they feel don't belong to them anyway, they have lots of people of their own to take care of.

We have had, not too long ago, waivers of this in individual cases, it is a waiver from time to time in cases of very dire need, so that these inland freights can be paid for by any other source than the U.S. Government and then the shipments qualify for ocean transportation reimbursement.



Mr. DIXON. Let me ask you, you have never been turned down on all the food you wanted?

Mr. BLACKFORD. Only on types of commodities.

Mr. DIXON. You mean, they probably were not in the excess category?

Mr. BLACKFORD. Well, sir, we have for a long time tried to get grain for our programs and we met with some resistance; but eventually they did give it to us in 1956. We had been trying for years to get it, but finally we did get the grain.

Mr. DIXON. I understand that you have no facts.

Mrs. CLAPPER. We don't have facts.

Mr. BLACKFORD. We would very much like to.

Mr. GATHINGS. Are there any more questions?

(No response.)

Mr. GATHINGS. We want to thank you very much. We surely do appreciate your testimony. I want to say for myself, and I am sure that I speak for this whole committee, that I think that you, Mr. Blackford, and you, Miss Richardson and you, Mrs. Clapper and all of you, have done a marvelous job. We are indebted to you for appearing before this committee and I look forward to reading your testimony more carefully. Thank you so much.

Miss RICHARDSON. Thank you for the invitation to be with you and for hearing us this morning.

Mr. GATHINGS. We will next hear from Mr. Whatley. Mr. Whatley, you do have a statement?

#### STATEMENT OF DAVID WHATLEY, APPEARING AS AN INTERESTED INDIVIDUAL

Mr. WHATLEY. Thank you, Mr. Gathings. The hour is getting late. I will be very, very brief.

I would like, before making my comments on the Poage bill, to answer several questions that were raised on the operations of the voluntary agencies abroad, if I may be so presumptuous. As the chairman and many members of the committee know, I have no connection with the voluntary agencies nor do I receive any compensation from my legislative activities from there, nor have I since the Lobby Act was enacted.

First, on the statistics of distribution over the years, the distribution by the voluntary agencies and UNICEF, which is also included as an authorized distributor under section 416 of title III, in fiscal year 1953 constituted only \$24 million worth of commodities.

This jumped in fiscal year 1954 to \$69 million and in 1955 to \$197 million and after grains were made available to an aggregate of \$302 million.

Mr. DIXON. What year was that last one?

Mr. WHATLEY. Fiscal 1956. Thereafter—

Mr. DIXON. That is dollars?

Mr. WHATLEY. Yes, sir. Thereafter, as the chairman may recall, in 1956 there was enacted the ocean freight amendments which transferred the cost of ocean freight on these commodities for title III from ICA aid financing to CCC financing under title II, which is now the law.

This amendment we, who had worked so hard for having it enacted, had hoped would enable the voluntary agencies to expand their distribution abroad in tremendous amounts.

The \$253 million in 1957 was not exceeded in 1958, and that has been a considerable disappointment—

Mr. DIXON. May I interrupt to ask you if you have the figure for fiscal 1958?

Mr. WHATLEY. For fiscal 1958, Mr. Dixon, the figure was \$272 million only as compared to \$302 million in fiscal year 1956.

The program, therefore, is leveling off instead of expanding, and it needs to be expanded.

Mr. Blackford has covered many points which pose problems and restrictions, in my viewpoint unnecessary restrictions, upon the operations of voluntary agencies.

I particularly want to point out in some countries the voluntary agencies are unable to undertake large person-to-person programs, and they happen to be the large underdeveloped areas such as India and Pakistan where the impact is pitifully small.

The total amount of flour distributed in India in fiscal 1958 by the voluntary agencies and UNICEF was approximately equal to that in Hong Kong, and the need in India, I think you will agree, is at least 100 times as great as the need in Hong Kong. There are 1 million people in Hong Kong and at least 200 million in India that stand in need. The situation in Pakistan is similar.

I have a table showing the shipments made during fiscal 1958 by countries—I would like that in the record.

Mr. GATHINGS. Without objection, it may be inserted at this point. (The table referred to is as follows:)

*Sec. 416 foreign donation program—Shipments made during fiscal year 1958 (data by countries)*

[Thousands of pounds]

Country	Dry beans	Cheese	Corn	Corn-meal	Flour	Dried milk	Rice	Wheat
Aden.....						36		
Afghanistan.....						347		
Algeria.....		30			400	100		
Antigua.....						315		
Austria.....	4	5,014		900	5,823	5,559		
Bahamas.....		146				180		
Belgium.....		13		1		22	20	
Brazil.....						13,571		
British Guiana.....						264		
British Honduras.....						526		
British Virgin Islands.....						40		
Burma.....						2,981		
Cambodia.....						83		
Ceylon.....					27,548	8,206		
Chile.....	399	13,734		10,102	18,426	19,459	2,339	
Colombia.....		5,719		6,217	6,120	16,927		
Costa Rica.....		812				815		
Dominica.....						229		
Ecuador.....		306		770	780	458		
Egypt.....		57		1,000	1,265	118	680	
Ethiopia.....						176		
Formosa.....				18,117	27,046	14,351		
France.....		276		20	390	500	332	
Gambia.....						378		
Gaza.....		1,447			3,749	2,883		
Germany.....	250	18,009		1,965	16,915	27,046	2,538	
Ghana (Gold Coast).....						112		
Goa.....	10					100		
Greece.....		15,036		24,734	56,840	10,565	1,006	100



*Sec. 416 foreign donation program—Shipments made during fiscal year 1958 (data by countries)—Continued*

[Thousands of pounds]

Country	Dry beans	Cheese	Corn	Corn-meal	Flour	Dried milk	Rice	Wheat
Guadeloupe		82		160		72		
Guatemala		170				500		
Haiti				736	460	590	120	
Honduras		691				684		
Hong Kong				7,674	9,401	5,362	5,646	
India		1,210	9,450	250	1,451	76,587	16,068	31,287
Indonesia	80					5,209	80	
Iran	225				221	1,534		
Iraq						3,225		
Israel		2,223		735	7,819	3,642	3,021	
Italy	834	12,864	20,000	70,543	281,044	26,472	140	
Jamaica		1,270		450		1,078	1,000	
Japan		186			11,943	12,202	1,000	
Jordan		102			5,057	3,892	80	
Kenya						1,037		
Korea		3,501		114,195	87,591	35,477	10,087	
Lebanon						1,234		
Liberia						36		
Libya		1,753			4,931	739		
Macau					960	297		
Malaya				54	382	184		
Malta	345	1,411		826	2,027	14		
Martinique						200		
Mauritius						36		
Mexico	153	548	10,392	576	300	396	480	
Morocco		1,852		2,138	3,938	14,100	858	
Nigeria						167		
North Borneo						140		
Nyasaland						36		
Pakistan				3,218	1,656	12,393	1,672	667
Panama		1,015				2,598		
Paraguay						1,020		
Peru	77	2,415		3,296	3,300	3,765	300	
Philippine Islands		870		7,006	4,140	23,687	5,996	
Poland		420			1,170	1,091		
Portugal		4,069		2,998	8,499	4,880		
Ryukyus Islands (Okinawa)				2,257	2,575	5,758	300	
St. Kitts						302		
St. Lucia						95		
Salvador						548		
Sarawak						1,170		
Singapore				45	80	280		
Somaliland (Italy)						329		
Spain	112	45,323		4,307		75,169		
Syria						1,115		
Tanganyika						224		
Thailand						569		
Trieste		950		2,470	4,730	1,863		
Tunisia		83			1,131	669	30	
Turkey				23	32	1,351	14	
Uganda						108		
Vietnam	99	1,060	8,079	3,167	23,759	6,120	5,791	80
West New Guinea						132		
Yugoslavia	326	18,679		10	118,070	71,570	10	
Total	2,914	163,346	47,921	290,960	751,969	538,295	59,608	32,134

Mr. McINTIRE. If I may interrupt.

Mr. WHATLEY. Yes, Mr. McIntire.

Mr. McINTIRE. How much of that situation is due to internal problems in India?

Mr. WHATLEY. I think that most of the source, Mr. McIntire is related to the point that Mr. Blackford just made, that the Government of India, the Government of Pakistan, the Government of Jordan, do not have the financial resources to pay the inland transportation cost of these commodities, which is considerable.

The Government of India, for example, as you know, has a 5-year program in which they have allocated the cost of various govern-

mental services. They feel they cannot exceed those expenditures, either politically or economically, to any great extent.

Mr. McINTIRE. Well, it becomes a very difficult and grave problem in this task that we have undertaken of feeding people in other countries, particularly where we are faced with restrictions and even refusals on the part of other countries where the governments, no matter how they may rationalize the fact within their objectives, nevertheless restrict the distribution of these foods to their own people.

To what extent would you say that we have a responsibility, not only a responsibility from a humanitarian standpoint, but from the standpoint of, say, funding on our part; in other words, to what extent do we have a responsibility for pressing where that problem is confronting us, beyond what we are now doing, in a situation like that? Do you think we should press them? Do you feel we do have a certain responsibility, perhaps?

Mr. WHATLEY. I would agree.

Mr. McINTIRE. We are making a substantial contribution in the funding of their programs, both by loans, and certainly, in the past, by very substantial grants.

Now, surely, we can admit that they do have a problem of financing interior transportation, but it is their government that has elected not to provide that money. And on top of that, it is their election as to whether they will use some of those internal revenues as well as external revenues of which we are a substantial contributor.

Mr. WHATLEY. The situation is certainly tragic and I agree, Mr. McIntire, that our Government ought to use its bargaining power to persuade the Government of India to fund some of these costs.

I suggest that a portion, perhaps, of all of the costs of internal distribution that are now borne by the Government of India could be borne out of Public Law 480 currencies that we are granting to India.

In 1956 India was one of the two countries who received a grant under 104(e), up until the end of 1957 they were one of only two countries, the other being Greece. And it was justified because that grant constituted the differential between the world price of grain and the cost at which the grain was sold to the people of India, which is a subject that was touched upon by Mr. Pat O'Leary yesterday.

Rather than set the precedent of lowering world prices, we made them the grant of \$54 million.

But since the adoption of the conference report which many members of this committee were instrumental in having enacted last year on the extension of Public Law 480, S. 3420, in which report there was contained this paragraph which directed the executive branch to make grants of these currencies for projects which are not suitable for loans. The executive branch, the President, delegated this authority to the Bureau of the Budget, as both a waiver of section 1415, utilizing the authority already contained in the law, section 104(e), together with the last proviso of section 104, and made several grants, in the language of the conference report, "for non-self-liquidating projects for the development of human resources and skill," primarily designed to permit the governments to finance health and educational projects which had not been financed before.

The statistics on that I will submit for the record, but may I mention just one, that up to the present time there have been less than



\$1 million worth, of over \$1 billion allocated to ICA, which is used for health and sanitation projects, and that was just one project to finance the sanitation project, which was an income-producing water-works project in Paraguay.

Mr. DIXON. If the gentleman would yield——

Mr. MCINTIRE. Yes.

Mr. DIXON. Would you say that in your work you are hampered and being held up by the Bureau of the Budget?

Mr. WHATLEY. No, sir, the Bureau of the Budget has been extremely cooperative in following the directives.

Mr. DIXON. Well, what is holding it up; what can Congress do in that respect?

Mr. WHATLEY. Well, in this limited respect, Mr. Dixon, and this may apply to those countries where they consider the United States has accumulated or will accumulate an amount of currencies under Public Law 480 which are, so far, surplus to the United States needs for any foreseeable future, that they have permitted grants in those countries, four grants thus far, made to India, Pakistan, Yugoslavia, and Ceylon, constituting approximately a program of \$60 million of these currencies. To get back to Mr. McIntire's question, in my view, legally and politically, it would be possible, if the Government of India proves that they are unable to finance the cost of inland freight and the distribution of these commodities, these grants that have already been made to India could be utilized for that purpose, because that would certainly follow the dictate of Congress in the development of human resources, and it would promote the health, almost equally as the expenditures of money in other health programs, with the exception of malaria eradication; no expenditure can equal the impact of that on health.

Mr. GATHINGS. Mr. Whatley, you have appeared before this committee almost every time that the subject of foreign aid has come up, and you have been most helpful, and your testimony has always been very valuable. I wonder, if you would be kind enough, I would like it if you would give us a little bit of your background for the record. Tell us something about your education and the organizations, if any, that you are affiliated with.

Mr. WHATLEY. I am affiliated with no organization except the Methodist Church, Mr. Chairman, and a social fraternity.

I was trained as a lawyer and I came to Washington in 1930. I went to law school at night and practiced law on a small scale, primarily as a consultant, since 1937.

In recent years I have been a real estate broker to supplement my income and most of my income comes from the real estate business.

My total income from all sources connected with all activities of a humanitarian nature constitutes less than \$500 in the past 20 years during which I worked on these subjects, primarily legal advice and public relations advice over the past 10 years.

I have spent a great deal of time on this subject and other humanitarian subjects, because that is my chief interest in life and I work in real estate and law practice when I have time from more important duties—and it is necessary to stay alive financially.

Mr. GATHINGS. Are there any further questions or comments?

Mr. DIXON. Mr. Chairman, I would like to join with you in expressing my personal high regard for Mr. Whatley and for the work that he has been doing. His appearances before this committee have always been enlightening.

Mr. WHATLEY. I am very happy to hear that, sir, and I thank you.

Mr. MCINTIRE. May I join in that, also. Mr. Whatley has made suggestions well worth considering every time he has appeared before us. Sometimes we have not done what he has suggested, but his testimony has always been very much worth while and I certainly do want to commend him for constantly working for the improvement of this kind of legislation in this field.

Mr. WHATLEY. I may say that I am eternally grateful for these hearings and for the committee giving me permission to appear before it on this subject.

I know your time is very short, Mr. Chairman, but could I briefly make some further comments?

Mr. GATHINGS. Yes, Mr. Whatley.

Mr. WHATLEY. First, the subject was raised by Mr. Hoeven concerning the principle that the only commodities available to the voluntary agencies should, pursuant to the historic practice of section 416, be those that are of characteristics that are in the stocks of the CCC. I would agree with that as a general principle, but I would suggest that in addition section 32 might be amended to permit in addition to the subsidy of exports through private channels of trade for certain commodities and that a small portion of the large amounts of section 32 funds which annually are not used in recent years, approximately \$100 million, if a small portion of that could be set aside to purchase some soybean oil, which would be in the historical pattern of operations of section 32 as a price-support operation on commodities that do not generally benefit from the other price-support operations, I believe that this would be of enormous value to the voluntary agencies.

Secondarily, as to operation in places like Brazil, I suggest that if the Congress in its report on this Poage bill, or any other bill, would direct the executive branch to pay the ocean freight cost for UNICEF, that UNICEF could undertake additional operations in many areas of the world.

Mr. GATHINGS. I am sorry; what was that?

Mr. WHATLEY. UNICEF, the United Nations Childrens Fund. At one time the United States was making contributions of approximately \$25 million to UNICEF and that has been whittled down systematically and this fiscal year it is \$11 million and next fiscal year it is supposed to be \$12 million; but UNICEF has broadened their programs to accentuate health and they have diminished child feeding in many areas of the world; they have cut down on their program in Japan and Korea, for instance, which is being undertaken by CARE.

The ocean freight costs which were authorized to be paid under title II for the voluntary agencies are too large for UNICEF to squeeze out of its limited funds. The ocean freight costs constitute over \$1 billion annually.

If they expand the child-feeding programs in certain areas where voluntary agencies are unable to operate, in the nature of large



country programs, and in the nature of large government-to-government programs, if you will, I believe they could undertake programs in India and Pakistan and in many areas where they are not now operating and that would be particularly beneficial in reducing the amounts of wheat and corn, which are increasing daily in our stocks.

UNICEF thus far has confined the child-feeding program to dry milk because of the cost of ocean freight. If they get that small amount, even if it is taken out of mutual security funds, a couple of million dollars might enhance the operations of UNICEF to that extent.

There is need also for enormous expansion of title II programs. In the first 6 months of this fiscal year less than \$8 million worth of food was donated to all of the governments of the world for emergency assistance, both urgent and extraordinary relief.

In 1956 the Congress added the authority to title II which broadened it beyond this scope and concept of strictly disaster relief, by the addition of the words "or extraordinary," in an emendment offered by the suggestion of Mr. Cooley on the floor of the House, at which time Mr. Cooley explained that this amendment would broaden title II to permit government-to-government operations in situations where there was not, perhaps, an urgent relief requirement but an extraordinary one, such as one of long-standing duration, for instance, in the host governments where the Arab refugees are located, this could be done there.

But I find that the ICA has not even made this authority known to these governments. I was recently talking with the Ambassador from Jordan, whom I happened to meet socially and he was not even aware of this authority, in spite of the fact that there are hundreds of thousands of Arab refugees within his borders. They recently had title II operations in Jordan which were justified entirely by the temporary drought, but the commodities were not designed either for the relief of rehabilitation of these Arab refugees.

These stocks of foods could be used in many many ways if Congress would press the Administrative Branch under titles II and III—and in the program, I might suggest that the committee confine his authority to a 5-year program rather than a 10-year program.

This might very well be coalesced with the operations of title I by a simple amendment to title I limiting it to 5-year credit durations, which would permit only 50 percent of the shipments under title I to be on a credit basis, the balance to be paid for in local currencies which in many cases, particularly in Western Europe, we need for our own U.S. purposes, the full amount of those currencies. In other areas they could be used to the great political and economic and mutual advantage of this country and the host government, rather than displacing in any particular situation possible sales of foreign currencies which would be beneficial, and with a 50 percent allocation between title II and Mr. Poage's proposal, it might be more acceptable to the executive branch and it might be more realistic in its operation.

Mr. SHORT. Mr. Chairman.

Mr. GATHINGS. Mr. Short.

Mr. SHORT. Mr. Whatley, it seems to me that we tend to become confused in what I think, at least, is the intent of the Poage bill and the basic objective of the program. I think that we are too prone,

as has been pointed out many times, to think of the overall program as a surplus disposal program.

Mr. WHATLEY. I agree.

Mr. SHORT. And confuse that with the objectives. I am not sure that the bill makes a proper division, but I think that what the bill is trying to do is to attempt to put this on a more businesslike basis with the countries that need some of the things that we have in surplus, on an actual businesslike operation. I think that possibly the bill is too liberal, by deferring the payment of interest until the end of the 10-year period upon the last installment of the supplies, but that is beside the point.

Do you think there is a place, above and beyond the legislation that already authorizes the Secretary to enter into various arrangements, do you think there is a need for the type of thing that is set up in this bill of Mr. Poage?

Mr. WHATLEY. Yes, Mr. Short. I believe in certain countries where—and if I may, I will use India as an example—where their 5-year program is so well solidified that they feel that they can justify only certain expenditures for importations, even though they pay for them in their own currencies, particularly if those currencies are loaned back to them, and they have to begin paying interest and principal upon them within a short period of time.

As I understand the development program in India, they contemplate—and they may be wrong, but they contemplate the expenditures to get them over the hump economically would be, most of their expenditures, over the next 5 years and so if they could defer beginning payments of principal and interest for these commodities that are so necessary to feed their people and keep the economy going, to get it off of dead center and so that it would be self-propelled, they might very well take advantage of that situation, and I do not agree with the statement of Dr. Myers that the authorizations should not be used in situations of that sort.

Mr. SHORT. And do you disagree with the statement that the authority that is needed to do this is already incorporated in Public Law 480?

Mr. WHATLEY. Yes, I disagree with that, too. I think there is no authority in Public Law 480 to make credit sales, either dollars or foreign currencies.

Mr. SHORT. If I understood him, he said that all of the authorization that is needed is in Public Law 480—maybe I misunderstood him.

Mr. WHATLEY. I believe so.

Mr. SHORT. I believe the administration feels there is no need for legislation.

Mr. WHATLEY. They think there is not; but certainly the authority in Mr. Poage's bill is not now legally included in Public Law 480.

Mr. SHORT. Well, I think that is the whole point of this bill, that it is not included in Public Law 480 and it is a different approach.

Mr. WHATLEY. May I make one brief suggestion that might achieve your purpose in that connection, that if you have time, to read this speech and the new bill by Senator Humphrey introduced last Thursday, which will be available in printed form tomorrow, I understand—and I will leave you a copy of it.

The preamble of the bill completely rewrites the preamble to Public Law 480, to accomplish that purpose, and if the preamble were written



these objectives might very well be undertaken and be given a completely different complexion upon our humanitarian efforts abroad and away from simply disposal of surpluses, toward Food for Peace or Food for Humanity or whatever phrase you wish to use. It would certainly give it a more frictionless and humanitarian complexion.

Mr. GATHINGS. Any further statement, Mr. Whatley?

Mr. WHATLEY. I am very grateful for giving me your time. I do have other suggestions, but they can wait until the next time you have a hearing on Public Law 480, at which, I understand, the executive branch may soon submit the new proposed extension.

I am disappointed that the extension will apparently be for only 1 year for both title I and title II, and that the authorization for title I will be only \$1,500 million. In my view, in the case of wheat and corn, we need desperately to expand, to be realistic, in our national interest, and—

Mr. GATHINGS. Pardon my interruption, but what do you believe it should be?

Mr. WHATLEY. I believe it should be at least \$2,500 million annually combined under both title I and title II, and that title II be amended slightly, perhaps by just changing the title to get it away from the complexion of disaster and famine, to permit us to make grants in cases where we have very little need for additional currency in cases like India and Pakistan and Indonesia, where these currencies are piling up to more than we can realistically use, and we might as well make grants of food—but the grants are pitifully small and it would be unfortunate if we did not have programs such as the voluntary agencies talked about earlier, and if they were utilized in negotiations between the voluntary agencies and the local governments because, after all, these are currencies of the host governments, you have to have their acquiescence in any case for operations in those countries.

So the voluntary agencies, in my view, need to negotiate with the host governments and act as contractors rather than try to get some of the currency allocated from ICA. ICA does not have any currencies except those which they can allocate to the foreign governments either as grants or loans, and that great objective I think might very well be achieved and the Congress would welcome such a utilization of the currencies under the authority already dictated in the conference report which I mentioned earlier.

There is one excellent publication which has recently been published on the accumulation and administration of local currencies, published by the ICA. I particularly call your attention to the paragraph on foundations, in which it is recommended that some of the currencies in the countries where they are in such surplus supply be utilized to set up binational foundations. This proposed is included in Senator Humphrey's bill as title VI, and I understand that the executive branch is giving it now intense study with the view that they may recommend it in the message of the President coming up shortly.

Mr. GATHINGS. Thank you so much, Mr. Whatley.

The committee stands adjourned, subject to the call of Chairman Cooley.

(Whereupon, at 12:40 p.m., the committee adjourned, to reconvene subject to the call of the Chair.)

LEGISLATIVE HISTORY

Public Law 86-341  
H. R. 8609

TABLE OF CONTENTS

Index and summary of H. R. 8609. . . . .	1
Digest of Public Law 86-341 . . . . .	2





## INDEX AND SUMMARY OF H. R. 8609

- Jan. 7, 1959 H. R. 1359 was introduced by Rep. Sullivan and referred to the House Agriculture Committee. Print of bill as introduced.
- Jan. 29, 1959 President's message on agricultural program (H. Document 59). Print of document.
- Apr. 16, 1959 S. 1711 was introduced by Sen. Humphrey and others, and discussed by Sen. Humphrey. S. 1711 was referred to the Senate Foreign Relations Committee. Print of bill as introduced and remarks of Sen. Humphrey.
- Apr. 21, 1959 S. 1748 was introduced by Sen. Ellender (by request) and was referred to the Senate Agriculture and Forestry Committee. Print of bill as introduced.
- May 22, 1959 Sen. Dirksen submitted an amendment (in the nature of a substitute for S. 1968, the wheat bill) to extend Public Law 480. Print of amendment.
- Senate rejected this proposed amendment.
- June 26, 1959 H. R. 7983 was introduced by Rep. Cooley and was referred to the House Agriculture Committee. Print of bill as introduced.
- July 14, 1959 Senate committee voted to report S. 1748 without amendment.
- July 15, 1959 Senate committee reported S. 1748 without amendment. S. Report No. 522. Print of bill and report.
- July 17, 1959 Summary of S. 1748 as reported.
- July 24, 1959 Senate passed over S. 1748 at the request of Sen. Bartlett.
- Aug. 7, 1959 Senate Foreign Relations Committee voted to report S. 1711.
- Sen. Carlson added as a sponsor of the bill.
- Aug. 10, 1959 Senate Foreign Relations Committee reported S. 1711 with amendment. S. Report No. 632. Print of bill and report.
- Aug. 11, 1959 H. R. 8609 was introduced by Rep. Cooley and was referred to the House Agriculture Committee. Print of bill as introduced.





## INDEX AND SUMMARY OF H. R. 8609, cont'd

- Aug. 11, 1959 House committee voted to report H. R. 8609 and H. R. 1359.
- Senate committee reported S. 2522 (an original bill). S. Report No. 657. Print of bill and report.
- Aug. 13, 1959 House granted permission to file reports on H. R. 8609 and H. R. 1359.
- Excerpts from committee report on S. 1711.
- Aug. 15, 1959 House committee reported H. R. 8609 without amendment. H. Report No. 908. Print of bill and report.
- House committee reported H. R. 1359 with amendments. H. Report No. 907. Print of bill and report.
- Aug. 18, 1959 Rules Committee reported resolution for consideration of H. R. 8609. Print of H. Res. 346 and H. Report No. 941.
- Aug. 19, 1959 House began debate on H. R. 8609.
- Rules Committee tabled motion for granting of rule on H. R. 1359.
- Senate passed over S. 1711 and S. 2522.
- Aug. 20, 1959 House passed H. R. 8609 with amendments.
- Aug. 21, 1959 H. R. 8609 was referred to the Senate Agriculture and Forestry Committee. Print of bill as referred.
- Aug. 25, 1959 Senate committee reported certain amendments to S. 1748.
- Aug. 28, 1959 Sen. Bridges submitted and discussed proposed amendment to S. 1748 (re shipment of surplus commodities).
- Aug. 31, 1959 Summary of committee amendments to S. 1748.
- Sep. 2, 1959 Senate agreed to consider S. 1748.
- Sep. 4, 1959 Senate began debate on S. 1748.
- Sep. 5, 1959 Senate postponed further consideration of S. 1748 until Sep. 7th.
- Sep. 7, 1959 Senate passed H. R. 8609 with amendments, in lieu of S. 1748.
- Both Houses appointed conferees.



# INDEX AND SUMMARY

10. 11, 1959	House committee voted to report H. R. 3000 on 10. 11, 1959.
10. 12, 1959	Senate committee reported S. 2522 for original passage on 10. 12, 1959.
10. 13, 1959	House committee reported H. R. 3000 on 10. 13, 1959.
10. 14, 1959	Senate committee reported S. 2522 for original passage on 10. 14, 1959.
10. 15, 1959	House committee reported H. R. 3000 on 10. 15, 1959.
10. 16, 1959	Senate committee reported S. 2522 for original passage on 10. 16, 1959.
10. 17, 1959	House committee reported H. R. 3000 on 10. 17, 1959.
10. 18, 1959	Senate committee reported S. 2522 for original passage on 10. 18, 1959.
10. 19, 1959	House committee reported H. R. 3000 on 10. 19, 1959.
10. 20, 1959	Senate committee reported S. 2522 for original passage on 10. 20, 1959.
10. 21, 1959	House committee reported H. R. 3000 on 10. 21, 1959.
10. 22, 1959	Senate committee reported S. 2522 for original passage on 10. 22, 1959.
10. 23, 1959	House committee reported H. R. 3000 on 10. 23, 1959.
10. 24, 1959	Senate committee reported S. 2522 for original passage on 10. 24, 1959.
10. 25, 1959	House committee reported H. R. 3000 on 10. 25, 1959.
10. 26, 1959	Senate committee reported S. 2522 for original passage on 10. 26, 1959.
10. 27, 1959	House committee reported H. R. 3000 on 10. 27, 1959.
10. 28, 1959	Senate committee reported S. 2522 for original passage on 10. 28, 1959.
10. 29, 1959	House committee reported H. R. 3000 on 10. 29, 1959.
10. 30, 1959	Senate committee reported S. 2522 for original passage on 10. 30, 1959.
10. 31, 1959	House committee reported H. R. 3000 on 10. 31, 1959.
11. 1, 1959	Senate committee reported S. 2522 for original passage on 11. 1, 1959.
11. 2, 1959	House committee reported H. R. 3000 on 11. 2, 1959.
11. 3, 1959	Senate committee reported S. 2522 for original passage on 11. 3, 1959.
11. 4, 1959	House committee reported H. R. 3000 on 11. 4, 1959.
11. 5, 1959	Senate committee reported S. 2522 for original passage on 11. 5, 1959.
11. 6, 1959	House committee reported H. R. 3000 on 11. 6, 1959.
11. 7, 1959	Senate committee reported S. 2522 for original passage on 11. 7, 1959.
11. 8, 1959	House committee reported H. R. 3000 on 11. 8, 1959.
11. 9, 1959	Senate committee reported S. 2522 for original passage on 11. 9, 1959.
11. 10, 1959	House committee reported H. R. 3000 on 11. 10, 1959.

## INDEX AND SUMMARY OF H. R. 8609, cont'd

Sep. 11, 1959 Both Houses received and agreed to the conference report on H. R. 8609. H. Report No. 1178. Print of conference report.

Senate passed over S. 2522 and S. 1711.

Sep. 15, 1959 Senate passed over S. 1711.

Sep. 21, 1959 Approved: Public Law 86-341.

Statement by the President.

### Hearings: House Agriculture Committee:

1. H. R. 2420, 3066 and 3976, long-term contracts under Public Law 480. Serial V. April 21 and 22, 1959.
2. H. R. 2420, et al, extension of Public Law 480. Serial X. July 1959.

### Senate Foreign Relations Committee:

S. 1711, International Food for Peace. July 7, 8, and 10, 1959.











86TH CONGRESS  
1ST SESSION

# H. R. 1359

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 7, 1959

Mrs. SULLIVAN introduced the following bill; which was referred to the Committee on Agriculture

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## A BILL

To provide for the establishment of a food stamp plan for the distribution of \$1,000,000,000 worth of surplus food commodities a year to needy persons and families in the United States.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That in order to promote the general welfare, raise the levels  
4       of health and of nourishment for persons whose incomes  
5       prevent them from enjoying adequate diets, and dispose in  
6       a beneficial manner of food commodities acquired by the  
7       Commodity Credit Corporation or the Department of Agri-  
8       culture in carrying out price support operations or diverted  
9       from the normal channels of trade and commerce under sec-



tion 32 of the Act of August 24, 1935, as amended, the Secretary of Agriculture (hereinafter referred to as the "Secretary") is hereby authorized and directed to promulgate and put into operation as quickly as possible, but not later than January 1, 1960, a program to distribute to needy persons in the United States through a food stamp system such surplus food commodities.

SEC. 2. In carrying out such program, the Secretary shall—

(1) distribute surplus food made available by the Secretary for distribution under this program only when requested to do so by a State or political subdivision thereof;

(2) issue, or cause to be issued, pursuant to section 3, food stamps redeemable by eligible needy persons for such types and quantities of surplus food as the Secretary shall determine;

(3) distribute surplus food in commercially packaged form, preferably through normal channels of trade;

(4) establish standards under which, pursuant to section 3, the welfare authorities of any State or political subdivision thereof may participate in the food stamp plan for the distribution of surplus foods to the needy;

(5) consult the Secretary of Health, Education, and Welfare, and the Secretary of Labor, in establish-

ing standards for eligibility for surplus foods and in the conduct of the program generally to assure achievement of the goals outlined in the first section of this Act; and

(6) make such other rules and regulations as he may deem necessary to carry out the purpose of this Act.

SEC. 3. The Secretary shall issue, to each welfare department or equivalent agency of a State or political subdivision requesting the distribution of surplus food under section 2 (1), food stamps for each kind of surplus food to be distributed, in amounts based on the total amount of surplus food to be distributed and on the total number of needy persons in the various States and political subdivisions eligible to receive such food. The food stamps shall be issued by each such welfare department or equivalent agency to needy persons receiving welfare assistance, or in need of welfare assistance but ineligible because of State or local law, and shall be redeemable by such needy persons at local distribution points to be determined by the Secretary under section 2 (3).

SEC. 4. Surplus food distributed under this Act shall be in addition to, and not in place of, any welfare assistance (financial or otherwise) granted needy persons by a State or any political subdivision thereof.



1        SEC. 5. In any one calendar year the Secretary is au-  
2    thorized to distribute surplus food under this Act to a value  
3    of up to \$1,000,000,000, based on the cost to the Federal  
4    Government of acquiring, storing, and handling such food.

5        SEC. 6. For the purposes of this Act, a needy person  
6    is anyone receiving welfare assistance (financial or other-  
7    wise) from the welfare department or equivalent agency of  
8    any State or political subdivision thereof, or who is, in the  
9    opinion of such agency or agencies, in need of welfare assist-  
10    ance but is ineligible to receive it because of State or local  
11    law.

12       SEC. 7. The Secretary of Agriculture, in consultation  
13    with the Secretary of Health, Education, and Welfare and  
14    the Secretary of Labor, shall make a study of, and shall  
15    report to Congress within six months after the date of enact-  
16    ment of this Act, on the feasibility of, the costs of, and  
17    the problems involved in, extending the scope of the food  
18    stamp plan established by this Act to include persons re-  
19    ceiving unemployment compensation, receiving old-age and  
20    survivors insurance (social security) pensions, and other  
21    low-income groups not eligible to receive food stamps under  
22    this Act by reason of section 6 of this Act.

23       SEC. 8. There are hereby authorized to be appropriated,  
24    out of any money in the Treasury not otherwise appropri-  
25    ated, such sums as may be necessary to carry out the  
26    purposes of this Act.





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## A BILL

To provide for the establishment of a food stamp plan for the distribution of \$1,000,-000,000 worth of surplus food commodities a year to needy persons and families in the United States.

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By Mrs. SULLIVAN

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JANUARY 7, 1959

Referred to the Committee on Agriculture







## AGRICULTURAL PROGRAM

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### MESSAGE

FROM

## THE PRESIDENT OF THE UNITED STATES

RELATIVE TO

### AN AGRICULTURAL PROGRAM

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JANUARY 29, 1959.—Referred to the Committee on Agriculture and ordered to be printed

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*To the Congress of the United States:*

There are produced, in the United States, some 250 farm commodities. The law has required that prices of 12 of these be supported at prescribed minimum levels. It is this requirement, together with the level of required support, that has created our farm surplus problems. Farmers who produce cattle, hogs, poultry, fruits, vegetables, and various other products the prices of which are not supported—as well as those who produce crops the prices of which are supported at discretionary levels—have generally experienced growing markets rather than a buildup of stocks in warehouses.

Three of the 12 mandatory products (wheat, corn, and cotton) account for about 85 percent of the Federal inventory of price-supported commodities though they produce only 20 percent of the total cash farm income.

The price-support and production-control program has not worked.

1. *Most of the dollars are spent on the production of a relatively few large producers*

Nearly a million and a half farms produce wheat. Ninety percent of the expenditures for price support on wheat result from production of about half of these farms—the largest ones.

Nearly a million farms produce cotton. Seventy-five percent of the expenditures for cotton price support result from production of about one-fourth of these farms—the largest ones.



For other supported crops, a similarly disproportionate share of the expenditure goes to the large producers.

For wheat, cotton, and rice producers who have allotments of 100 acres or more, the net budgetary expenditures per farm for the present fiscal year are approximately as follows:

Wheat.....	\$7,000 per farm
Cotton.....	10,000 per farm
Rice.....	10,000 per farm

Though some presently unknown share of these expenditures will eventually be recovered through surplus disposal, the final cost of the operation will undoubtedly be impressively large.

Clearly, the existing price-support program channels most of the dollars to those who store the surpluses and to relatively few producers of a few crops. It does little to help the farmers in their greatest difficulty. For small operators the rural development program approach, which helps develop additional sources of income, has clearly demonstrated that it is a far better alternative.

### *2. The control program doesn't control*

Mandatory supports are at a level which so stimulates new technology and the flow of capital into production as to offset, in large part, the control effort.

Despite acreage allotments and marketing quotas, despite a large soil-bank program and despite massive surplus disposal, Government investment in farm commodities will soon be at a new record high. On July 1, 1959, total Government investment in farm commodities will total \$9.1 billion. Investment in commodities for which price support is mandatory will total \$7.6 billion, of which \$7.5 billion will consist of those crops designated by law as basic commodities: wheat, corn, cotton, rice, peanuts, and tobacco. And these stocks are increasing rather than diminishing.

We already hold such huge stocks of wheat that if not one bushel of the oncoming crop were harvested we would still have more than enough for domestic use, export sales, foreign donation, and needed carryover for an entire year.

### *3. The program is excessively expensive*

When the 1958 crops have come into Government ownership, the cost, in terms of storage, interest, and other charges, of managing our inventory of supported crops, for which commercial markets do not exist at the support levels, will be running at a staggering rate, in excess of a billion dollars a year. Unless fundamental changes are made, this annual cost will rise.

This sum is approximately equal to the record amount being spent in fiscal 1960 by the Federal Government on all water-resource projects in the United States, including power, flood control, reclamation, and improvement of rivers and harbors.

During the present fiscal year, the net budgetary outlay for programs for the stabilization of farm prices and farm income will be \$5.4 billion; \$4.3 billion of this is for commodities for which price supports are mandatory. While some unpredictable part of this outlay will be recovered in later years through sales for dollars, sales for foreign currency and through barter, the cost

will be great, especially when compared with the net income of all farm operators in the United States, which in 1958 was \$13 billion. Budgetary expenditures primarily for the support of farm prices and farm income are now equal to about 40 percent of net farm income.

Not a bushel of wheat nor a pound of cotton presently is exported without direct cost to the Federal Treasury.

Heavy costs might be justifiable if they were temporary, if they were solving the problems of our farmers, and if they were leading to a better balance of supplies and markets. But unfortunately this is not true.

These difficulties are not to be attributed to any failure on the part of our farm people, who have done an outstanding job of producing efficiently. They have in fact responded to the price incentive as farm people—and other people—traditionally have.

Our farm families deserve programs that build markets. Instead they have programs that lose markets. This is because the overall standards for the programs that they have are outdated relationships that existed nearly half a century ago. This was before 60 percent of our present population was born.

At that time it took 106 man-hours to grow and harvest 100 bushels of wheat. In recent years it has taken not 106 but 22. Since then the yield of wheat has doubled. Similar dramatic changes have occurred for other crops.

It is small wonder that a program developed many years ago to meet the problems of depression and war is ill-adapted to a time of prosperity, peace, and revolutionary changes in production.

The need to reduce the incentives for excess production has been explicit in the three special messages on agriculture which I have previously sent to the Congress. The point has repeatedly been made by the Secretary of Agriculture in his testimony and in his statements to the Congress. The Congress has moved in the right direction but by an insufficient amount. There has been a general tendency to underestimate the pace at which farm technology has been moving forward. Hence there has been a tendency to underestimate the production-inducing effect of the prescribed minimum price support levels.

### *Recommendation*

I recommend that prices for those commodities subject to mandatory supports be related to a percentage of the average market price during the immediately preceding years. The appropriate percentage of the average market price should be discretionary with the Secretary of Agriculture at a level not less than 75 and not more than 90 percent of such average in accordance with the general guidelines set forth in the law. Growers of corn, our most valuable crop, have already chosen, by referendum vote, program changes which include supports based on such an average of market prices.

If, despite the onrush of science in agriculture, resulting in dramatic increases in yields per acre, the Congress still prefers to relate price supports to existing standards, the Secretary should be given discretion to establish the level in accordance with the guidelines now fixed by law for all commodities except those for which supports presently are mandatory.



Either of these changes would be constructive. The effect of either would be to reconcile the farm program with the facts of modern agriculture, to reduce the incentive for unrealistic production, to move in the direction of easing production controls, to permit the growth of commercial markets, and to cut the cost of Federal programs.

As we move to realistic farm programs, we must continue our vigorous efforts further to expand markets and find additional outlets for our farm products, both at home and abroad. In these efforts there is an immediate and direct bearing on the cause of world peace. Food can be a powerful instrument for all the free world in building a durable peace. We and other surplus-producing nations must do our very best to make the fullest constructive use of our abundance of agricultural products to this end. These past 4 years our special export programs have provided friendly food-deficit nations with \$4 billion worth of farm products that we have in abundance. I am setting steps in motion to explore anew with other surplus-producing nations all practical means of utilizing the various agricultural surpluses of each in the interest of reinforcing peace and the well-being of friendly peoples throughout the world—in short, using food for peace.

Certain details regarding the needed changes in law, particularly with reference to wheat, are appended to this message in the form of a memorandum to me from the Secretary of Agriculture.

Difficulties of the present program should not drive us to programs which would involve us in even greater trouble. I refer to direct payment programs, which could soon make virtually all farm people dependent, for a large share of their income, upon annual appropriations from the Federal Treasury. I refer also to various multiple price programs, which would tax the American consumer so as to permit sale for feed and export at lower prices.

To assist the Congress in discharging its responsibility, the administration stands ready, as always, to provide the appropriate committees with studies, factual data, and judgments. Continuation of the price support and production control programs in their present form would be intolerable.

I urge the Congress to deal promptly with this problem.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *January 29, 1959.*

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DEPARTMENT OF AGRICULTURE,  
OFFICE OF THE SECRETARY,  
*Washington, January 19, 1959.*

Memorandum for the President.

Herewith is supplied information regarding needed farm legislation. Comments and recommendations are made concerning certain commodities and general agricultural programs. In the case of wheat and some other crops, alternative proposals are offered.

*1. Relating price supports to a percentage of market prices during the immediately preceding years*

This proposal would permit the gradual shift to more realistic levels of price support. At the same time, it would permit rather wide

latitude for the establishment of support prices for individual commodities. These prices could be determined in accordance with the general guidelines now provided by law for all commodities for which price support is discretionary.

The alternative program provides for giving the Secretary the same discretion in fixing the level of price supports as he has for most crops, if the parity formula as a basis for price supports is retained by the Congress. This recommendation has been made previously. It needs no other elaboration than to say that the commodities now supported on a mandatory basis would, under this proposal, be treated in the same manner as other commodities now are.

## 2. *Wheat*

The accelerated buildup of stocks of wheat is now estimated to reach 1.5 billion bushels as of July 1, 1960, with an investment of the Federal Government totaling \$3.5 billion.

Two alternatives should be considered by the Congress:

### A. *Relaxation of controls*

The preferable approach would be to give wheatgrowers a program that would permit them freedom to produce and compete for markets.

Congress can put such a program into effect by changing the law along the following lines:

(a) Base price supports for wheat on a percentage of average market prices of the immediately preceding years or, if the existing standard is retained, give the Secretary the same discretion as he has for most other commodities.

(b) Eliminate all acreage allotments and marketing quotas for wheat as soon as price supports are adjusted to feed-use relationships.

(c) Adjust the conservation reserve program to aid temporarily in the transition.

Certain advantageous consequences would result from this approach. Better land use would come about, with high hazard land going into pasture and hay. Other conservation measures would be adopted by farmers. Farmers could more effectively manage their farms and crop rotations. There would be an adjustment of acreage between such competing crops as corn, grain sorghums, and soybeans.

### B. *The control route*

If the control concept is to be retained in the wheat program, it is essential that the loopholes be closed and effective actions be taken to bring production down until stocks are reduced to desirable levels. The legislative changes needed would include such as the following:

(a) Base price supports on a percentage of average market prices of the immediately preceding years, or, if the present standard is retained, give the Secretary the same discretion as he has for most other commodities.

(b) Eliminate the provision allowing any farmer to produce and market up to 15 acres of wheat. This loophole alone will account for some 600 million bushels or 40 percent of the estimated accumulated carryover as of July 1, 1960.



(c) Permit all wheat growers to vote in the marketing quota referendum—not just the larger producers.

(d) Base compliance with acreage allotments on a planted rather than a harvested basis.

(e) Increase the penalty rate for overplanting to a point that will stop this practice.

(f) Base the penalty for overplanting on the actual overproduction rather than the normal yield per acre.

(g) Eliminate the 55 million acre minimum to allow adjusting the acreage to the amount of wheat that can be sold for dollars under the support price that prevails.

(h) Consider allotments on a bushelage instead of an acreage basis.

The control aspect of this approach is drastic regimentation which Congress has not been willing to impose. While this approach might have merit for an emergency adjustment period, it would not be in the best long-time interest of wheatgrowers and agriculture generally.

### 3. Tobacco

Farmers who grow tobacco have been losing markets at home and abroad. As prices of U.S. tobacco increase, foreign buyers change their blends and turn to other sources of supply. They may never be induced to return to our markets. The present old laws result in price supports at continually rising levels. Acreages at home have been severely cut to low levels while acreage and production expand abroad.

Legislation should be enacted to relate the support price to the market average or, if the parity formula as a basis for price supports is continued in use, to provide wide discretion in the level of supports.

In addition, modifications of the control program may be in order. Tobaccogrowers have widely discussed the desirability of modifying the present acreage control system. Their ideas of providing either a poundage quota or a poundage-acreage control have merit.

### 4. Peanuts

The consumption of peanuts is responsive to price changes. When price supports go up, the use is cut; when prices are made more competitive, the market expands.

It is clear that the law should be changed so that farmers growing peanuts can compete more effectively for markets.

If price supports were related to the average of market prices during the immediately preceding years, as recommended, acreages could be expanded until they were eventually free of control. If the present standard is continued in use, provision should be made for wider discretion in the level of supports.

A supplementary approach would be to authorize a marketing agreement and order program. This would make it possible for the various segments of the industry to cooperate in handling their marketing problems without financial reliance on Government.

Both approaches could be provided in the law, leaving it to growers to adopt a marketing agreement and order program should they at any time consider it desirable.

5. *Extension of title I, Public Law 480*

Under Public Law 480 we have provided other nations with substantial quantities of our agricultural products. Some is donated to meet special emergencies, but most is sold for local currency. This currency is used to help develop local economies and to develop markets abroad for U.S. products. All this is done with care to avoid disturbing the normal pattern of commercial trade.

Public Law 480 has been of major assistance in expanding our exports to higher levels. It should be extended, with additional authorization for sales for foreign currencies to permit continued constructive use of U.S. farm products abroad.

6. *Conservation reserve*

This authority to take land out of production for a period of years is another special program to help reduce burdensome surpluses. It also helps promote sound conservation practices, especially on marginal land, and conserves productive capacity for future years when more crops will be needed.

There should be a 3-year extension of the authority for the conservation reserve.

7. *Research*

Agriculture in all of its aspects has become increasingly dependent upon science and technology. This Nation is preeminent in the scope and quality of its agricultural research. It must stay preeminent. The continuous flow of products from our farms, ranches, and forests, the wise use and management of our lands, the economical provision of water to meet ever enlarging needs, the widest contribution of land products to the Nation's economy—all these things require a strong and well-balanced program of continuous research.

Our research effort in agriculture, forestry, and land management must emphasize the marketing and utilization, including industrial utilization, which our farms, ranches, and forests produce in such abundance.

The Department of Agriculture, together with our land-grant colleges and universities, is fully capable of managing efficiently whatever increased public expenditures can be provided for these activities.

8. *Other recommendations are:*

A. Provision should be made for participation by States in programs to meet problems caused by drought and other natural disasters.

B. Permissive legislation should be enacted to further strengthen REA by enabling borrowers from REA to meet their financial needs for the future while relieving the Federal budget of unnecessary demands.

C. Permissive legislation is needed to enable the Farmers Home Administration to utilize repayments of principal as a financial resource through a revolving fund operation.

D. The Sugar Act, which will terminate in 1960, should be dealt with in this session to permit orderly advance planning by growers and the industry.

Early action by the Congress along the above lines would be in the interest of our farm people and of every American.

EZRA TAFT BENSON.













April 16, 1959

13. FARM PRICES. Extension of remarks of Sen. Mundt inserting an article, "Beware of Grain Gypsies," and stating that it "details the activities of certain individuals who are fast talking some American farmers out of a fair price for their corn crop." p. A3138-9
14. WHEAT. Sen. Neuberger inserted an article, "The Growers' Own Program: A Workable Wheat Plan," pointing out that wheatgrowers realize the need for "a revised farm program to deal with the problem of surplus wheat production." pp. A3138-9
15. ELECTRIFICATION. Extension of remarks of Rep. Brademas commending REA programs and expressing approval of the passage of the bill to restore to the REA Administrator authority to pass on rural power and telephone loans. p. A3150

BILLS INTRODUCED

16. FOOD FOR PEACE. S. 1711, by Sen. Humphrey (for himself and others), to promote the foreign policy of the United States and help to build essential world conditions of peace, by the more effective use of U. S. agricultural commodities for the relief of human hunger, and for promoting economic and social development in less developed countries; to Foreign Relations Committee. Remarks of Sen. Humphrey. pp. 5477-89
17. SOIL BANK. H. R. 6453, by Rep. Abernethy, to amend the Soil Bank Act so as to permit surrender and reallocation of acreage allotments; to Agriculture Committee.
18. BUILDINGS. H. R. 6457, by Rep. Blatnik, to provide for the construction, alteration, and acquisition of public buildings of the Federal Government; to Public Works Committee.
19. MILK. H. R. 6458, by Rep. Burdick, to amend the Public Health Service Act to protect the public from unsanitary milk and milk products shipped in interstate commerce, without unduly burdening such commerce; to Interstate and Foreign Commerce Committee.
20. VEHICLES; PERSONNEL. H. R. 6475, by Rep. Lane, to amend title 28, entitled "Judiciary and Judicial Procedure," of the United States Code to provide for the defense of suits against Federal employees arising out of their operation of motor vehicles in the scope of their employment; to Judiciary Committee.
21. SUGAR. H. R. 6481, by Rep. Thomson, Wyo., to make permanent the provisions of the Sugar Act of 1948; to Agriculture Committee.

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COMMITTEE HEARINGS ANNOUNCEMENTS:

- Apr. 17: Second supplemental appropriation bill, S. Appropriations (exec - to mark up).  
Extension of mutual security program, H. Foreign Affairs (exec).  
Creation of Dept. of Science and Technology, S. Gov't Operations.  
Time off for holidays falling on Saturday, H. Civil Service.
- Apr. 21 & 22: Description of watershed program, etc., H. Public Works (Williams, Young, and Brown, SCS, to testify).
- Apr. 22: Committee print of wheat bill, S. Agriculture (McLain to testify).





86TH CONGRESS  
1ST SESSION

# S. 1711

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## IN THE SENATE OF THE UNITED STATES

APRIL 16 (legislative day, APRIL 15), 1959

Mr. HUMPHREY (for himself, Mr. CARROLL, Mr. HART, Mr. KENNEDY, Mr. MCCARTHY, Mr. MCGEE, Mr. MONRONEY, Mr. MORSE, Mr. MURRAY, Mr. WILLIAMS of New Jersey, Mr. CHURCH, Mr. NEUBERGER, Mr. CLARK, Mr. MANSFIELD, Mr. HENNINGS, and Mr. SYMINGTON) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

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## A BILL

To promote the foreign policy of the United States and help to build essential world conditions of peace, by the more effective use of United States agricultural commodities for the relief of human hunger, and for promoting economic and social development in less developed countries.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That Public Law 480 of the Eighty-third Congress, as  
4       amended, is further amended as follows:

5       (1) The first section (which provides the short title)  
6       is amended to read as follows:



1 "That this Act may be cited as the 'International Food  
2 for Peace Act of 1959'."

3 (2) Section 2 (which consists of a statement of policy)  
4 is amended to read as follows:

5 "CONGRESSIONAL FINDINGS AND POLICY

6 "SEC. 2. (a) Because of the increased productivity  
7 made possible by science and technology, there is now, for  
8 the first time in history, no reason in physical scarcity for  
9 the continued existence of hunger, anywhere on this earth,  
10 It is now possible and practical for mankind to take co-  
11 operative steps to abolish human hunger.

12 "This being so, massive hunger and suffering from want  
13 of clothing, existing in the world in the shadow of unused  
14 present and potential surpluses of food and fiber, are no  
15 longer tolerable, either morally, politically, or economically.

16 "The Congress, while recognizing the difficult inter-  
17 national, political and economic problems that lie between  
18 hunger and want of clothing in many parts of the world and  
19 food and fiber surpluses in others, declares it to be the policy  
20 of the United States to move as rapidly as possible in co-  
21 operation with other friendly nations, toward putting its  
22 abundance of food and fiber more effectively in the service of  
23 human need,

24 "(b) Peoples who comprise one-third of the human race  
25 have in our generation achieved national independence (or

1 are in the process of doing so) and are in revolt against the  
2 poverty, ignorance, disease, inferior status, and lack of oppor-  
3 tunity which have always been their lot. They are deter-  
4 mined to achieve that economic and social development  
5 necessary to national dignity and individual well-being. To  
6 mobilize their resources with reasonable speed and develop  
7 their economies to a point where they are self-propelled and  
8 self-sustaining they require substantial outside aid over a  
9 considerable period of years. If that aid is adequately forth-  
10 coming from the free world, they have a good chance to  
11 accomplish their purposes in freedom, remaining a part of  
12 the free world and contributing to its strength and well-  
13 being. If it is not forthcoming, their alternative is to seek  
14 it in the Communist world, and in the process to surrender  
15 both personal and national freedom. Deeply aware of and  
16 sympathetic with the aspirations of the world's peoples who  
17 seek in freedom greater national dignity and individual well-  
18 being, the Congress declares it to be the policy of the United  
19 States to help them achieve those aspirations. The Congress  
20 recognizes that for this purpose a number of different kinds  
21 of aid are required, but that among them food and fiber aid  
22 is a highly important form and one whose effectiveness can  
23 be greatly increased. The Congress declares that the agri-  
24 cultural abundance of the United States is not an embarrass-  
25 ment but a blessing to be used in the service of mankind,



1 that it should be so used to the maximum extent possible,  
2 and that if it is so used it can help build essential conditions  
3 of world peace and freedom.

4 “(c) To achieve those larger purposes, the Congress  
5 directs that this Act shall be administered (1) so as to  
6 help other countries carry forward their own national or  
7 regional plans for development in freedom and independence;  
8 (2) so as to support the efforts and programs of the United  
9 Nations, its specialized agencies and affiliated organizations,  
10 and regional organizations of friendly countries, directed  
11 toward the same ends; (3) so as to leave wide latitude  
12 in working out details of national agreements and projects  
13 to United States Chiefs of Missions in negotiations with  
14 the governments concerned; and (4) so as to enlist the  
15 cooperation of other countries in putting agricultural sur-  
16 pluses more effectively in the service of human need and  
17 the economic and social development of less developed  
18 countries.

19 “(d) It is also declared to be the policy of Congress  
20 to expand international trade among the United States and  
21 friendly nations, to facilitate the convertibility of currency,  
22 to promote the economic stability of American agriculture  
23 and the national welfare, to make maximum efficient use of  
24 surplus agricultural commodities in furtherance of the foreign  
25 policy of the United States, and to stimulate and facilitate

1 the expansion of foreign trade in agricultural commodities  
2 produced in the United States by providing a means whereby  
3 surplus agricultural commodities in excess of the usual mar-  
4 ketings of such commodities may be sold through private  
5 trade channels, and foreign currencies accepted in payment  
6 thereof. It is further the policy to use foreign currencies  
7 which accrue to the United States under this Act to expand  
8 international trade, to encourage economic development, to  
9 purchase strategic materials, to pay United States obliga-  
10 tions abroad, to promote collective strength, and to foster in  
11 other ways the foreign policy of the United States."

12 (3) Section 101 (which relates to the negotiation of  
13 agreements) is amended by striking out "and" at the end  
14 of paragraph (d), by changing the period at the end of  
15 paragraph (e) to a semicolon, and by adding at the end of  
16 such section the following new paragraphs:

17 " (f) seek, insofar as possible, to enter into such  
18 agreement for periods in excess of one year; and

19 " (g) give maximum attention to utilizing the  
20 authority and funds provided by this Act to further the  
21 economic and social development plans of underde-  
22 veloped countries."

23 (4) Section 103 (b) (prescribing limit on appropria-  
24 tions) is amended to read as follows:

25 " (b) Agreements shall not be entered into under this



1 title during the period beginning July 1, 1959, and ending  
2 June 30, 1964, which will call for appropriations to reim-  
3 burse the Commodity Credit Corporation, pursuant to sub-  
4 section (a) of this section, in amounts in excess of  
5 \$2,000,000,000 annually, plus any amount by which agree-  
6 ments entered into in prior years have called or will call  
7 for appropriations to reimburse the Commodity Credit Cor-  
8 poration in amounts less than authorized for such prior  
9 fiscal years by this Act as in effect during such fiscal years.”

10 (5) Section 103 is further amended by adding at the  
11 end thereof the following new subsection:

12 “(c) In carrying out programs and activities under  
13 this title, the President shall, insofar as possible, coordinate  
14 such programs and activities with other United States and  
15 international programs and activities directed toward the  
16 same end.”

17 (6) Section 104(e) (relating to loans for trade ex-  
18 pansion) is amended by striking out “Export-Import Bank  
19 for loans mutually agreeable to said bank” and inserting in  
20 lieu thereof “United States Development Loan Fund created  
21 by title II of chapter II of the Mutual Security Act of 1954,  
22 as amended, for loans mutually agreeable to said Fund”,  
23 and by inserting before the semicolon at the end thereof a  
24 colon and the following: “*Provided further*, That funds  
25 which have accrued under this section and which are un-

1 committed may at the discretion of the President, be placed  
2 under the administration of the Development Loan Fund”.

3 (7) Section 104 (g) (relating to the promotion of trade  
4 and economic development) is amended to read as follows:

5 “(g) For loans and grants to promote multilateral  
6 trade and economic development, made through established  
7 banking facilities of the friendly nation from which the  
8 foreign currency was obtained or in any other manner which  
9 the President may deem to be appropriate. Interest on loans  
10 made under this subsection shall be at such rate, not to ex-  
11 ceed  $2\frac{1}{2}$  per centum per annum, as the President shall de-  
12 termine. Strategic materials, services, or foreign currencies  
13 may be accepted in payment of such loans;”.

14 (8) Section 104 (h) (relating to international educa-  
15 tional exchange activities) is amended by striking out the  
16 words “in such amounts as may be specified from time to  
17 time in appropriation acts” and by striking out the semi-  
18 colon at the end thereof and inserting in lieu thereof a  
19 period and the following: “Such currencies may also be used  
20 for making grants to United States nonprofit organizations  
21 and institutions for carrying out such exchange of persons  
22 projects under this paragraph between the United States  
23 and other countries as may be agreed upon between such  
24 organizations and institutions and the Secretary of State,  
25 but no such grants shall be made to any organization or



1 institution which does not agree to provide the dollar funds  
2 which the Secretary of State deems necessary to carry for-  
3 ward agreed projects to a successful conclusion;”.

4 (9) Section 104 (k) (relating to scientific activities) is  
5 amended by striking out “but no foreign currencies shall  
6 be used for the purposes of this subsection (k) unless spe-  
7 cific appropriations be made therefor” and inserting in lieu  
8 thereof the following: “and to promote and support pro-  
9 grams of medical and scientific research, cultural and edu-  
10 cational development, health, nutrition, and sanitation”.

11 (10) Section 104 (o) (relating to assistance to educa-  
12 tional facilities sponsored by United States citizens) is  
13 amended by striking out so much thereof as follows the  
14 semicolon.

15 (11) Section 104 (relating to uses of foreign curren-  
16 cies) is amended by inserting after paragraph (o) the fol-  
17 lowing new paragraphs:

18 “(p) For supporting workshops in American studies or  
19 American educational techniques, and supporting chairs in  
20 American studies.

21 “(q) For financing technicians and other personnel of  
22 the United Nations Food and Agriculture Organization and  
23 World Health Organization (including necessary equipment  
24 and supplies) engaged in (i) consulting and advising on,  
25 conducting, or administering government programs designed

1 to relieve chronic hunger and malnutrition, (ii) consulting  
2 and advising on programs for the storage, management, and  
3 operation of national food reserves, or (iii) training local  
4 technical, administrative, and other personnel needed to  
5 carry out such programs;

6 “(r) For financing research, surveys, conferences, pub-  
7 licity, and other activities which the President shall find to  
8 be helpful in support of the projected ‘Free the World From  
9 Hunger’ campaign of the United Nations Food and Agri-  
10 culture Organization; and for such purposes and the purposes  
11 of paragraph (q) any currencies of any country available  
12 under this Act may be transferred to and used in any other  
13 country;

14 “(s) For financing local currency cost components of  
15 projects undertaken by the United Nations Special Fund for  
16 which such Fund pays foreign exchange costs;

17 “(t) For contributions, in addition to United States  
18 dollar contributions, to the capital fund of any international  
19 development association or organization of which the United  
20 States is a member which may be established as an affiliate  
21 of the International Bank for Reconstruction and Develop-  
22 ment for the purpose of making long-term loans for economic  
23 development;

24 “(u) For financing the preparation, distribution, and



1 exhibiting of audio-visual informational and educational ma-  
2 terials, including Government materials, abroad;

3 “(v) For transfer to the International Finance Cor-  
4 poration for the purpose of promoting private investment  
5 abroad under such arrangement as may be agreed upon  
6 between the President, said Corporation, and the country  
7 whose currency is involved;

8 “(w) For financing the services of technicians, advisers,  
9 and administrators who are nationals of any friendly country,  
10 which may be needed to further economic and social develop-  
11 ment programs in other friendly countries;

12 “(x) For financing relief and rehabilitation projects  
13 undertaken following disasters or for assistance to refugees.”

14 (12) Section 104 is further amended by inserting be-  
15 fore the period at the end thereof a comma and the following:  
16 “and from time to time release for the general purposes of  
17 this title funds that may have accrued in excess of prospec-  
18 tive needs for payment of United States obligations”.

19 (13) Section 106 (which relates to determination of  
20 nations with which agreements shall be negotiated) is  
21 amended by striking out the words “Secretary of Agriculture”  
22 where they appear the second time and inserting in lieu  
23 thereof “President”.

24 (14) Section 107 (which defines “friendly nation”) is  
25 amended by inserting before the period at the end thereof a

1 colon and the following: "*Provided*, That such term shall  
2 not exclude any nation referred to in clause (2) if the Presi-  
3 dent determines that the making and carrying out of agree-  
4 ments with such nation under this Act will be in the interest  
5 of attaining the foreign policy objectives of the United  
6 States".

7 (15) Section 109 (which relates to the duration of the  
8 program under title I) is amended by striking out "December  
9 31, 1959" and inserting in lieu thereof "June 30, 1964".

10 (16) Section 202 (authorizing grants of surplus com-  
11 modities for famine relief) is amended by striking out "with  
12 friendly governments or through voluntary agencies" and in-  
13 serting in lieu thereof "by or with friendly governments or  
14 voluntary relief agencies to carry out the purposes of section  
15 201 and to assist friendly nations in establishing, expand-  
16 ing, or carrying out programs, including programs under-  
17 taken with the assistance of experts and technicians of the  
18 United Nations Food and Agriculture Organization, and the  
19 World Health Organization for the relief of chronic hunger  
20 and malnutrition".

21 (17) Section 203 (which imposes limits on expendi-  
22 tures under title II) is amended by striking out the first  
23 sentence and inserting in lieu thereof the following: "Not  
24 more than \$250,000,000, including the Corporation's in-  
25 vestment in the commodities, shall be expended annually



1 for all such transfers and for other costs authorized by this  
2 title.”

3 (18) Section 204 (which relates to the duration of the  
4 program under title II) is amended by striking out “Decem-  
5 ber 31, 1959” and inserting in lieu thereof “June 30, 1964”.

6 (19) Section 304 (b) (which prohibits certain transac-  
7 tions with the Union of Soviet Socialist Republics and areas  
8 dominated or controlled by the Communist regime in China)  
9 is amended by striking out “title I or title III” and inserting  
10 in lieu thereof “title I, title III, title IV, title V, or title  
11 VI”.

12 (20) Title III is further amended by adding at the end  
13 thereof a new section as follows:

14 “SEC. 306. Notwithstanding any other provision of law,  
15 the Commodity Credit Corporation is hereby directed—

16 “(1) to dispose of its stocks of edible oils or prod-  
17 ucts thereof by donation, upon such terms and conditions  
18 as the Secretary of Agriculture deems appropriate, to  
19 nonprofit voluntary agencies registered with the Depart-  
20 ment of State, appropriate agencies of the Federal Gov-  
21 ernment or international organizations, for use in the  
22 assistance of needy persons outside the United States;

23 “(2) to purchase for donation as provided above  
24 such quantities of edible oils and the products thereof as  
25 the Secretary determines will maintain the support level

1 for cottonseed and soybeans without requiring the  
2 acquisition of such commodities under the price support  
3 program.

4 Commodity Credit Corporation may incur such additional  
5 costs with respect to commodities to be donated hereunder  
6 as it is authorized to incur with respect to food commodities  
7 disposed of under section 416 of the Agricultural Act of  
8 1949, and may pay ocean freight charges from United States  
9 ports to designated ports of entry abroad.”

10 (21) Such Act is further amended by adding at the  
11 end thereof the following new titles:

12 “TITLE IV—LONG TERM SUPPLY CONTRACTS

13 “SEC. 401. The purpose of this title is to utilize agri-  
14 cultural commodities and the products thereof produced in  
15 the United States, including but not limited to agricultural  
16 commodities in surplus supply, to assist the economic devel-  
17 opment of friendly nations by assuring such nations a stable  
18 supply of agricultural commodities on long-term credit for  
19 domestic consumption during periods of economic develop-  
20 ment so that the resources and manpower of such nations  
21 may be utilized more effectively for industrial and other  
22 domestic economic development without jeopardizing mean-  
23 while adequate supplies of agricultural commodities for  
24 domestic use.

25 “SEC. 402. In furtherance of this purpose, the President



1 is authorized to enter into agreements with friendly nations  
2 under the terms of which the United States shall undertake  
3 to deliver annually (a) certain quantities of wheat, rice, cot-  
4 ton, feed grains, or tobacco, or (b) such other surplus agri-  
5 cultural commodities as may from time to time be available,  
6 for periods of not to exceed ten years.

7       “SEC. 403. Payment for such commodities shall be in  
8 dollars or in services or in strategic or other materials of  
9 which the United States does not domestically produce its re-  
10 quirements, as the President may from time to time deter-  
11 mine, with interest at such rate as the President may deter-  
12 mine but not more than  $2\frac{1}{2}$  per centum per year. Payment  
13 may be made in approximately equal annual amounts over  
14 periods of not to exceed forty years from the date of the last  
15 delivery of commodities under the agreement and interest  
16 shall be computed from the date of such last delivery.

17       “SEC. 404. Any such agreement shall include the fol-  
18 lowing undertakings on the part of the purchasing nation as  
19 conditions of such contract:

20       “(1) That commodities provided hereunder will not re-  
21 place any usual imports of the same or similar commodities  
22 by such nation from friendly nations;

23       “(2) That commodities provided hereunder will be used  
24 only for domestic consumption and that none of such com-

1 commodities will be sold outside the purchasing nation either  
2 directly or through replacement of domestic production.

3 “SEC. 405. In entering into such agreements, the Presi-  
4 dent shall endeavor to reach agreement with other exporting  
5 nations of such commodities for their participation in the  
6 supply and assistance program herein authorized on a pro-  
7 portionate and equitable basis.

8 “SEC. 406. In carrying out this title, the provisions of  
9 sections 101, 102, 103 (a), 106, 107, and 108 of this Act  
10 shall be applicable to the extent not inconsistent with this  
11 title.

## 12 “TITLE V—NATIONAL FOOD RESERVES

13 “SEC. 501. The President is authorized to implement the  
14 resolution adopted by the United Nations on February 20,  
15 1957 (United Nations Resolution 1025 [XI]), which was  
16 sponsored by the United States, calling for international  
17 cooperation in the establishment of national food reserves  
18 by making transfers of surplus agricultural commodities for  
19 the purpose of establishing such reserves. The Commodity  
20 Credit Corporation shall make available to the President  
21 out of its stocks such agricultural commodities as he may  
22 request for this purpose.

23 “SEC. 502. In making transfers under this title, the  
24 President may provide for delivery free on board vessels in



1 United States ports and, upon a determination by the Presi-  
2 dent that it is necessary to accomplish the purposes of such  
3 resolution, for the payment of ocean freight charges from  
4 United States ports to designated ports of entry abroad, and  
5 for the furnishing of technical and other assistance in provid-  
6 ing storage facilities for the food reserves so established.

7 “SEC. 503. (a) No assistance under this title shall be  
8 furnished to any nation or organization of nations unless such  
9 nation or organization agrees—

10 “(1) to use the commodities furnished under this  
11 title to establish national food reserves;

12 “(2) to maintain the food reserves so established  
13 at agreed levels;

14 “(3) to consult with and utilize the services of  
15 experts and technicians of the United Nations Food and  
16 Agriculture Organization with respect to technical prob-  
17 lems of storage, management, and operation of national  
18 food reserves;

19 “(4) to maintain and operate such reserves in such  
20 manner that they will not interfere with normal com-  
21 mercial trade of the United States or other friendly  
22 nations.

23 “(b) The President is authorized to make transfers of  
24 commodities under title II wherever necessary to replenish

1 reserves which are depleted as a result of famine or other  
2 urgent or extraordinary relief requirements.

3 "SEC. 504. There are hereby authorized to be appro-  
4 priated such sums as may be necessary to carry out the pro-  
5 visions of this title. Sums appropriated for such purpose  
6 shall be available to reimburse the Commodity Credit Cor-  
7 poration for the Corporation's investment in commodities  
8 transferred hereunder and for all costs referred to in section  
9 103 (a).

10 "SEC. 505. No grants or other assistance shall be fur-  
11 nished under this title after June 30, 1964.

12 "TITLE VI—BINATIONAL FOUNDATIONS

13 "SEC. 601. (a) The President is authorized to negotiate  
14 and carry out agreements with friendly nations to provide  
15 for the establishment in such countries of nonprofit founda-  
16 tions to foster and promote research, education, health, and  
17 public welfare.

18 "(b) A foundation established under this title shall be  
19 under the direction of a board of trustees consisting of—

20 "(1) a number, to be determined by the agree-  
21 ment between the United States and the country in  
22 which the foundation is located, of the nationals of such  
23 country appointed by the Government thereof;

24 "(2) an equal number of nationals of the United



1 States (one of whom shall be the chief of the United  
2 States diplomatic mission to such country) appointed by  
3 the President; and

4 “(3) one member, who shall be chairman, who  
5 shall be appointed by the government of such country  
6 with the approval of a majority of the members ap-  
7 pointed as provided in clauses (1) and (2).

8 Members of a board of trustees shall serve at the pleasure of  
9 the appointing authority, and vacancies shall be filled in the  
10 same manner as in the case of the original appointments.

11 “SEC. 602. Notwithstanding the provisions of section  
12 1415 of the Supplemental Appropriation Act, 1953, or any  
13 other provision of law, the President is authorized to grant  
14 to any foundation established under this title for use in carry-  
15 ing out the purposes specified in section 601 (a) any un-  
16 expended local currencies which accrue to the United States,  
17 as repayments of principal or payment of interest on loans  
18 heretofore or hereafter made by the United States under  
19 section 104. Any such currencies may be used for direct  
20 expenditure, or may be invested and the proceeds used, for  
21 carrying out this title.

22 “TITLE VII—ADMINISTRATION

23 “SEC. 701. (a) There is hereby established in the  
24 Executive Office of the President an agency to be known as  
25 the Peace Food Administration, which shall be headed by

1 a Peace Food Administrator appointed by the President by  
2 and with the advice and consent of the Senate. The Peace  
3 Food Administrator shall serve at the pleasure of the Pres-  
4 ident and shall receive compensation at the rate of \$21,000  
5 per annum.

6 “(b) (1) The President shall carry out the functions  
7 conferred upon him by this Act and section 402 of the Mutual  
8 Security Act of 1954, as amended, either directly or through  
9 the Peace Food Administrator.

10 “(2) The President is authorized to transfer to the  
11 Peace Food Administrator the functions of any other agency  
12 which he determines are related to the functions of, and can  
13 be more effectively or economically carried out by, the Peace  
14 Food Administrator, together with any personnel or property  
15 used primarily in carrying out such functions.

16 “(c) The Peace Food Administrator is authorized to  
17 make such expenditures and appoint and fix the compensa-  
18 tion of such personnel as may be necessary to enable him  
19 to carry out his functions.

20 “SEC. 702. (a) There is hereby established a Peace  
21 Food Policy Committee which shall consist of an Assistant  
22 Secretary, or officer of comparable level, of each of the fol-  
23 lowing departments or agencies: Departments of State,  
24 Treasury, Agriculture, Commerce, Health, Education, and  
25 Welfare, and the International Cooperation Administration.



1       “(b) It shall be the duty of the Peace Food Policy  
2 Committee to advise and consult with the Peace Food  
3 Administrator concerning the administration of this Act.  
4 The Committee shall meet from time to time upon request  
5 of the Peace Food Administrator and at such other times as  
6 it may deem necessary.

7       “SEC. 703. (a) There is hereby established a Peace  
8 Food Advisory Committee which shall consist of representa-  
9 tives of the following and such other groups as the President  
10 deems advisable who shall be appointed by the President  
11 for terms of two years:

12           “(1) The major agricultural organizations;

13           “(2) Exporters of food and fiber;

14           “(3) Voluntary agencies such as Cooperative for  
15 American Remittances to Europe (CARE) and church  
16 groups;

17           “(4) Educational groups; and

18           “(5) Voluntary health groups.

19       “(b) It shall be the duty of the Peace Food Advisory  
20 Committee to advise and consult with the Peace Food Admin-  
21 istrator, and to make such recommendations as it deems  
22 advisable, concerning the administration of this Act. The  
23 Committee shall meet from time to time upon request of the  
24 Peace Food Administrator and at such other times as it may  
25 deem necessary. In carrying out its duties under this Act,

1 the Committee shall invite a representative of the United  
2 Nations Food and Agriculture Organization to meet with the  
3 Committee in order that, through him, the views of other  
4 exporting countries might be heard and their interests taken  
5 into account.

6 “(c) Members of the Advisory Committee shall be  
7 entitled, while attending meetings of the Committee, to  
8 receive compensation at the rate of \$50 per diem, and while  
9 away from their homes or regular places of business they may  
10 be allowed travel expenses, including per diem in lieu of  
11 subsistence, as authorized by law for persons in the Govern-  
12 ment service employed intermittently.

13 “SEC. 704. In negotiating agreements under this Act,  
14 the President shall give due consideration to the internal and  
15 external political and economic conditions of the countries  
16 concerned by drawing upon the appropriate title or titles of  
17 this Act in such manner as to carry out more effectively the  
18 policy set forth in section 2.”









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## A BILL

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To promote the foreign policy of the United States and help to build essential world conditions of peace, by the more effective use of United States agricultural commodities for the relief of human hunger, and for promoting economic and social development in less developed countries.

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By Mr. HUMPHREY, Mr. CARROLL, Mr. HART,  
Mr. KENNEDY, Mr. MCCARTHY, Mr. MCGEE,  
Mr. MONRONEY, Mr. MORSE, Mr. MURRAY,  
Mr. WILLIAMS of New Jersey, Mr. CHURCH,  
Mr. NEUBERGER, Mr. CLARK, Mr. MANSFIELD,  
Mr. HENNING, and Mr. SYMINGTON

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APRIL 16 (legislative day, APRIL 15), 1959

Read twice and referred to the Committee on  
Foreign Relations

United States could not support the settlement of dispute by force—even of our closest friends. It is one of the magnificent decisions in the history of this country. It was attacked in the Congress. Some of the great leaders of the press were not clear about its meaning at that time. Despite the serious implications of that decision, which was a difficult one for him and for our country, considering our friendship for Britain, France and Israel it was a proper decision, in the light of the moral position of the United States.

The qualities and services of Mr. John Foster Dulles are known to us and to the world. I simply end by saying that his indomitable courage, his selflessness and his intense love and defense of freedom have marked him as a man apart in this generation and, indeed, in the history of our country.

Our country and the free people of the world owe much to Mr. Dulles. We are sad that illness has caused him to lay down his duties, to which he gave full devotion.

Mr. DODD. Mr. President, the tragic news of the worsening illness and the consequent resignation of Secretary Dulles has caused a saddening pause in the Nation and throughout the free world, a pause in which freemen ponder his greatness, calculate the cost of his absence, and ask ourselves where we go from here.

For several years Secretary Dulles has been made the principal target for whatever dissatisfaction our free world allies had with the United States. Here at home he has generally been made the butt of any disappointment over world conditions. I recall my own expressions of criticism on particular occasions. But at this hour I am comforted in the knowledge that my criticism never reached—because it was never directed at—his tremendous intellect or his noble heart.

Mr. President, the news of the illness and the resignation of Secretary of State Dulles has brought a realization of his greatness to even his severest critics.

The chief architect of the free world policy of resistance to Communist aggression has stepped down. From the capitals of the world, from the press, from spokesmen of both our political parties, have come a stream of statements that carry the conviction and the sincerity that are so lacking in the ordinary platitudes and perfunctory condolences which are usual at such times.

From London to Ankara, from Stockholm to Bandung, there is solemn recognition that the free world has lost a source of moral strength, of political sagacity, of diplomatic acumen, and of limitless dedication to freedom, that may prove impossible to replace.

For more than 6 years Mr. Dulles has shouldered a burden greater than that which any other American Secretary of State has ever carried. Throughout that period he has been the principal formulator of American policy, as well as the chief negotiator and administrator of that policy.

In an era when other leaders have evaded responsibility, Mr. Dulles has as-

sumed full responsibility, without dodging or flinching.

In an era when, after brief sojourns, other Government officials have seen fit to abandon their posts, to return to the pleasure and profit of private life, Mr. Dulles has enlisted for the duration of his life and his strength.

In an era when public figures have shrunk from criticism and have complained of mistreatment, Mr. Dulles has asked for no immunity, has issued no complaints, has made no apologies.

In an era of petty politics and partisan recriminations, Mr. Dulles has been magnanimous and selfless.

Mr. Dulles' policies were characterized by an insistence upon principle above expediency, by a refusal to barter away freedom anywhere in the world, by a determination to uphold the rights of the United States and of free nations everywhere, by a willingness to face up to the consequences of firmness, and by a confidence in the basic strength of this Nation and in the ultimate triumph of freedom and of the moral law.

In recent months the dawning recognition throughout the free world of his personal stature and of the moral and political soundness of his policies has been a heartening indication that his example will continue to serve us long after his active career has ended.

The genius of our political system is now challenged. To say that the American Government has suffered a staggering loss is merely to say the obvious. What Thomas Jefferson said of Benjamin Franklin can now be said of John Foster Dulles: "He cannot be replaced; he can only be succeeded."

Mr. President, we cannot repair this loss in a week or a month. But we of this Congress and this administration can try to repair the loss by exercising a degree of statesmanship, cooperation, and unity that will assist Mr. Dulles' successor—whoever he may be—to proceed with a boldness, a vigor, and an objectivity born of confidence in the full backing of a united America.

#### INTERNATIONAL FOOD FOR PEACE ACT OF 1959

Mr. HUMPHREY. Mr. President, on behalf of the Senator from Colorado [Mr. CARROLL], the Senator from Michigan [Mr. HART], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Wyoming [Mr. McGEE], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Oregon [Mr. MORSE], the Senator from Montana [Mr. MURRAY], the Senator from Wisconsin [Mr. PROXMIER], the Senator from New Jersey [Mr. WILLIAMS], and myself, I introduce, for appropriate reference, a bill entitled "Food for Peace Act." It is a bill to promote the foreign policy of the United States and help to build essential world conditions of peace, by the more effective use of United States agricultural commodities for the relief of human hunger, and for promoting economic and social development in less developed countries.

The purpose of the Food for Peace Act is to so amend and revise Public Law 480 as to make it a more effective instrument for using U.S. abundance of food and fiber to help build essential world conditions of peace and freedom and thereby strengthen and promote the foreign policies of the United States. It is intended to enable the United States to promote more effectively the economic and social development of friendly nations and to lead the way in cooperation with other nations toward the abolition of human hunger.

A Peace Food Administration would be established—title VII—in the Executive Office of the President, headed by a Peace Food Administrator, to aid the President in carrying out the purposes of the act and also the purpose of section 402 of the Mutual Security Act of 1954, as amended. There would also be created an Interdepartmental Peace Food Policy Committee to advise and consult with the Peace Food Administrator, and also a Peace Food Advisory Committee consisting of representatives of private U.S. groups and organizations.

The act would authorize:

Title I: A 5-year program of local currency sales of U.S. surplus agricultural commodities at a rate of \$2 billion a year—as compared with \$1½ billion a year under the present Public Law 480;

Title II: Continuation of title II of Public Law 480 to provide emergency assistance, through grants of surplus agricultural commodities, over a period of 5 years at a rate not exceeding \$250 million a year, to friendly peoples in meeting famine or other emergency relief requirements; and grants of such commodities to assist friendly nations in establishing, expanding, or carrying out programs for the relief of chronic hunger and malnutrition;

Title III: Continuation of title III of Public Law 480, with minor changes, which provides for, first, use by Federal agencies in making payment for commodities not produced in the United States; second, barter of surplus agricultural commodities for strategic or other materials; third, grants to public and private agencies for use in the United States in nonprofit school lunch programs, nonprofit summer camps, for children, charitable institutions (including hospitals), and assistance to needy persons; and, fourth, grants to nonprofit voluntary agencies for use in the assistance of needy persons outside the United States;

Title IV: A 10-year program of long-term supply contracts for U.S. surplus agricultural commodities with interest not to exceed 2½ percent per year, payment—in dollars, services, strategic or other materials—to be made over a period of 40 years from the date of the last delivery of commodities under the contracts and interest computed from the date of such last delivery;

Title V: Grants of surplus agricultural commodities over a period of 5 years to help food-deficit countries, under agreements, build up and maintain minimum national food reserves—in accordance with the U.S.-sponsored resolution



adopted by the United Nations on February 20, 1957;

Title VI: Negotiation of agreements with friendly countries to establish in such countries binational, nonprofit foundations to foster and promote research, education, health and public welfare, and to grant to such foundations unexpended local currencies which accrue to the United States as repayments of principal or payment of interest on local currency loans heretofore made by the United States under Public Law 480 or made hereafter under the Food for Peace Act.

In addition to the foregoing, the Food for Peace Act would authorize a number of additions to the authorized uses, in addition to those in Public Law 480, for local currencies accruing from sales of surplus agricultural commodities under title I. Of these, five would permit the use of such currencies to buttress and extend social and economic development projects and activities of the United Nations Special Fund, the United Nations Food and Agriculture Organization, the World Health Organization, the International Finance Corporation, and an International Development Loan Association if and when such may be established. Others would permit more effective use of such currencies in promoting international educational exchanges; research, educational development, and health and education; and technical assistance. On loans of local currencies for economic development, the act would specify a maximum interest rate of 2½ percent.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD at this point as a part of my remarks, and that the press release issued by my office be also printed in the RECORD at this point as a part of my remarks.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill and press release will be printed in the RECORD, as requested.

The bill (S. 1711) to promote the foreign policy of the United States and help to build essential world conditions of peace, by the more effective use of U.S. agricultural commodities for the relief of human hunger, and for promoting economic and social development in less developed countries, introduced by Mr. HUMPHREY for himself and other Senators, was received, read twice by its title, referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Public Law 480 of the Eighty-third Congress, as amended, is further amended as follows:*

(1) The first section (which provides the short title) is amended to read as follows: "That this Act may be cited as 'The International Food for Peace Act of 1959'."

(2) Section 2 (which consists of a statement of policy) is amended to read as follows:

#### "CONGRESSIONAL FINDINGS AND POLICY

"SEC. 2. (a) Because of the increased productivity made possible by science and technology, there is now, for the first time

in history, no reason in physical scarcity for the continued existence of hunger—anywhere on this earth. It is now possible and practical for mankind to take cooperative steps to abolish human hunger.

"This being so, massive hunger and suffering from want of clothing, existing in the world in the shadow of unused present and potential surpluses of food and fiber, are no longer tolerable, either morally, politically, or economically.

"The Congress, while recognizing the difficult international, political and economic problems that lie between hunger and want of clothing in many parts of the world and food and fiber surpluses in others, declares it to be the policy of the United States to move as rapidly as possible in cooperation with other friendly nations, toward putting its abundance of food and fiber more effectively in the service of human need.

"(b) Peoples who comprise one-third of the human race have in our generation achieved national independence (or are in the process of doing so) and are in revolt against the poverty, ignorance, disease, inferior status, and lack of opportunity which have always been their lot. They are determined to achieve that economic and social development necessary to national dignity and individual well-being. To mobilize their resources with reasonable speed and develop their economies to a point where they are self-propelled and self-sustaining they require substantial outside aid over a considerable period of years. If that aid is adequately forthcoming from the free world, they have a good chance to accomplish their purposes in freedom, remaining a part of the free world and contributing to its strength and well-being. If it is not forthcoming, their alternative is to seek it in the Communist world, and in the process to surrender both personal and national freedom. Deeply aware of and sympathetic with the aspirations of the world's peoples who seek in freedom greater national dignity and individual well-being, the Congress declares it to be the policy of the United States to help them achieve those aspirations. The Congress recognizes that for this purpose a number of different kinds of aid are required, but that among them food and fiber aid is a highly important form and one whose effectiveness can be greatly increased. The Congress declares that the agricultural abundance of the United States is not an embarrassment but a blessing to be used in the service of mankind, that it should be so used to the maximum extent possible, and that if it is so used it can help build essential conditions of world peace and freedom.

"(c) To achieve those larger purposes, the Congress directs that this Act shall be administered (1) so as to help other countries carry forward their own national or regional plans for development in freedom and independence; (2) so as to support the efforts and programs of the United Nations, its specialized agencies and affiliated organizations, and regional organizations of friendly countries, directed toward the same ends; (3) so as to leave wide latitude in working out details of national agreements and projects to United States Chiefs of Missions in negotiations with the governments concerned; and (4) so as to enlist the cooperation of other countries in putting agricultural surpluses more effectively in the service of human need and the economic and social development of less developed countries.

"(d) It is also declared to be the policy of Congress to expand international trade among the United States and friendly nations, to facilitate the convertibility of currency, to promote the economic stability of American agriculture, and the national welfare, to make maximum efficient use of surplus agricultural commodities in further-

ance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment thereof. It is further the policy to use foreign currencies which accrue to the United States under this Act to expand international trade, to encourage economic development, to purchase strategic materials, to pay United States obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the United States."

(3) Section 101 (which relates to the negotiation of agreements) is amended by striking out "and" at the end of paragraph (d), by changing the period at the end of paragraph (e) to a semicolon, and by adding at the end of such section the following new paragraphs:

"(f) seek, insofar as possible, to enter into such agreements for periods in excess of one year; and

"(g) give maximum attention to utilizing the authority and funds provided by this Act to further the economic and social development plans of underdeveloped countries."

(4) Section 103(b) (prescribing limit on appropriations) is amended to read as follows:

"(b) Agreements shall not be entered into under this title during the period beginning July 1, 1959, and ending June 30, 1964, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$2,000,000,000 annually, plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior fiscal years by this Act as in effect during such fiscal years."

(5) Section 103 is further amended by adding at the end thereof the following new subsection:

"(c) In carrying out programs and activities under this title, the President shall, insofar as possible, coordinate such programs and activities with other United States and international programs and activities directed toward the same end."

(6) Section 104(e) (relating to loans for trade expansion) is amended by striking out "Export-Import Bank for loans mutually agreeable to said bank" and inserting in lieu thereof "United States Development Loan Fund created by title II of chapter II of the Mutual Security Act of 1954, as amended, for loans mutually agreeable to said Fund", and by inserting before the semicolon at the end thereof a colon and the following: "Provided further, That funds which have accrued under this section and which are uncommitted may at the discretion of the President, be placed under the administration of the Development Loan Fund".

(7) Section 104(g) (relating to the promotion of trade and economic development) is amended to read as follows:

"(g) For loans and grants to promote multilateral trade and economic development, made through established banking facilities of the friendly nation from which the foreign currency was obtained or in any other manner which the President may deem to be appropriate. Interest on loans made under this subsection shall be at such rate, not to exceed 2½ per centum per annum, as the President shall determine. Strategic materials, services, or foreign currencies may be accepted in payment of such loans;".

(8) Section 104(h) (relating to international educational exchange activities) is



amended by striking out the words "in such amounts as may be specified from time to time in appropriation acts" and by striking out the semicolon at the end thereof and inserting in lieu thereof a period and the following: "Such currencies may also be used for making grants to United States nonprofit organizations and institutions for carrying out such exchange of persons projects under this paragraph between the United States and other countries as may be agreed upon between such organizations and institutions and the Secretary of State, but not such grants shall be made to any organization or institution which does not agree to provide the dollar funds which the Secretary of State deems necessary to carry forward agreed projects to a successful conclusion;"

(9) Section 104(k) (relating to scientific activities) is amended by striking out "but no foreign currencies shall be used for the purposes of this subsection (k) unless specific appropriations be made therefor" and inserting in lieu thereof the following: "and to promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation".

(10) Section 104(o) (relating to assistance to educational facilities sponsored by United States citizens) is amended by striking out so much thereof as follows the semicolon.

(11) Section 104 (relating to uses of foreign currencies) is amended by inserting after paragraph (o) the following new paragraphs:

"(p) For supporting workshops in American studies or American educational techniques, and supporting chairs in American studies.

"(q) For financing technicians and other personnel of the United Nations Food and Agriculture Organization and World Health Organization (including necessary equipment and supplies) engaged in (i) consulting and advising on, conducting, or administering Government programs designed to relieve chronic hunger and malnutrition, (ii) consulting and advising on programs for the storage, management, and operation of national food reserves, or (iii) training local technical, administrative, and other personnel needed to carry out such programs;

"(r) For financing research, surveys, conferences, publicity, and other activities which the President shall find to be helpful in support of the projected 'Free the World from Hunger' campaign of the United Nations Food and Agriculture Organization; and for such purposes and the purposes of paragraph (q) any currencies of any country available under this Act may be transferred to and use in any other country;

"(s) For financing local currency cost components of projects undertaken by the United Nations Special Fund for which such Fund pays foreign exchange costs;

"(t) For contributions, in addition to United States dollar contributions, to the capital fund of any international development association or organization of which the United States is a member which may be established as an affiliate of the International Bank for Reconstruction and Development for the purpose of making long-term loans for economic development;

"(u) For financing the preparation, distribution, and exhibiting of audio-visual informational and educational materials, including Government materials, abroad;

"(v) For transfer to the International Finance Corporation for the purpose of promoting private investment abroad under such arrangement as may be agreed upon between the President, said Corporation, and the country whose currency is involved;

"(w) For financing the services of technicians, advisers, and administrators who are nationals of any friendly country, which may be needed to further economic and social development programs in other friendly countries;

"(x) For financing relief and rehabilitation projects undertaken following disasters or for assistance to refugees."

(12) Section 104 is further amended by inserting before the period at the end thereof a comma and the following: "and from time to time release for the general purposes of this title funds that may have accrued in excess of prospective needs for payment of United States obligations".

(13) Section 106 (which relates to determination of nations with which agreements shall be negotiated) is amended by striking out the words "Secretary of Agriculture" where they appear the second time and inserting in lieu thereof "President".

(14) Section 107 (which defines "friendly nation") is amended by inserting before the period at the end thereof a colon and the following: "Provided, That such term shall not exclude any nation referred to in clause (2) if the President determines that the making and carrying out of agreements with such nation under this Act will be in the interest of attaining the foreign-policy objectives of the United States".

(15) Section 109 (which relates to the duration of the program under title I) is amended by striking out "December 31, 1959" and inserting in lieu thereof "June 30, 1964".

(16) Section 202 (authorizing grants of surplus commodities for famine relief) is amended by striking out "with friendly governments or through voluntary agencies" and inserting in lieu thereof "by or with friendly governments or voluntary relief agencies to carry out the purposes of section 201 and to assist friendly nations in establishing, expanding, or carrying out programs, including programs undertaken with the assistance of experts and technicians of the United Nations Food and Agriculture Organization, and the World Health Organization for the relief of chronic hunger and malnutrition".

(17) Section 203 (which imposes limits on expenditures under title II) is amended by striking out the first sentence and inserting in lieu thereof the following: "Not more than \$250,000,000, including the Corporation's investment in the commodities, shall be expended annually for all such transfers and for other costs authorized by this title."

(18) Section 204 (which relates to the duration of the program under title II) is amended by striking out "December 31, 1959" and inserting in lieu thereof "June 30, 1964".

(19) Section 304(b) (which prohibits certain transactions with the Union of Soviet Socialist Republics and areas dominated or controlled by the Communist regime in China) is amended by striking out "title I or title III" and inserting in lieu thereof "title I, title III, title IV, title V, or title VI".

(20) Title III is further amended by adding at the end thereof a new section as follows:

"SEC. 306. Notwithstanding any other provision of law, the Commodity Credit Corporation is hereby directed—

"(1) to dispose of its stocks of edible oils or products thereof by donation, upon such terms and conditions as the Secretary of Agriculture deems appropriate, to nonprofit voluntary agencies registered with the Department of State, appropriate agencies of the Federal Government or international organizations, for use in the assistance of needy persons outside the United States;

"(2) to purchase for donation as provided above such quantities of edible oils and the products thereof as the Secretary determines will maintain the support level for cottonseed and soybeans without requir-

ing the acquisition of such commodities under the price support program.

Commodity Credit Corporation may incur such additional costs with respect to commodities to be donated hereunder as it is authorized to incur with respect to food commodities disposed of under section 416 of the Agricultural Act of 1949, and may pay ocean freight charges from United States ports to designated ports of entry abroad."

(21) Such Act is further amended by adding at the end thereof the following new titles:

#### "TITLE IV—LONG TERM SUPPLY CONTRACTS

"SEC. 401. The purpose of this title is to utilize agricultural commodities and the products thereof produced in the United States, including but not limited to agricultural commodities in surplus supply, to assist the economic development of friendly nations by assuring such nations a stable supply of agricultural commodities on long-term credit for domestic consumption during periods of economic development so that the resources and manpower of such nations may be utilized more effectively for industrial and other domestic economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use.

"SEC. 402. In furtherance of this purpose, the President is authorized to enter into agreements with friendly nations under the terms of which the United States shall undertake to deliver annually (a) certain quantities of wheat, rice, cotton, feed grains, or tobacco, or (b) such other surplus agricultural commodities as may from time to time be available, for periods of not to exceed ten years.

"SEC. 403. Payment for such commodities shall be in dollars or in services or in strategic or other materials of which the United States does not domestically produce its requirements, as the President may from time to time determine, with interest at such rate as the President may determine but not more than 2½ per centum per year. Payment may be made in approximately equal annual amounts over periods of not to exceed forty years from the date of the last delivery of commodities under the agreement and interest shall be computed from the date of such last delivery.

"SEC. 404. Any such agreement shall include the following undertakings on the part of the purchasing nation as conditions of such contract:

"(1) That commodities provided hereunder will not replace any usual imports of the same or similar commodities by such nation from friendly nations;

"(2) That commodities provided hereunder will be used only for domestic consumption and that none of such commodities will be sold outside the purchasing nation either directly or through replacement of domestic production.

"SEC. 405. In entering into such agreements, the President shall endeavor to reach agreement with other exporting nations of such commodities for their participation in the supply and assistance program herein authorized on a proportionate and equitable basis.

"SEC. 406. In carrying out this title, the provisions of sections 101, 102, 103(a), 106, 107, and 108 of this Act shall be applicable to the extent not inconsistent with this title.

#### "TITLE V—NATIONAL FOOD RESERVES

"SEC. 501. The President is authorized to implement the resolution adopted by the United Nations on February 20, 1957 (United Nations Resolution 1025 [XI]), which was sponsored by the United States, calling for international cooperation in the establishment of national food reserves by making transfers of surplus agricultural commodities for the purpose of establishing such reserves



serves. The Commodity Credit Corporation shall make available to the President out of its stocks such agricultural commodities as he may request for this purpose.

"SEC. 502. In making transfers under this title, the President may provide for delivery f.o.b. vessels in United States ports and, upon a determination by the President that it is necessary to accomplish the purposes of such resolution, for the payment of ocean freight charges from United States ports to designated ports of entry abroad, and for furnishing of technical and other assistance in providing storage facilities for the food reserves so established.

"SEC. 503. (a) No assistance under this title shall be furnished to any nation or organization of nations unless such nation or organization agrees—

"(1) to use the commodities furnished under this title to establish national food reserves;

"(2) to maintain the food reserves so established at agreed levels;

"(3) to consult with and utilize the services of experts and technicians of the United Nations Food and Agriculture Organization with respect to technical problems of storage, management, and operation of national food reserves;

"(4) to maintain and operate such reserves in such manner that they will not interfere with normal commercial trade of the United States or other friendly nations.

"(b) The President is authorized to make transfers of commodities under title II wherever necessary to replenish reserves which are depleted as a result of famine or other urgent or extraordinary relief requirements.

"SEC. 504. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this title. Sums appropriated for such purpose shall be available to reimburse the Commodity Credit Corporation for the Corporation's investment in commodities transferred hereunder and for all costs referred to in section 103 (a).

"SEC. 505. No grants or other assistance shall be furnished under this title after June 30, 1964.

#### "TITLE VI—BINATIONAL FOUNDATIONS

"SEC. 601. (a) The President is authorized to negotiate and carry out agreements with friendly nations to provide for the establishment in such countries of nonprofit foundations to foster and promote research, education, health, and public welfare.

"(b) A foundation established under this title shall be under the direction of a board of trustees consisting of—

"(1) a number, to be determined by the agreement between the United States and the country in which the foundation is located, of the nationals of such country appointed by the Government thereof;

"(2) an equal number of nationals of the United States (one of whom shall be the chief of the United States diplomatic mission to such country) appointed by the President; and

"(3) one member, who shall be chairman, who shall be appointed by the Government of such country with the approval of a majority of the members appointed as provided in clauses (1) and (2).

Members of a board of trustees shall serve at the pleasure of the appointing authority, and vacancies shall be filled in the same manner as in the case of the original appointments.

"SEC. 602. Notwithstanding the provisions of section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President is authorized to grant to any foundation established under this title for use in carrying out the purposes specified in section 601(a) any unexpended local currencies which accrue to the United States, as repayments of principal or payment of interest on loans heretofore or hereafter

made by the United States under section 104. Any such currencies may be used for direct expenditure, or may be invested and the proceeds used, for carrying out this title.

#### "TITLE VII—ADMINISTRATION

"SEC. 701. (a) There is hereby established in the Executive Office of the President an agency to be known as the Peace Food Administration, which shall be headed by a Peace Food Administrator appointed by the President by and with the advice and consent of the Senate. The Peace Food Administrator shall serve at the pleasure of the President and shall receive compensation at the rate of \$21,000 per annum.

"(b) (1) The President shall carry out the functions conferred upon him by this Act and section 402 of the Mutual Security Act of 1954, as amended, either directly or through the Peace Food Administrator.

"(2) The President is authorized to transfer to the Peace Food Administrator the functions of any other agency which he determines are related to the functions of, and can be more effectively or economically carried out by, the Peace Food Administrator, together with any personnel or property used primarily in carrying out such functions.

"(c) The Peace Food Administrator is authorized to make such expenditures and appoint and fix the compensation of such personnel as may be necessary to enable him to carry out his functions.

"SEC. 702. (a) There is hereby established a Peace Food Policy Committee which shall consist of an Assistant Secretary, or officer of comparable level, of each of the following departments or agencies: Departments of State, Treasury, Agriculture, Commerce, Health, Education, and Welfare, and the International Cooperation Administration.

"(b) It shall be the duty of the Peace Food Policy Committee to advise and consult with the Peace Food Administrator concerning the administration of this Act. The Committee shall meet from time to time upon request of the Peace Food Administrator and at such other times as it may deem necessary.

"SEC. 703. (a) There is hereby established a Peace Food Advisory Committee which shall consist of representatives of the following and such other groups as the President deems advisable who shall be appointed by the President for terms of two years:

"(1) the major agricultural organizations;

"(2) exporters of food and fiber;

"(3) voluntary agencies such as CARE and church groups;

"(4) educational groups; and

"(5) voluntary health groups.

"(b) It shall be the duty of the Peace Food Advisory Committee to advise and consult with the Peace Food Administrator, and to make such recommendations as it deems advisable, concerning the administration of this Act. The Committee shall meet from time to time upon request of the Peace Food Administrator and at such other times as it may deem necessary. In carrying out its duties under this Act, the Committee shall invite a representative of the United Nations Food and Agriculture Organization to meet with the Committee in order that, through him, the views of other exporting countries might be heard and their interests taken into account.

"(c) Members of the Advisory Committee shall be entitled, while attending meetings of the Committee, to receive compensation at the rate of \$50 per diem, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons in the Government service employed intermittently.

"SEC. 704. In negotiating agreements under this Act, the President shall give due consideration to the internal and external political and economic conditions of the

countries concerned by drawing upon the appropriate title or titles of this Act in such manner as to carry out more effectively the policy set forth in section 2."

The press release presented by Mr. HUMPHREY is as follows:

#### SENATOR HUMPHREY PRESENTS CONGRESS WITH BOLD FOOD FOR PEACE PROGRAM

Senator HUBERT H. HUMPHREY, Democrat, of Minnesota, today introduced in the Congress the International Food for Peace Act of 1959, outlining a 5-year program of making wiser use of our agricultural abundance as an effective arm of building conditions for peace in the world.

Cosponsoring the measure with Senator HUMPHREY were: Senators JOHN A. CARROLL, Democrat, of Colorado; PHILIP A. HART, Democrat, of Michigan; JOHN F. KENNEDY, Democrat, of Massachusetts; EUGENE J. MCCARTHY, Democrat, of Minnesota; GALE W. MCGEE, Democrat, of Wyoming; A. S. MIKE MONRONEY, Democrat, of Oklahoma; WAYNE MORSE, Democrat, of Oregon; JAMES E. MURRAY, Democrat, of Montana; and WILLIAM PROXMIRE, Democrat, of Wisconsin.

Senator HUMPHREY declared that the "challenge posed by our unprecedented wealth in a world three-fourths needy and no longer willing to remain so" was one of the "most pressing of the long-range challenges confronting the American people."

"This contrast is most dramatic and immediate in the paradox of leapfrogging food overabundance at home and leapfrogging hungry populations abroad," he declared.

"How absurd if surpluses of vitally needed commodities become minuses in America's ledger—for to have too much and not share is surely far worse, in conscience and practice, than to have too little to begin with.

"Commonsense and common decency combine to tell us to use our famed know-how and our vast national energies to work out some way in which our food fortune can become the blessing of all people, and not a symbol of selfishness to God's children elsewhere.

"The whole ethical sweep of our traditions and the imaginative resourcefulness of our ancestors cry out the senselessness of any posture that makes food seem a curse in the midst of want.

"It is in this spirit that we propose today a program which should help to make clear the concern of Americans for all human beings, and the eagerness of Americans to share their food fortune as a contribution toward the removal of privation and inequity from our midst and in our time," Senator HUMPHREY explained.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the food for peace bill lie on the desk through Wednesday of next week, in order to permit other Senators who may wish to join in sponsoring it to do so.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY subsequently said: Mr. President, earlier today, on behalf of myself and a number of other Senators, I introduced for appropriate reference a bill which I believe is far-reaching in its scope and purpose and is constructive in its effect.

I speak today concerning one of the most pressing of the long-range challenges confronting the American people; the challenge posed by our unprecedented wealth in a world three-fourths needy and no longer willing to remain so.

This contrast is most dramatic and immediate in the paradox of leapfrogging food overabundance at home in the



United States and leapfrogging hungry populations abroad.

How absurd if surpluses of vitally needed commodities become minuses in America's ledger, for to have too much and not share is surely far worse, in conscience and in practice, than to have too little to begin with.

Thus, common sense and common decency combine to tell us to use our famed know-how and our vast national energies to devise ways in which our good fortunes can become the blessing of all people, and not a symbol of selfishness to God's children elsewhere.

The whole ethical sweep of our traditions and the imaginative resourcefulness of our ancestors cry out the senselessness of any posture which makes food seem a curse in the midst of want.

It is, then, in this spirit that we propose today a program which I have called food for peace, and which should help to make clear the concern of Americans for all human beings, and the eagerness of Americans to share their good fortune as a contribution toward the removal of privation and inequity from our midst and in our time.

Mr. President, the bill I have introduced for myself and a group of co-sponsors is designed to promote the foreign policy of the United States and to help to build essential world conditions of peace, by the more effective use of U.S. agricultural commodities for the relief of human hunger, and for promoting economic and social development in less developed countries.

The bill I have introduced is termed the International Food for Peace Act of 1959. Earlier I had asked permission to have printed in the RECORD a description of the bill, a summary of the bill, and the full text of the bill.

It is a revision, expansion, and extension of Public Law 480—redirecting it more along the lines many of us always intended it to go in the first place.

It is not a hastily designed program. It is the outgrowth of long study and careful research.

I myself have been studying this particular proposal for more than 4 years. It has been my privilege to conduct extensive hearings for at least 2 years in the Committee on Agriculture and Forestry, and for at least 5 years in the Committee on Foreign Relations to conduct hearings and to engage in a discussion and a study of the program known as Public Law 480, which relates to the use of American food and fiber for overseas purposes. Therefore, I feel a rather intimate acquaintance with the food resources of the country and the programing as to their use in our international relations.

"Food for peace" is not merely a slogan. For the last 4 years I have been devoting much time to studying this concept of using our abundance more wisely as a tool of international policy and international friendship. I have studied the impact overseas, and I have studied the administration of the program here at home.

I have not confined myself to my own observations, but instead have availed myself of the judgment and recommen-

dations of all groups studying this program, as I shall indicate later in these remarks.

A year ago last December, I publicly proposed a broader U.S. food for peace program, and suggested that we needed a Peace Food Administrator to make it effective. Ever since then, I have been working out detailed improvements in the Public Law 480 program designed toward that end. Late last fall, after further study and observations abroad, I announced that such a program would be introduced in the 86th Congress.

I traveled into several of the countries of the Near East, southern Europe, and north Africa, studying the use and the application of this program. I did the same thing within the past year in countries in eastern Europe and western Europe. I believe that I, as one Member of the Senate, have attempted to inform myself of the possibilities of the use of food and fiber. In my opinion, more time must be given and a more sincere effort made in an attempt to find the proper methods for more constructive uses of food and fiber.

I was pleased that the President, in his state of the Union message, indicated agreement with my food for peace objective; and I was, of course, honored that he had borrowed and used the same terminology. Regrettably, I have seen little evidence since then from the administration of more than lipservice to the objective. They have proposed no program. They have merely called another conference.

As beneficial as that conference may be, we need action—and we have had sufficient time, trial, and study to provide for that action.

That is what I now propose, through combining the best judgments I could obtain from inside and outside the administration.

Before outlining my new proposals, let me review briefly the development and history of what is commonly known today, for the lack of a better name, as Public Law 480.

Five years ago Congress passed and the President signed the original law, otherwise known as the Agricultural Trade Development and Assistance Act of 1954. This law launched the United States upon a course of using American agricultural surpluses for constructive and humanitarian purposes at home and abroad. The law authorized the donation of surplus agricultural commodities to Federal, State, and private agencies for welfare purposes in the United States; it authorized their donation for famine and disaster relief and for welfare purposes abroad; and it authorized their sale to foreign countries for local currencies and their barter for strategic materials. Finally, it authorized the use of the local currencies accruing from Public Law 480 sales abroad for a wide variety of constructive purposes, including the payment of U.S. obligations, the promotion of collective strength, and, most importantly, for loans to and in the countries concerned for economic development.

In the 4½ years which ended last December 31, the programing of surplus

agricultural commodities under the three titles of Public Law 480 had reached more than \$7½ billion, according to an estimate by the Commodity Credit Corporation.

More than three-fifths of these surplus agricultural commodities valued at a Commodity Credit Corporation cost of more than \$4½ billions was sold abroad for local currencies to countries which could not otherwise have bought them, to meet the needs of their people; 6½ percent, valued at nearly half a billion dollars, was donated to foreign governments abroad, for famine and other emergency assistance; 19 percent, valued at nearly \$1½ billion, was donated for foreign and domestic relief, through non-profit voluntary agencies and intergovernmental organizations; and 13 percent, valued at nearly \$1 billion, was bartered abroad for strategic materials needed by the United States.

Mr. President, I wish to make it clear that although the total sum of money involved in the past 4½ years—until December 31, 1958—had reached \$7,500 million, at the estimated Commodity Credit Corporation cost, that amount also included the storage cost of the materials held by the Commodity Credit Corporation, and it also included the cost of making substantial amounts of those goods available, as I have indicated, for relief and famine-relief purposes. The important point is that \$4,500 million worth of those goods was sold, and our country thus obtained currency which it is able to use constructively for its own purposes. That is what I mean when I refer to changing food into money or changing food into economics.

Furthermore, Mr. President, more than \$1 billion worth of the food was bartered abroad for strategic materials, which do not waste or spoil—strategic materials which were required for the strategic stockpiles in our country. So, many times, we actually converted grain into platinum, or grain into diamonds, or grain into strategic ores which were in short supply in our country.

Here is the beginning of a program which truly makes sense, a program to convert the abundance of our farms and the abundance and the productivity of our soil into economic power for our Nation and into uses based on neighborly compassion and humanitarianism on the part of our Nation, and to convert the production of our farms into strategic minerals which are needed by our country, or to convert the production of our farms into currency for the use of our country.

I seek to do even better. The proposal we have before us is designed to profit from this limited experience, to broaden the scope of the program, to enlarge the activities which are permissible under the program, and to put the program on a long-term basis, so that never again shall we hear people complain about such use of one of the bountiful blessings of a divine providence, namely, the abundance of food which we have enjoyed.

Sometimes I wonder what has come over this Nation, that some persons should complain of a God-given gift—namely, food—which is so greatly needed



to alleviate hunger and suffering and sickness, or that there should be any hesitation to use this food in ways which will be of help not only to the foreign policy of our country—a use which in itself is most commendable—and not only for the economic development of our Nation and other nations, but also to feed the sick and the hungry and to help the unfortunate. If the purpose of what we seek is thoroughly understood, I believe that every person in the United States will support this endeavor.

Mr. President, it is impossible even to imagine the vast good that has been accomplished under Public Law 480, in terms of relieving basic human want and in helping the less developed countries build up their economies for the satisfaction of the needs of their people. I repeat that the American people have reason to thank God for the great abundance of their soil, and to find deep satisfaction in the knowledge that it is being used for such worthy purposes.

Public Law 480 was first passed, as I have said, in 1954, and each year since it has been renewed, with amendments which have widened its scope. The authority of its titles I and II expires on October 31 of this year. If the most important and valuable features of the Public Law 480 programs are to continue beyond this year, the law must be extended at this session of Congress.

Perhaps to some the motives and the needs behind the passage of the original Public Law 480 were mixed, to say the least; and the same can be said for its annual repassages. For this, no apology whatever is called for.

Agricultural surpluses in the hands of the Commodity Credit Corporation have mounted to very large proportions, and have exercised a depressing effect on domestic farm prices, and have resulted in heavy cash outlays for storage—in fact, about \$1 billion a year for storage. What I am suggesting is that we no longer spend the \$1 billion a year for storage, but that we spend it to make the food available for use for the benefit of humanity and for the benefit of progress, peace, and justice. I venture to say that not one Member of Congress could justify before his constituents choosing to store food, at an annual cost of \$1 billion, and complaining about that, instead of using the food—at the same cost in money—to feed the sick and the hungry and to build a more just society.

We in this country had, therefore, and we still have—a definite, practical, dollar-and-cent interest in protecting our own farm prices and in reducing the amounts of surplus agricultural commodities we hold in storage.

But, as I am sure you agree, Mr. President, this does not cast an unfavorable shadow upon the generosity, the human concern, and the profound wisdom of using these surpluses under Public Law 480 to satisfy human need and to help build an economic foundation for greater peace and security in the world.

The important and the really significant point is that, with the support of the American people, Congress has taken steps toward resolving one of the

strangest paradoxes in human history: namely, the existence of hunger, want, and hopelessness in the world, alongside a great volume of existing and potential surpluses of food and fiber which can be used to help meet these needs.

If in the early years of Public Law 480 the motive of self-interest predominated—and I think we might agree that too often it did—it was because there was so little precedent for the use of agricultural surpluses, otherwise than as famine and disaster relief, for constructive purposes. We did not have the experience; it had to be gained. We did not have the techniques; they had to be developed. We did not fully know the potentialities; they had to be learned. Not all had the vision that was needed.

Few there are, I daresay, who in 1954 ventured to think, with us that the Public Law 480 program could grow as it has grown in 4½ years, that distant hunger and need could have been found and administered to without interfering with normal U.S. exports or with the normal exports of other countries. Few dared to think that surplus food and fiber, and the local currencies accruing from their sale, would in a few years become a major instrument for promoting economic development abroad, for building conditions conducive to peace, and, thus, for undergirding the foreign policy of the United States.

We have learned much of the potentialities of this instrument; and, as I shall point out in a few minutes, there are many things we should do now, so as to revise Public Law 480 in order to be able to realize its full potential.

Mr. COOPER. Mr. President, will the Senator from Minnesota yield to me?

The PRESIDING OFFICER (Mr. WILLIAMS of New Jersey in the chair). Does the Senator from Minnesota yield to the Senator from Kentucky?

Mr. HUMPHREY. I am happy to yield.

Mr. COOPER. I do not wish to interrupt the Senator's speech. But I should like to make a brief comment on his remarks.

Mr. HUMPHREY. I am delighted to have the Senator from Kentucky do so; he always has worthwhile things to say. I yield.

Mr. COOPER. I thank my colleague.

Mr. President, the Senator from Minnesota is making a very important speech. When Members of the Senate speak on the floor of the Senate on some more controversial aspect of our foreign policy, or our aid program, such speeches attract widespread attention, and attract support or, sometimes, attract opposition. I think the Senator from Minnesota is now discussing one of the most important parts of our aid program, and one of the most important instruments of our foreign policy.

We attach great importance to military programs and economic aid for the industrialization of other nations. But the Senator is talking about a food program—something the United States can do that no other country can, and when he says that food assists the economic growth of newly dependent countries and developing countries he is correct. The

first need of all such countries is food and we have the surplus food.

Second, as the Senator has so clearly pointed out, our provision of surplus foods for counterpart funds, enables the governments of other countries to sell the food to their own people, and thus obtain a source of revenue which can be used internally for the industrial development of their countries.

The program has another value. As those countries begin to be industrially developed, the first increases of their workers' earnings go into food and fiber. As a result, the danger of inflation is presented. Additional amounts of food from our country help reduce inflationary pressures, and save for their people their small increases in earnings.

The Senator is correct in saying that the ability of the United States to furnish food to other nations when no other country can do so is a potent instrument of our foreign policy. Russia cannot supply food; the United States can.

Despite all the practical reasons—reasons of policy and reasons of self-interest, I am glad the Senator has pointed out that our willingness to supply our surplus food to the needy peoples of other countries is the best expression of the moral and spiritual interest and heart of the people and Government of our country. I hope I shall have the opportunity to study the bill of the Senator, and hope I may be able to join him in sponsoring it.

Mr. HUMPHREY. I thank the distinguished Senator from Kentucky.—Nothing would be more gratifying to the senior Senator from Minnesota than to have the cosponsorship of this measure by the Senator from Kentucky; and nothing is more pleasing to me than his words of helpfulness, consideration, and praise.

Mr. COOPER. I have attended many hearings at which the Senator from Minnesota has testified, not this year, but in 1958 and in 1957. I know that at least in those years the Senator from Minnesota consistently pressed the argument which he is making on the floor of the Senate today.

Mr. HUMPHREY. I thank the Senator from Kentucky. With his usual modesty, he has failed to tell us that he was Ambassador to India, and saw what food can mean in terms of international policy, and also saw what the lack of it can mean in terms of international disaster.

The advice and counsel of the Senator from Kentucky now, as was true in the days when he appeared before our committees to speak in behalf of the use of our food abundance, is always helpful and always most welcome.

Mr. President, as was indicated by the Senator from Kentucky, 2 years ago the chairman of the Committee on Agriculture and Forestry [Mr. ELLENDER] assigned me to make a study, on behalf of the committee, of operations under Public Law 480. The law had been in effect for 3 years, and the committee wished to know what had been accomplished, what more could be accomplished, and what changes, if any, were needed in the law. The study continued



throughout most of a year, and included testimony from 71 witnesses taken in 10 days of hearings during June and July of 1957. I then submitted a report to the chairman in February of 1958. Many of the things which I shall say here, and many of the changes in the law which I shall propose today, are the direct outcome of that careful study.

I should like to say that in making our investigation we had the benefit of an excellent previous study, entitled, "Agricultural Surplus Disposal and Foreign Aid," prepared by the National Planning Association, at the request of the Special Senate Committee To Study the Foreign Aid Program, and printed as a committee document in March 1957.

It is a document of the Foreign Relations Committee of the Senate.

Since the completion of my report, two other studies of significance have been made. One is a survey of Public Law 480 operations in six countries made last year by a team of experts, under the guidance and direction of Dr. John H. Davis, then of the Department of Agriculture. This summary report and his memorandum, entitled "Policy Considerations Pertaining to Public Law 480," have been made public by the State Department.

Another study, to which I call attention, was made last year by a team of American businessmen appointed by Mr. James H. Smith, Jr., then Director of the International Cooperation Administration, to make a survey of the accumulation and administration of local currencies. The results of their inquiry, which included extensive field investigation, were submitted to the Director of the International Cooperation Administration on August 5, 1958.

I mention these various studies in order to suggest that Public Law 480 operations have been carefully investigated; that in each of the reports I have mentioned recommendations were made for changes both in the law and in its administration. Insofar as these studies deal with the same aspects of the program, they are, with one or two notable exceptions, in general agreement as to what changes are needed.

The overwhelming testimony of virtually all who have investigated or have been associated with Public Law 480 operations is resoundingly positive. The program has advanced the foreign policy objectives of the United States. The existing defects and inadequacies in the law and its administration can be corrected, with the result that its contribution to our foreign policy objectives can be greatly strengthened.

I wish to add that all the reports to which I have referred have been studied by the cosponsors of this bill for the past 6 or 7 months. Since last summer I and members of my staff have been working on this proposal, and we have had the advice and counsel of prominent economists, persons who are experts in foreign trade matters, who have studied most meticulously and carefully the operations of Public Law 480.

The bill which I have introduced today, on behalf of myself and other Senators, was the product as was indicated earlier

not only of months, but of years of study.

The National Planning Association, in the report to which I referred a moment ago, concluded that "our disposal programs have proved useful, and should be continued with certain changes and modifications." The association described our agricultural surpluses, as "an asset of unique value which can be used with increasing effectiveness in the achievement of our general foreign policies if only we recognize more fully the real contribution they can make."

Dr. John H. Davis reported, on the basis of extensive investigation at home and abroad, that: "Public Law 480 was approved in general by all persons interviewed, both American and foreign. It contributes to economic development. It is of political value to governments. Difficulties or objections reported were not associated with a wish to end Public Law 480, but to improve it."

Dr. Davis is a truly eminent public servant who has worked for the Federal Government on several occasions, both in the Department of State and in the Department of Agriculture. He is one of the most highly respected of the experts who have given of their time and talent to our country.

Mr. Davis also stated:

Four years' experience in Public Law 480 operations has demonstrated that U.S. food and fiber can be used as a positive force in international relations. Of necessity, Public Law 480 operations thus far have been experimental in nature—

I repeat the words "experimental in nature"—

because little precedent existed to serve as a guide. As would be expected under such circumstance, the program that has evolved has both strong points and weaknesses.

Those responsible for the operations deserve much credit for having made the program as good as it is. The strong points predominate. Nevertheless, the prospect of continuing a large Public Law 480 type program for another 5 years or more makes it important that the U.S. Government remedy the weak points in Public Law 480 operations. To do this, these operations must be reconciled and synchronized with overall agricultural and foreign policies.

Mr. Robert L. Berenson, Mr. William M. Bristol, and Mr. Ralph I. Strauss concluded in their report to the Director of the International Cooperation Administration that Public Law 480 is a valuable tool in fighting the cold war and in assisting our friends and the uncommitted nations, but that it would be even more valuable if needed modifications were made.

I wish to underscore what these three distinguished men have said, namely, that Public Law 480 could be even more valuable if needed modifications were made. This is the conclusion of all persons and groups who have studied the operation of Public Law 480.

Mr. President, the changes, modifications and adjustments proposed in the bill known as the international Food for Peace Act are the modifications and the changes which have been recommended by those who have studied the operations of this program in an objective and unbiased manner.

In my report to the Committee on Agriculture and Forestry it is stated that Public Law 480 "is a valuable instrument of our foreign economic policy, contributing significantly to our foreign policy objectives and making more effective use of an abundant American resource as a force for freedom."

The report also analyzes in detail the changes needed to make it more effective.

A number of amendments have been added to Public Law 480 in its several passages through the Congress, most of them concerning the use of local currencies accruing from sales of agricultural commodities under title I. Also, several amendments have been designed to bring about remedies for a few of the many glaring deficiencies and inadequacies in the administration of the law. However, at no time since its original passage has the Congress taken full account of the many proposals for changes and extensions growing out of experience in operations and out of changing world needs, or made any comprehensive effort to require that in administering the law the Executive shall carry out the true intent of Congress.

The time has now come—after 5 years of Public Law 480 operations—for strengthening the program by correcting its deficiencies and inadequacies. That is the purpose of the "Food for Peace Act" which I today submit for the serious consideration of the Senate—and I trust for affirmative action.

#### SPIRIT AND PURPOSE OF PROPOSED LAW

The first and by far the most important thing we should seek to do in revising Public Law 480 and transforming it into a Food for Peace Act is to make clear, emphatically, precisely, and beyond all question, the overriding purposes of the act, for virtually all the past shortcomings of Public Law 480 operations have proceeded from differing and conflicting conceptions as to what those purposes are.

Let us get to the heart of the matter. Are we carrying on a surplus disposal program, or are we carrying on a program for using U.S. agricultural surpluses positively and constructively in the world for the relief of human hunger, for promoting economic and social development in less developed countries, and for serving the foreign policy of the United States by helping to build essential world conditions of peace?

Surplus disposal. To use the term is to insult that half of the people of the world who live in hunger, hopelessness, and despair. America's abundance of food and fiber is a God-given blessing, a tremendous asset to be used to build life and hope, and happiness, a powerful potential asset in the world's struggle for peace and freedom. Yet, the President's top policy committee which coordinates Public Law 480 operations is called the Interagency Committee on Agricultural Surplus Disposal, and there is also an Interagency Staff Committee on Surplus Disposal.

The use of the term itself suggests a great deal of what is wrong with the operations under Public Law 480. It is evidence of the negative attitudes of too



many of our public officials who have persistently downgraded the worth of our great food resources and thereby cheapened the spirit behind our willingness to share our abundance. Such attitudes have weakened our bargaining power in negotiating agreements, have generated irritation and ill will in the very countries that need help, and have tended to make the American farmer an object of charity rather than honor him as a producer of wealth at home and abroad. There has been too much of apology and not enough of gratitude on the part of our own officials for our agricultural bounty; and this has contributed in a most important manner to the lack of public appreciation at home and abroad of the tremendous contribution American agriculture is making and can make toward peace and freedom.

The negative attitude of surplus disposal, existing in far too many of our Government offices, is basically responsible for chaotic Public Law 480 administration machinery and procedures; it is basically responsible for the long delays, the irritation, and the ill will which too often attend, quite unnecessarily, the negotiation and carrying out of agreements; and it limits and cancels out far too much of the good that could otherwise be accomplished.

I do not desire to be ungenerous in this matter. It is possible to understand the origins of these negative attitudes without approving of their persistence. There are some who have no patience or true interest in Public Law 480 operations because they disapprove of Government acquisition of agricultural surpluses, and others because they disapprove of surpluses per se and seek to cut back production. I do not propose to challenge their views on surpluses today. It is enough to say now that large surpluses do exist; that the Government has been acquiring large surplus stocks, and that it is likely to continue to acquire them in the future.

We are faced with a fact, not a theory, and, this being the case, it would seem to be incumbent upon all reasonable men to see to it that surplus stocks are used in the most effective and constructive ways possible to further American foreign policy.

Negative attitudes on the part of some persons result more from inattention and thoughtlessness than from design. As I have already indicated, the original Public Law 480 was probably supported by more Members of Congress who conceived of it as surplus disposal than by Members who understood fully its constructive potentialities. But at that time we did not know what we since have learned, namely, that our agricultural surpluses are a powerful instrument for promoting welfare, peace, and freedom on a world scale. Year after year I have seen attitudes change on the Hill. Year after year we have improved and widened and extended Public Law 480, with growing comprehension of its possibilities. Year after year we have tried to convey our growing comprehension to the executive branch, as well as our sense of frustration over

its failure to push ahead to realize that potential and administer Public Law 480 with boldness and imagination.

We have made some progress, but we have not made enough.

For these reasons, I am proposing that the revised Public Law 480 be known as the Food for Peace Act; that its statement of purposes be expressed in terms that none can misunderstand, and that that statement be amplified in a preamble which I have included.

I propose a preamble reading as follows:

#### PREAMBLE

(a) A new fact of history of which full account must now be taken is that because of the increased productivity made possible by science and technology, there is no reason of physical scarcity for the continued existence of hunger—anywhere on this earth. It is now possible and practicable for mankind to take cooperative steps to abolish human hunger.

This being so, massive hunger and suffering from want of clothing, existing in the world in the shadow of unused present and potential surpluses of food and fiber, are no longer tolerable, morally, or politically, or economically.

The Congress, while recognizing the difficult political and economic problems that lie between hunger and want of clothing in many parts of the world and food and fiber surpluses in others, declares it to be the policy of the United States to move as rapidly as possible in cooperation with other friendly nations, toward putting surpluses of food and fiber more effectively in the service of human need.

(b) A second new fact of history of which full account must be taken is that peoples who comprise one-third of the human race have in our generation achieved national independence (or are in the process of doing so) and now, free of outside control, whether colonial or imperialist or Communist, are in full revolt against the poverty, ignorance, disease, inferior status, and lack of opportunity which have always been their lot. They are determined to achieve rapidly that economic and social development necessary to national dignity and individual well-being. To mobilize their resources with reasonable speed and develop their economies to a point where they are self-propelled and self-sustaining they require substantial outside aid over a considerable period of years. If that aid is adequately forthcoming from the free world, they have a good chance to accomplish their purposes in freedom, remaining a part of the free world and contributing to its strength and well-being. If it is not forthcoming, their alternative is to seek it in the Communist world, and in the process to surrender both personal and national freedom and to weaken the free world.

(c) Deeply aware of and sympathetic with the aspirations of the world's peoples who seek in freedom greater national dignity and individual well-being, the Congress declares it to be the policy of the United States to help them achieve these aspirations through rapid economic and social development. The Congress recognizes that for this purpose a number of different kinds of aid are required, but that among them food and fiber aid, through grant or through sale for local currencies, a portion of the local currencies being, in turn, loaned or granted as development aid, is a highly important form and one whose effectiveness can be greatly increased. The Congress declares that the agricultural abundance of the United States is not an embarrassment but a blessing to be used in the service of mankind, that it should be so used to the maximum extent possible, and that if it is so used it can help build

essential conditions of world peace and freedom.

(d) To achieve these larger purposes, the Congress directs that this act shall be administered (1) so as to help other countries carry forward their own national or regional plans for development in freedom and independence; (2) so as to support the efforts and programs of the United Nations, its specialized agencies and affiliated organizations, and regional organizations of friendly countries, directed toward the same ends; (3) so as to leave wide latitude in working out details of national agreements and projects to U.S. chiefs of missions in negotiations with the governments concerned; (4) so as to enlist the cooperation of other countries in putting agricultural surpluses more effectively in the service of human need and the economic and social development of less developed countries.

(e) It is also declared to be the policy of the Congress to expand international trade among the United States and friendly nations, to facilitate the convertibility of currency, to promote the economic stability of American agriculture, and the national welfare, to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment thereof. It is further the policy to use foreign currencies which accrue to the United States under this act to expand international trade, to encourage economic development, to purchase strategic materials, to pay U.S. obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the United States.

#### SCOPE AND DURATION OF FOOD FOR PEACE ACT

The original Public Law 480 passed in 1954 was a 1-year authorization which, even among its supporters in Congress, was widely considered to be a means of dealing with temporary surplus stocks held by the Commodity Credit Corporation. And without effective challenge to that assumption, it has been reenacted each year on an annual basis.

Meanwhile, several things have been happening:

First. Our agricultural surpluses have not been decreasing, but increasing.

Second. We are comprehending more fully the fantastic productive potentialities of American agriculture due to the increasing application of science and technology.

Third. The morality of cutting back production arbitrarily while half the world suffers from the misery of hunger has come increasingly into question. More and more the American farmer and the American people as a whole have come to realize that the abundance of our farms is a blessing to be used for humanity's sake rather than as an embarrassing nuisance.

Fourth. The success of Public Law 480 operations, notwithstanding obvious deficiencies in administration, has far exceeded even our hopes of 5 years ago. We have learned, by doing, many of the ways in which food and fiber can be used to build the conditions of peace, and we now see ahead even greater possibilities for good, provided the law is altered to make them possible.



All who have studied Public Law 480 operations, and most of those who have been associated with those operations, agree that the temporary, annual basis of program operations seriously restricts both the volume of American food and fiber that can be used for constructive purposes abroad and the effectiveness with which it can be used to promote economic and social development in friendly nations. They all agree in the emphatic recommendation that the authorization for our programs be extended to cover a period of at least 5 years ahead. With American food and fiber supplies available to them only on a 1-year basis, countries living on the margin of their resources, and planning their use ahead, do not know what they can count on, with the result that their stability is unnecessarily brought into question and their development impeded.

It is impossible, for reasons of time, to enter here into a detailed discussion of the host of reasons, mostly technical in nature, discovered through experience, why 5-year program authorization is necessary. They will, I trust, be discussed in subsequent hearings and debate. But I can assure you, Senators, that they are compelling.

Every one who has studied this program finds it urgently necessary. For example, the basic findings of the John H. Davis report to the Department of State on Policy Considerations Pertaining to Public Law 480 stated as follows:

The following estimates of U.S. surpluses and of food-fiber need in low-income countries provide the basis for expecting that a Public Law 480-type program will be in operation for at least 5 more years:

1. From \$10 to \$13 billion of U.S. farm commodities are almost certain to exist in excess of requirements for domestic use and foreign dollar sales during the next 5 years, according to USDA estimates. This is a conservative figure, based on the assumption that more far-reaching measures than those now in operation will be adopted to bring supply and demand forces into balance.

2. USDA and ICA estimates indicate that from \$10 to \$13 billion of U.S. farm commodities can be distributed through Public Law 480-type operations during the next 5 years, without seriously interfering with regular commercial trade.

I am therefore proposing in the Food for Peace Act a 5-year program, and an authorization of \$10 billion over the 5 years of sales for local currencies under title I. The present authorization for sales under title I is at the rate of \$1½ billion a year. It is only reasonable to expect that with more efficient administration on a 5-year basis an annual rate of \$2 billion a year is not in any way excessive.

I want the record to show that every year we spend \$1 billion merely for storage. I repeat this, because I want it seared into the mind and heart of every Member of Congress and every citizen of this country. We must choose whether we want to cut down the storage costs or keep them up. One way to cut them down is to utilize the food abundance which we have in the constructive manner which is being herein outlined. I believe that Members of Congress would have a difficult time explaining to their constituents why we

continue to pay \$1 billion or more a year merely to store food, when we could be reducing the storage costs and using the same food for our purposes of international policy and national security, and for humanitarian reasons.

#### ADMINISTRATIVE MACHINERY

It is a remarkable and shameful fact that no one is really in charge of the store that sells or otherwise distributes billions of dollars worth of surplus agricultural commodities. There is literally no one in high authority in the entire Government who devotes his full time to the administration of Public Law 480.

By Executive order of the President, the administration of Public Law 480 is in the hands of nine agencies of Government coordinated by two interagency committees.

Here is a program which averages approximately \$1½ billion a year. No one is in charge, because of the nature of the Executive order which outlines its administration. There are nine separate agencies involved in the handling of Public Law 480 operations. There are two interagency committees. The International Cooperation Administration, the State Department, the Treasury Department, the Department of Agriculture, the Department of Defense, and other agencies are all involved in the administration of the act. I can think of no business in the world that could be well operated with nine separate bosses and two coordinating committees in charge—if we can call that being in charge. What we are attempting to do is to correct an administrative jungle.

In distributing authority among these agencies the President assigned to the several departments and agencies those aspects of Public Law 480 which are related to the type of work they normally carry on. The result is divided responsibility, overlapping authority, clashing points of view—with many bosses, with loose committee coordination, but with no one guiding hand with authority and power to act decisively.

Policy decisions are made by a six-agency committee chaired by a member of the White House staff. This body is called the Interagency Committee for Surplus Disposal. Its Chairman is Mr. Clarence Francis. Member agencies are the Departments of Agriculture, Commerce, Treasury, State; International Cooperation Administration; and the Bureau of the Budget.

Operational decisions are made by a nine-agency committee chaired by a representative of the Department of Agriculture. This body is called the Interagency Staff Committee. It is headed by the Director of the Department of Agriculture's Foreign Agriculture Service. Other member agencies are the Departments of State, Commerce, Defense, Treasury, International Cooperation Administration, Office of Civilian and Defense Mobilization, Bureau of the Budget, and the U.S. Information Agency.

As head of the Interagency Staff Committee, the Department of Agriculture is responsible for initiating agreements for sale of surpluses for foreign currencies, for seeing that these agreements are

pushed through and getting the commodities delivered. The Secretary of Agriculture is also directed to arrange barter transactions through private trade channels.

Though the Department of Agriculture is responsible for initiating agreements, the State Department has final authority in all matters concerning foreign policy, including negotiations for agreements, and has, in effect, veto power over the U.S. Department of Agriculture. The State Department is also responsible for handling the international educational exchange program, financed in part under Public Law 480.

The International Cooperation Administration has charge of foreign currency loans for economic development as a result of Public Law 480 sales, for government-to-government disaster relief grants, and for donations of food and fiber distributed by U.S. voluntary relief agencies functioning overseas.

The Bureau of the Budget is responsible for making allocations of the foreign currencies acquired through sale of food and fiber, and apportioning the currencies to the agencies in Washington which carry out the programs.

The Treasury Department handles regulations governing purchases, custody, deposit, transfer, and sale of foreign currencies.

The Office of Civilian and Defense Mobilization selects the strategic materials to be purchased with food surpluses or currencies obtained from sale of surpluses. The General Services Administration acts as agent for OCDM in the purchasing and handling of strategic materials under the program.

The Department of Defense uses local currencies from the program for purchase of military equipment, materials, and facilities such as housing.

The U.S. Information Agency is in charge of publicizing Public Law 480 activities abroad.

With functions thus distributed, with authority overlapping and conflicting, and with no single high officer having the authority to cut through the administrative jungle, the negotiation of agreements for the sale or use of our surplus agricultural commodities is frequently by a long, complex, and tedious process.

Despite these almost incredible difficulties, a great deal of good has been accomplished. That is primarily because of the dedication of some of the men who have handled this program in the Department of Agriculture and in the State Department. I know these men, and I wish to pay them a sincere tribute. I have in mind Ray Ioanes, who has been a tower of strength, and other men like him.

Without guidance on larger objectives and too often restricted by a narrow view and a negative attitude, the Department of Agriculture drafts not only a proposed sales agreement but also a detailed advisory paper for the conduct of negotiations with the foreign country. This paper is prepared for the guidance of our ambassador. These advisory papers must run the gauntlet of the Interagency Staff Committee on Sur-



plus Disposal which usually insists upon unanimous agreement. Frequently 6 or 8 months of a fiscal year are consumed before our Chiefs of Mission abroad receive the necessary authority and instructions for negotiating an agreement.

Moreover, the instructions which he receives are usually so explicit and detailed as to leave him little if any room for maneuver or negotiation, with the result that he is obliged to consult Washington on every change requested by the other negotiating country. By the time the agreement is finally consummated there may remain only 2 or 3 months of financial authority, under annual extensions of Public Law 480, in which to make shipments and carry out the terms of the agreement.

Virtually all who have studied or been associated with Public Law 480 operations agree that there is urgent need to give strong and authoritative central direction to the program and to tighten up administrative machinery and procedures so as to make possible more rapid and effective progress toward agreed goals. During World War II the President, recognizing the importance of agriculture to the Nation's war objectives, created a War Food Administration separate and distinct from the Department of Agriculture. Today, the need is no less for a Peace Food Administration to make the most constructive possible use of our agriculture as a force for peace and freedom.

Accordingly, in the bill I present today I am proposing the establishment of a Peace Food Administration directly under the President, headed by a Peace Food Administrator who shall have sufficient authority to pull together the now widely dispersed operations under Public Law 480, give them central direction, and weld them into an efficient team moving purposefully toward the program objectives set by Congress. It will be possible for Congress to hold one office responsible, instead of the present impossible task of tracking down administration through the existing administrative jungle.

I say most respectfully and charitably to my colleagues that if they do not believe that is a real task, they should try it for size. It is the kind of sleuthing job which even the FBI might wish to take another look at in terms of whether it would be willing to undertake the operation. It is not that the men who handle the program are not trying to do a good job, for they are trying to do so. I have nothing but praise for the men who are attempting to carry out the purposes of the law as presently written.

What I am concerned about is that for some peculiar reason, in the handling of Public Law 480, we have become the victim of an administrative establishment which by its nature weakens or limits the effectiveness of the program. I see no reason why the Government of the United States should be choked to death by committees. I see no reason why the operation of the program should be stifled by a host of agencies and bureaus and interagency committees and staff committees. It seems to me that we ought to maximize the operations of the

program and try to make it as efficient as possible. This is the purpose of the administrative proposals which are now being made.

I am proposing not only that the administration of Public Law 480 be placed under the new Peace Food Administrator, but also section 402 of the Mutual Security Act.

Operations are similar and overlapping, and study has shown that much would be gained by coordinating them.

I am also proposing that an interagency Food Peace Policy Committee be created at the Assistant Secretary level to advise and consult with the Peace Food Administrator, and also a Peace Food Advisory Committee made up of nongovernmental representatives of each of the major farm organizations, food and fiber exporters, representatives of voluntary relief agencies such as CARE and church groups, and representatives of voluntary health groups.

We are confronted by one of the gravest challenges and brightest opportunities in all history, and the use of our agricultural surpluses can be a powerful instrument in helping meet the challenge and realize the opportunity. It is imperative that administration be so organized as to make most effective use of that instrument.

#### NEW TITLES

In the proposed Food for Peace Act which I submit to you today there are four new titles in addition to the three now in Public Law 480. One concerns administrative machinery which I have already described. I shall now comment briefly upon the other three which would authorize new activities which it is believed would be useful in accomplishing the purposes of the act.

#### LOAN PROGRAM

One of these is a new title IV. Public Law 480 at present authorizes sales of surplus agricultural commodities for local currencies, barter for strategic materials, and under certain circumstances for grants. However, it has become increasingly clear that the program would be improved by the addition of authority to make long-term low-interest loans, with deferred payment of interest and principal, to cover purchases of surplus agricultural commodities.

Title IV would provide an additional channel of assistance to developing nations, which in some cases might supplement or be preferable to other methods authorized under this act.

This title authorizes 10-year contracts for the delivery of surplus commodities to friendly nations with credit terms of up to 40 years.

Many countries throughout the world are now engaged in, or entering upon, intensive efforts to develop industry, transportation, electric power, and other similar aspects of their economies. When countries enter upon such periods of intensive industrial development, agricultural production nearly always fails to keep up with domestic demand. This develops because capital and other resources that are concentrated on industrial development are most frequently

withdrawn from agriculture, and at the same time that industrial and commercial development takes place, rising consumer income creates a larger demand for agricultural commodities.

A country in this situation needs a source of agricultural commodities on which they can depend during their period of economic development. Their development plans need to be made with full assurance that adequate supplies of food and fiber will be available.

Therefore, this section provides that the President may enter into agreements with friendly nations to deliver annually certain quantities of wheat, rice, cotton, feed grains, or tobacco, or other surplus agricultural commodities as may become available, for periods of not more than 10 years. Payments for these commodities shall be made in dollars or in services or in materials which the United States does not produce domestically in quantities sufficient for our needs. Payment may be made over a period of time not to exceed 40 years from the date of the last delivery of commodities under the agreement, and interest of not more than 2¼ percent per year shall be computed from the date of final delivery.

In making such arrangements, it will be agreed that these commodities will not replace any usual imports from friendly nations, but shall be in addition to these imports.

#### NATIONAL FOOD RESERVES AND RELIEF OF CHRONIC HUNGER

A second new title—title V—would authorize grants of surplus foods, under agreements with friendly countries having chronic or recurring food deficits or widespread malnutrition, for the purpose first, of enabling them to build up and maintain minimum national food reserves; and second, for inaugurating or expanding—with the assistance of FAO technicians and administrators—programs to relieve chronic hunger and malnutrition due to poverty and ignorance.

The subject of food reserve stocks in deficit countries or areas has been studied and discussed intensively for many years in the United Nations, in the United Nations Food and Agriculture Organization, and in many individual countries, including our own. Without adequate food reserves, countries that suffer widely fluctuating crops due to drought or flood, that are remote from the world supplies, and that in any case live on the margin of hunger and their national financial resources, are frequently at the mercy both of the weather and food speculators. The result is frequently, therefore, that the people—quite unnecessarily—suffer misery and death due to sudden famine, before famine relief can arrive, or want due to merciless price gouging.

That the maintenance of minimum food reserves at the proper places is desperately needed, there is no question. The problem is how to do it.

Over the years there have been a number of proposals for the establishment of an international food reserve or world food bank, and these have received the most serious world study and consideration. However, the con-



clusion was reached in the United Nations Food and Agriculture Organization that given the present stage of our knowledge and experience, the technical and political obstacles to the establishment and operation of an international food reserve were almost insurmountable, and that instead international cooperation to establish and maintain national food reserves in food deficit countries was practical and desirable. Accordingly, at the 1957 session of the United Nations General Assembly I, as a member of the U.S. delegation, introduced on behalf of the U.S. Government a resolution calling for international cooperation in the establishment of national food reserves and for building the necessary storage facilities. This resolution was adopted I believe unanimously. It was supported by the U.S. Government, obviously; otherwise, as a delegate of the U.S. Government to the United Nations, I could not have offered it.

The CONGRESSIONAL RECORD contains information relating to the resolution and the action of our Government. I recall that a statement relating to it was placed in the RECORD, first, by the distinguished junior Senator from Iowa [Mr. MARTIN], and then I placed in the RECORD the exact text of the message of the U.S. Government which it was my privilege to deliver as a delegate to the United Nations in 1957.

Since then the administration has made no move whatever that I have been able to discover to implement its own resolution passed by the United Nations General Assembly.

While there is no excuse for complete inaction, in all fairness it must be said that the administration did not have all of the tools it needed with which to do the job. The financial limitations of the countries which need to build up national food reserves are such that the United Nations Food and Agriculture Organization has concluded as a practical matter that such reserves can be built up only through grants from surplus producing countries rather than through purchases—either for hard currencies or local currencies. Also needed are grants of food surpluses which can be sold to provide the money necessary to build adequate storage facilities.

There are other difficulties. The storage and management of substantial food reserves is a highly technical operation, demanding skills and experience which are in short supply in the needy countries. Moreover, there is some danger that, without a high degree of technical competence and administrative diligence, national reserves, once built up, might either be depleted or used in ways deleterious to normal commercial trade.

These are the reasons, then, for the new title V in the Food for Peace Act which I have today introduced in the Senate.

Under this title, the President is authorized and directed to negotiate agreements with friendly nations or organizations of friendly nations to provide for the grant of specified amounts of CCC

holdings of surplus commodities in order to implement the 1957 United Nations resolution, which I have already described. The President is directed to seek and secure commitments from the countries receiving grants for this purpose, to maintain national food reserves at agreed levels, making replacements in such reserves, when necessary, either through commercial purchases or purchases with local currencies from the United States under title I, except that in the case of depletion as a result of famine or disaster the President is authorized to make grants under title II to build the reserves back to the agreed level. The President is also directed to seek and secure commitments that experts and technicians of the United Nations Food and Agriculture Organization shall be engaged to consult and advise on the technical problems of storage and management of national food reserves, and upon the general operation of the national food reserves, with a view to assuring that they shall not interfere with the normal trade of the United States or that of other exporters.

A second part of the proposed new title V authorized the President to negotiate agreements with other countries under which U.S. agricultural surpluses would be made available on a grant basis to aid those countries in inaugurating or expanding—with the assistance of food and agriculture organization technicians and administrators—programs to relieve chronic hunger and malnutrition. This authority, it seems to me, is a highly important addition. Under the present law, grants are available for this purpose to United States voluntary agencies, but their scope of action is necessarily limited.

Furthermore, many countries do not have the technicians and administrators necessary to inaugurate or expand programs for seeking out hidden hunger and ministering to it. The new authority in title V would make it possible for these countries to engage food and agriculture organization technicians and administrators to help them carry on programs to relieve chronic hunger and malnutrition. If we really want to use American food surpluses to help relieve hunger and misery that otherwise go unremedied, this is one of the important ways to do it.

#### USE OF REPAYMENTS OF INTEREST AND PRINCIPAL ON LOCAL CURRENCY LOANS FOR RESEARCH, EDUCATION, HEALTH, AND PUBLIC WELFARE

The last of the new titles to be discussed is title VI, which I am sure will arouse intense interest and debate, for it faces up to the problem, hitherto neglected in legislation, of what shall be done with the local currencies which are beginning to accumulate as a result of the payment of interest and repayment of principal on local currency loans made under title I. Public Law 480 has been silent on this point, but all who have studied or thought deeply about the programs conducted under this law have recognized that sooner or later the law would have to speak. Now is the time, because the interest and principal repayments are beginning to flow in and

will in time become a very serious problem.

Looking ahead, Mr. James H. Smith, Director of the International Cooperation Administration, last year appointed three outstanding American businessmen, whose names I have already mentioned today, to make an exhaustive field survey of this problem. This they did, and on August 5, 1958, they made a report to him entitled "Accumulation and Administration of Local Currencies," which I shall refer to hereafter as the Berenson-Bristol-Strauss report. The report deals with accumulations in general, and only in part with accumulations resulting from repayment of principal and interest on local currency loans. In drafting the new title VI of the Food for Peace Act I have drawn heavily upon their report.

As of December 31, 1958, agreements under title I had been signed with 36 countries covering purchases of our surplus agricultural commodities having a market value of \$3,323 million, repayable in local currencies or dollars. In fact, virtually all repayments will be in local currencies. Of this amount, roughly half is scheduled to be loaned back to the governments concerned, and loans totaling \$327 million had actually been made. In general, the loans are for 40 years, with interest—if paid in local currency—at 5 percent, principal repayments beginning after 3 years.

As is evident, the problem of what to do with the local currency reflows is only incipient, but it takes no imagination to see that in time, as the program continues, it will become a very serious problem indeed.

In seeking a solution, the first thing to understand is that this local currency is not in itself a resource or a commodity but is merely a claim on the resources of the country of its origin. Only a small part of it is usable to pay for the obligations of the United States, and the remainder—the larger part—is not subject to the unilateral control of the United States but only in agreement with the country concerned. It is useful only in the country of origin.

Our purpose being to help, not weaken, these countries, there are serious disadvantages to our accumulating large holding of their currencies. Depending upon how they are used, they can bring about deflation or inflation. No country would long tolerate our possession of an instrument which could control their destiny. If we should acquire such control, we would offer the Communists a stick with which to beat us over the head unmercifully.

There is no doubt whatever that we must not acquire large holdings of these foreign currencies, but that we must put them to work in the only places where they can work, and that is in the countries of their origin. But how? Assuming that continuation of Public Law 480 sales will continue to provide currencies which can be loaned for economic development, the answer is that local currency reflows can best be used as grants for non-profit-making but socially useful enterprises such as re-



search, health, education, and public welfare.

It has long been recognized that ill-health, malnutrition, and a low level of education, both general education and vocational education, are basic impediments to economic development. Here, then, is an opportunity to help fill one of the necessary gaps and round out our food for peace program.

In the Davis report, the National Planning Association study, and the Berenson-Bristol-Straus report a strong case is made for grants of local currencies for research, health, education, and public welfare, and in the latter a very strong case is made for the administration of such grant funds by binational foundations established through agreement between governments, but operating in a semi-independent manner.

In the proposed title VI their recommendation is adopted for reflow of funds.

In title VI the President is authorized to negotiate and carry out agreements with friendly nations to provide for the establishment in such countries of non-profit binational foundations to promote research, education, health, and public welfare. Such foundations shall be under the direction of boards of trustees, the majority of whose members shall be nationals of the host country appointed by its government, and the remainder shall be nationals of the United States appointed by the President of the United States. One of the U.S. members shall be the U.S. Ambassador. The Board of Trustees shall select the officers of the Foundation. The Foundation shall have freedom to use the funds available to them either directly or through investment and use of the proceeds.

The President is authorized by the bill to grant to such foundations, for the purposes specified in this title, local currencies which accrue to the United States as repayments of principal and interest on all local currency loans which have been made by the U.S. Government in the past under Public Law 480 or which may be made in the future under the present act.

#### NEW USES FOR LOCAL CURRENCIES ACCRUING FROM SALES UNDER TITLE I

Before concluding, I think it may be useful to point out that in the Food for Peace Act it is proposed to authorize a number of new uses, in addition to those already named in section 104 of title I of Public Law 480, for local currencies accruing from sales.

One of these is for loans to promote medical and scientific research, educational development, and health, and education.

A second is for financing the dubbing, showing, and distribution of audiovisual informational and educational materials, including Government materials abroad.

A third is for financing the services of technicians, advisers, and administrators who are citizens of any friendly country and who may be needed to further economic and social development programs in other friendly countries.

Five new additions are designed to authorize the use of local currencies, in agreement with the countries concerned, to permit, to buttress, and to extend so-

cial and economic development projects and activities carried on in those countries by the United Nations and its specialized agencies and affiliated organizations: specifically, the United Nations Special Fund, the United Nations Food and Agriculture Organization, the International Finance Corporation, and an International Development Loan Association, if and when such may be established as an affiliate of the World Bank for the purpose of making long-term loans, including local currency loans, for economic development.

To my mind, these five additions, which will tend in some measure to internationalize the use of the foreign currencies accruing from food for peace sales, are of the highest importance. I cannot too often repeat that our food and fiber surpluses are a powerful potential instrument for the economic and social development of the less developed countries, and can give rise to exceedingly extensive enterprises. However, if we seek to confine this enterprise into purely bilateral channels, with bilateral controls, we shall not only limit it, but we shall reap discord instead of good will. The United States is strong and it is wise. But it is neither strong enough nor wise enough to bring about alone that tremendous economic and social development which is necessary and possible. For that, the combined efforts of all nations are required, and I do not doubt that in the years immediately ahead we shall see a great burgeoning of projects carried on by and through international organizations. It is of the utmost importance that we equip ourselves to exert our efforts increasingly through international agencies.

In this shrunken world, the growing contrast between greatest wealth and direct need warps our perspective, threatens our survival, and offends our instincts as brothers of all men.

Mr. President, it is imperative that our people, privileged and anesthetized in the illusory fortress of their good fortune, notice the dawn rising even now in the East—a dawn burdened with the historic resentments of 2 billion human beings hungry and hopeless for countless millenniums—a dawn, however, also fresh with the radiance of unbounded opportunity.

Mr. President, let me emphasize that this response to the cries of the hungry abroad does not conflict in any way with our responsibility to see that the hungry and ill clad in this country are cared for. We have not forgotten that we have children here, too, who go to bed hungry at night, that there are needy old people, and people with earning power inadequate to their needs. Today more than 6 million Americans are dependent on public funds for the food they eat.

Certainly, these demands must be met. One first big step would be to use the laws which are already on the books. The Secretary of Agriculture has the authority, and he has the funds—section 32 funds, which year after year he hoards, and turns back to the Treasury—to help these people. If he wished to accept his full responsibility, the people unemployed in West Virginia and Kentucky,

in Michigan and Mississippi, and in New Jersey, Maine, and California, could have food to eat.

Mr. President, I am delighted that yesterday it was my privilege to join with the fine and able Senator from Missouri [Mr. SYMINGTON] in presenting to the Senate and to the Congress our food-certificate plan and food-stamp plan to take care of the needy in our own country. How the Congress or this administration could refuse to endorse such a program would be beyond my comprehension.

I repeat that as we plan for the use of our abundance of food in our international relations, let us think also of how we can use our food abundance to take care of those at home who are in need. Indeed, charity begins at home; and now we have provided the administrative machinery for the proper use of food and fiber to relieve human suffering both at home and abroad; and we here in the Congress should respond to the calls for help, to which I have referred, by enacting a realistic food-stamp plan bill that will, at a very small cost, improve the diets and the lives of millions of undernourished, and will do this through the regular channels of trade in a way that will bolster our economy. This will indeed be bread cast upon the water, for which we can see an immediate return.

But strongly as I support wiser use of our food abundance to feed our own hungry, I am equally concerned about feeding hungry people everywhere.

As I said at the beginning of my remarks, I think the American people are eager, Mr. President, to redeem our heritage and to restore our image.

I think we are ready to cast our bread upon the waters, because we know that is what we would want to have others do for us, were we where they are now. I think we are ready to acknowledge and to rejoice in the fact that God, in the ultimate of His wisdom, has made present imperatives of ancient ethics.

Lately there have been times, Mr. President, when it has not been easy to remember the authentic America—an America grateful for her bounty, eager to provide shelter to the needy, eager in her generosity—an America whose pocketbook is open, even if Communists do not threaten; an America whose schools are open, even if all her children are not of the same shade; an America whose heart is open to all men, in the humility of her unique opportunity to serve. That is the America that I love.

It is this America that asks patience and understanding from her older brothers across the sea, that finds wisdom in her heritage of diversity, and that asks of others help in finding ways to be of help to others.

And it is this America—too modest to sense yet the power of her unleashed conscience and energies—that must now be roused to the opportunity of the ages; the opportunity of a humanity working together against privation and inequity, and warmed in its labors by the love of the Lord for all his creatures.

Mr. President, it is in that spirit and in that philosophy that this proposed



legislation is introduced. To my mind, so far as my work in these legislative halls is concerned, this measure is the most important and the most rewarding of all my endeavors. I believe I speak for the other Senators who have joined me in sponsoring the measure when I say that this proposed legislation represents the kind of constructive good, both in terms of policy and in terms of ideals, that all of us embrace.

#### FREE IMPORTATION OF ARTICLES FOR EXHIBITION

Mr. JACKSON. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside, and that the Senate proceed to the consideration of Calendar No. 147, House bill 5508.

The PRESIDING OFFICER (Mr. WILLIAMS of New Jersey in the chair). The bill will be read by title, for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 5508) to provide for the free importation of articles for exhibition at fairs, exhibitions, or expositions, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Washington.

There being no objection, the Senate proceeded to consider the bill.

Mr. JACKSON. Mr. President, this measure provides for permanent legislation permitting the free entry, under bond, of imported articles for exhibition or use at fairs designated by the Secretary of Commerce. The passage of the pending measure would avoid the necessity of adopting special acts each year to deal with individual fairs.

The bill was reported unanimously by the Committee on Finance, and it passed the House unanimously. It has been approved by both sides of the aisle.

The PRESIDING OFFICER. The bill is open to amendment.

If there is no amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading, was read the third time, and passed.

#### LABOR-MANAGEMENT REPORTING AND DISCLOSURE ACT OF 1959

The Senate resumed the consideration of the bill (S. 1555) to provide for the reporting and disclosure of certain financial transactions and administrative practices of labor organizations and employers, to prevent abuses in the administration of trusteeships by labor organizations, to provide standards with respect to the election of officers of labor organizations, and for other purposes.

Mr. ERVIN. Mr. President, yesterday I offered an amendment to strike out title VI of Senate bill 1555. I wish to state the reasons why I offered that amendment. If the amendment were adopted, it would strike from the pending bill six nongermane amendments to the Taft-Hartley Act.

I realize that there are certain nongermane amendments to the Taft-Hartley Act in the first title of the bill. It would be my purpose to offer an addi-

tional amendment to strike those nongermane amendments to the Taft-Hartley Act from the first title of the bill in the event my amendment striking title VI from the bill should be adopted.

For 2 years I have served upon the Senate Rackets Committee, which has been presided over so ably and courageously by a truly great American, Senator JOHN L. McCLELLAN. This committee has investigated some 20 unions which act as collective bargaining agents for several million men and women employed in industries affecting interstate commerce.

The testimony taken by the committee has shocked the conscience of the Nation.

This is true because the testimony has made it crystal clear that some or all of the following have occurred upon frequent occasions in some of the unions investigated:

First. Union moneys in enormous amounts have been converted to their own use or that of their cronies by union officers whose duty it was to safeguard them.

Second. Union officers committing such raids upon union treasuries have destroyed union records to conceal their financial misdeeds from union members, income tax authorities, law enforcement officers, and investigating committees.

Third. Union members have been deprived of any real voice in the election of union officers or the management of union affairs by dictatorial activities of union officers, undemocratic regulations, wanton abuse of the trustee process, and even, on occasion, sheer terrorism.

Fourth. Persons convicted and sentenced to prison for armed robbery, burglary, extortion, and other infamous crimes have been placed in positions of authority over honest and law-abiding union members shortly after their release from prison and before they had brought "forth fruits meet for repentance."

Fifth. Union charters have been granted to known racketeers and their associates, who have used them as devices to prey upon the public and helpless workers compelled to earn their bread in the sweat of their brows.

Sixth. Union officers and agents of employers have entered into conspiracies resulting in sweetheart contracts or other arrangements which constituted betrayal of the union members by officers, who were supposed to represent them.

The great majority of union officers do not countenance or tolerate malpractices of these types in the areas in which they have the power to act. Nevertheless, the testimony taken by the Senate Rackets Committee shows that such malpractices are widespread in some segments of the union movement, and that they will undoubtedly continue unless they are outlawed by Congress. After all, John Stuart Mill was right when he said: "Laws and institutions require to be adapted, not to good men, but to bad."

For these reasons, there is a crying need at this hour for congressional action outlawing the malpractices I have enumerated.

It is obvious that if Congress is to do this, it must enact a statute regulating to a limited extent the internal affairs of unions.

Titles I to V, both inclusive, of S. 1555, which is popularly known as the Kennedy-Ervin bill, are well designed to outlaw the malpractices under scrutiny. If it should be enacted into law, the bill would make union officers legally accountable for safeguarding union money, impose criminal penalties upon union officers for willful misuse of union moneys or the willful destruction of union records, bar convicted felons from holding union offices until they have brought "forth fruits meet for repentance," prohibit union officers from arbitrarily using the trustee process, and from conniving with management to the detriment of union members, and secure to dues-paying union members both the right and the power to select the officers and control the affairs of their unions.

In laying stress upon the crying need for legislation outlawing the malpractices enumerated by me, and in pointing out that the first five titles of S. 1555 are well adapted to accomplish this purpose, I do not overlook these two things: First, that industry, labor, and the general public are demanding various changes in the Taft-Hartley Act, which was adopted in 1947 to regulate external relations between industry and labor; and, second, that title 6 of S. 1555 contains what I have designated as certain amendments to the Taft-Hartley Act which not germane to the primary objective of the bill as set forth in its first five titles. Indeed, I have been convinced by my own study of the subject and also by testimony presented to the Senate Rackets Committee that it is highly desirable for Congress to change or clarify some of the provisions of the Taft-Hartley Act, including those relating to organizational picketing and secondary boycotts.

While this is true, Congress should not attempt to outlaw malpractices in the internal affairs of unions and to amend the Taft-Hartley Act in one operation or in a single piece of legislation. On the contrary, Congress should do these jobs one at a time. This is so for these reasons:

First. Malpractices in the internal affairs of unions and problems arising out of the external relations of industry and labor are quite dissimilar in nature, and require quite different legislative treatment. To combine the consideration of such diverse matters is not conducive to sound legislation because it tends to confuse issues and distract legislators.

Second. The passage of needed legislation to outlaw malpractices in the internal affairs of unions ought not to be put in jeopardy by saddling such legislation with unrelated controversies between industry and labor respecting nongermane provisions of the Taft-Hartley Act.

Third. The Taft-Hartley Act is an exceedingly important and intricate law which should not be subjected to indiscriminate amendment on the Senate floor until the proposed changes in it



have been adequately studied by the appropriate Senate committee.

For these reasons, I urge that the non-germane amendments to the Taft-Hartley Act embodied in title VI of S. 1555 be stricken out, and that the bill be thus restricted to its primary objective; that is, the outlawing of the malpractices in the internal affairs of unions so clearly revealed by the investigations of the Senate Rackets Committee.

Mr. President, I do not claim to be a prophet or the son of a prophet; nevertheless, it is safe to make this prediction: If the non-germane amendments to the Taft-Hartley Act are stricken out, S. 1555 will pass the Senate by a virtually unanimous vote with a minimum of debate and delay, leaving the Senate free to consider at a subsequent time in a manner consistent with orderly legislative procedure all proposed changes in the Taft-Hartley Act after those changes have been adequately studied by the appropriate Senate committee.

It is likewise safe to make this prediction: If the non-germane amendment to the Taft-Hartley Act are not stricken out, their presence in S. 1555 will constitute an invitation to every Senator to offer upon the Senate floor as amendments to the bill whatever changes in the Taft-Hartley Act he deems desirable. As a consequence, the Senate will be bogged down for days on end in debate upon all the controversial features of the Taft-Hartley Act. This is likely to result either in the defeat of S. 1555 or the mangling of the Taft-Hartley Act. Intricate legislation cannot be properly framed amid heated debate upon a legislative floor.

We cannot justify exposing the provisions of the first five titles of S. 1555 and the Taft-Hartley Act to these alternative perils. The perils are wholly unnecessary because they can be entirely avoided in the first instance by the simple expedient of striking out title VI. Such action should be taken by the Senate at as early a moment as possible.

After this action is taken, the Senate should reject all subsequent attempts to write into S. 1555 any non-germane changes in the Taft-Hartley Act and send the restricted bill without delay to the House, whose concurrence in the action of the Senate would make it reasonably certain that union treasuries will not be pillaged with impunity by their custodians, that unrepentant convicted felons and racketeers will not be given dominion over honest and law-abiding union members, that dictatorial union officers will not be allowed to rob union members of their basic rights by abuse of the trustee process, that corrupt union officers will not be permitted to connive with management to betray the union members they represent, and that union members will possess the power as well as the right to exercise an effective voice in the selection of the officers and the control of the affairs of their unions.

Surely the investigations of the Senate Rackets Committee make it manifest that this is a "consummation devoutly to be wished."

A study of Federal law will show that industry has some substantial safeguards against any possible abuses of the unions under the provisions of the Taft-Hartley Act as it now exists, and that the unions have some substantial protection against abuses on the part of industry under the Taft-Hartley Act as it now exists; but a study of Federal law and the investigations of the Senate Rackets Committee make it crystal clear that the rank and file of union members have no protection of any kind against dictatorial and corrupt officers of unions or against the connivance of management with a corrupt labor leader to deprive them of their rights.

The question which is before the Senate fundamentally is this: Shall the Congress grant protection without delay to the persons in this area of our national life who now have no protection, or shall the Congress jeopardize the

right of these persons to protection at the hands of our Government by indulging in a controversy concerning the many controversial features of the Taft-Hartley Act—a course of action which will probably result not only in the denial of any rights to those who now have no protection but also in the mangling of the Taft-Hartley Act itself.

The best way to avoid such a calamity is to adopt my amendment and to confine the pending bill to the regulation of the internal affairs of unions so far as such regulation is required to protect the rights of their members, and at a subsequent period to give the appropriate committee an opportunity to bring forth a bill providing any desirable changes in the Taft-Hartley Act under such circumstances that the proposed amendments can be considered in an adequate manner, and thus free those who are now without protection of the danger that they will receive none at the hands of Congress.

#### ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, April 16, 1959, he presented to the President of the United States the following enrolled bills:

S. 144. An act to modify Reorganization Plan No. 11 of 1939 and Reorganization Plan No. 2 of 1953; and

S. 1096. An act to authorize appropriations to the National Aeronautics and Space Administration for salaries and expenses, research and development, construction and equipment, and for other purposes.

#### RECESS

The PRESIDING OFFICER. What is the wish of the Senate?

Mr. BEALL. Mr. President, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock 29 minutes p.m.) the Senate took a recess until tomorrow, Friday, April 17, 1959, at 12 o'clock meridian.







86TH CONGRESS  
1ST SESSION

# S. 1748

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## IN THE SENATE OF THE UNITED STATES

APRIL 21, 1959

Mr. ELLENDER (by request) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

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## A BILL

To extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 That the Agricultural Trade Development and Assistance  
4 Act of 1954, as amended, is amended as follows:

5 (1) Sections 109 and 204 of such Act are amended  
6 by striking out "1959" and substituting in lieu thereof  
7 "1960".

8 (2) Section 103 (b) of such Act is amended by striking  
9 out "1959" and substituting in lieu thereof "1960" and by  
10 striking out "\$2,250,000,000" and inserting in lieu thereof  
11 "\$3,750,000,000".



1       (3) Section 203 of such Act is amended by striking out  
 2       “\$800,000,000” and inserting in lieu thereof “\$1,100,-  
 3       000,000”.

86TH CONGRESS  
 1ST Session

S. 1748

## A BILL

To extend the Agricultural Trade Development  
 and Assistance Act of 1954, and for other  
 purposes.

By Mr. EILENDER

APRIL 21, 1959

Read twice and referred to the Committee on  
 Agriculture and Forestry







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

## CONTENTS

Issued May 25, 1959  
For actions of May 22, 1959  
86th-1st, No. 83

Adjournment.....	13		
Cotton.....	20		
Country life.....	3		
Dairy.....	14,18		
Disaster relief.....	5		
Electrification....	2,14,16		
Farm prices.....	6		
Farm program.....	14		
Foreign aid.....	11,17		
Housing.....	8		
Legislative			
accomplishments.....	7		
Milk.....	14,18		
		Natural resources.....	12
		Public Law 480.....	1
		Research.....	4
		School lunch.....	9,19
		Surplus commodities.....	8
		Surplus food.....	15
		Surplus property.....	21
		Water resources.....	4
		Water rights.....	10
		Wheat.....	1

HIGHLIGHTS; Senate passed wheat bill. Sen. Aiken criticized Secretary's proposal on REA financing. Sen. Dirksen inserted Secretary's Cedar Rapids speech.

## SENATE

WHEAT. Passed with amendments S. 1968, to revise price supports and acreage allotments for wheat. pp. 7991-8021, 8033-62, 8072-3

Agreed to the following amendments:

By Sen. Williams, Del., 57 to 20, to provide that the total amount of price support extended to any person on any year's production of commodities through loans or purchases by CCC, or any other USDA agency, shall not exceed \$35,000. pp. 8000-12

By Sen. Hart to remove the 30-acre limitation on the amount of wheat a farmer may grow to be used for feed and seed purposes on his own farm during the crop years 1960-61. pp. 8042-3

By Sen. Young, N. Dak., to add an additional proviso relative to price supports, whereby a farmer who reduces his wheat acreage allotment 10% will receive price supports at 75% of parity. pp. 8052-4

By Sen. Humphrey to modify the Williams amendment, after it had been agreed to, to provide that the \$35,000 limitation on price support payments to an individual shall not apply to a cooperative marketing organization, but the amount of price support made available to any person through such cooperative marketing organization shall be included in determining the amount of price support extended to the person under the \$35,000 limitation. p. 8056



Rejected the following amendments:

By Sen. Dirksen, in the nature of a substitute for the bill, to provide price support for wheat until 1962 at 75% of parity based on the immediately preceding 3-year average prices, to extend the conservation reserve program for 3 years, and to extend Public Law 480 for 3 years. pp. 8056-60

By Sen. Capehart, 5 to 69, to eliminate all price supports, acreage allotments, and marketing quotas for 1960 and subsequent crops, and to freeze CCC stocks of surplus commodities except for certain purposes. pp. 8033-42

By Sen. Dirksen to provide that, in conducting wheat referenda, all farmers engaged in the production of wheat normally harvested in the calendar year immediately preceding the calendar year in which a referendum is held shall be eligible to vote. The effect of the amendment would have been to permit farmers who grow less than 15 acres of wheat to vote in a referendum. pp. 8054-6

By Sen. Humphrey, 24 to 52, in the nature of a substitute for the Williams, Del. amendment, to provide that price supports to any person for each crop of wheat harvested during 1960 and 1961 through loans or purchases by CCC, or any other agency of USDA, shall not exceed \$35,000. pp. 8005-12

By Sen. Humphrey, 30 to 48, to provide price supports for wheat at 85% of parity with a 20% reduction in acreage. pp. 8014-21

Sen. Carlson submitted and later withdrew an amendment in the nature of a substitute for the bill, which would have substituted the language of his bill, S. 1484, providing for a marketing quota and income stabilization plan for wheat. pp. 8043-52

2. **ELECTRIFICATION.** Sen. Aiken criticized the Secretary's Cedar Rapids, Iowa, speech as reported by the press as advocating "doing away with the REA and creating a privately owned bank to take over the financing of this important rural program," and Sen. Aiken stated that "It would force possibly one-third of the REA cooperatives to give up the ghost and sell out to the utility interests," and further that "I dissociate myself completely from this attack by the Secretary upon the REA. I shall do all I can to prevent his recommendation from being acted upon favorably this session." Sens. Johnson and Carlson commended Sen. Aiken's statement. p. 7991
3. **COUNTRY LIFE.** Sen. Wiley urged the Agriculture and Forestry Committee to hold hearings on his bill, S. 265, to establish a Country Life Commission, and inserted a magazine article containing excerpts from the reports of the Country Life Commission appointed by President Theodore Roosevelt in 1908. pp. 7989-90
4. **WATER RESOURCES.** The Interior and Insular Affairs Committee reported without amendment H. R. 1306, to amend the Columbia Basin Project Act so as to permit delivery of water for use by Washington State College for agricultural research purposes (S. Rept. 309). p. 7985  
The Interior and Insular Affairs Committee reported without amendment S. Res. 121, to provide for the appointment of the chairman of the Interior and Insular Affairs Committee as an ex officio member of the Select Committee on National Water Resources (S. Rept. 310). p. 7985
5. **DISASTER RELIEF.** Received from the President a report of activity under authority of Public Law 875, 81st Congress, which authorizes Federal aid to State and local governments in major disasters. p. 7983
6. **FARM PRICES.** Sen. Langer inserted a letter from a constituent discussing the effects of farm prices and costs. pp. 7984-5
7. **LEGISLATIVE ACCOMPLISHMENTS.** Sen. Humphrey inserted a summary of major legislation passed by the Senate since Jan. 7, 1959. p. 8084

Calendar No. 283

86TH CONGRESS  
1ST SESSION

**S. 1968**

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IN THE SENATE OF THE UNITED STATES

MAY 21, 1959

Ordered to lie on the table and to be printed

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**AMENDMENT**

(IN THE NATURE OF A SUBSTITUTE)

Intended to be proposed by Mr. DIRKSEN to the bill (S. 1968)  
to strengthen the wheat marketing quota and price support  
program, viz: Strike out all after the enacting clause and  
insert the following:

1 That this Act may be cited as the "Agricultural Act of  
2 1959".

3 **TITLE I—WHEAT**

4 **DISCONTINUANCE OF ACREAGE ALLOTMENTS AND MAR-**  
5 **KETING QUOTAS ON WHEAT**

6 **SEC. 101.** The Agricultural Adjustment Act of 1938,  
7 as amended, is amended—

8 (1) by amending subsection (f) of section 335 by  
9 deleting item (1) and renumbering items (2), (3),  
10 and (4) as items (1), (2), and (3), respectively;



1           (2) by adding the following new section:

2           “SEC. 339. Notwithstanding any other provision of  
3 law, acreage allotments and marketing quotas shall not be  
4 established for the 1963 and subsequent crops of wheat.”

5                               PRICE SUPPORT

6           SEC. 102. Title I of the Agricultural Act of 1949, as  
7 amended, is further amended by adding at the end thereof  
8 the following:

9           “SEC. 106. Notwithstanding the provisions of section  
10 101 of this Act, price support for wheat shall be as follows:

11           “(a) The level of price support to cooperators for  
12 the 1960 crop, the 1961 crop, and the 1962 crop of  
13 wheat, respectively, if producers have not disapproved  
14 marketing quotas for such crop, shall be 75 per centum  
15 of the average price received for wheat by farmers dur-  
16 ing the three marketing years immediately preceding the  
17 marketing year for such crop. Price support for each  
18 such crop of wheat in case marketing quotas are disap-  
19 proved, in the case of noncooperators and in the case of  
20 cooperators outside the commercial wheat-producing  
21 area shall be as provided in section 101 (d) (3), (5),  
22 and (7).

23           “(b) The level of price support to producers for the  
24 1963 crop and each subsequent crop of wheat shall be  
25 90 per centum of the average price received for wheat

by farmers during the three marketing years immediately preceding the marketing year for such crop.

The Secretary shall determine and announce the price support level for each crop of wheat in advance of the planting season on the basis of the statistics and other information available at that time, and such price support level shall be final."

## TITLE II—CONSERVATION RESERVE PROGRAM

SEC. 201. Section 108 (b) of the Soil Bank Act is amended by adding at the end thereof the following: "Effective beginning with 1960, the Secretary shall give special consideration to those States and regions where it is necessary to discourage the production of wheat."

SEC. 202. Section 109 of the Soil Bank Act is amended—

(1) by amending subsection (a) to read as follows:

"(a) The Secretary is authorized to formulate and announce programs under this subtitle B and to enter into contracts thereunder with producers during the eight-year period 1956–1963 to be carried out during the period ending not later than December 31, 1972, except that contracts for the establishment of tree cover may continue until December 31, 1977.";

(2) by striking out in subsection (c) "\$450,-



1       000,000", and substituting in lieu thereof "\$500,-  
2       000,000".

3       TITLE III—EXTENSION OF PUBLIC LAW 480

4       SEC. 301. The Agricultural Trade Development and As-  
5       sistance Act of 1954, as amended, is amended as follows:

6       (1) Sections 109 and 204 of such Act are amended by  
7       striking out "1959" and substituting in lieu thereof "1962".

8       (2) Section 103 (b) of such Act is amended by strik-  
9       ing out "1959" and substituting in lieu thereof "1962" and  
10      by striking out "\$2,250,000,000" and inserting in lieu  
11      thereof "\$6,750,000,000".

12      (3) Section 203 of such Act is amended by striking out  
13      "\$800,000,000" and inserting in lieu thereof "\$1,-  
14      500,000,000".











80TH CONGRESS  
1ST SESSION

S. 1968

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# AMENDMENT

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(IN THE NATURE OF A SUBSTITUTE)

Intended to be proposed by Mr. DIRKSEN to the bill (S. 1968) to strengthen the wheat marketing quota and price support program.

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MAY 21, 1959

Ordered to lie on the table and to be printed

Mr. DIRKSEN. I shall certainly tell the Senator, because I have the figures here.

Ohio has approximately 157,000 farms. One hundred and twenty-seven thousand farmers would be eligible, normally, to vote. Eighty-one percent of the farmers of Ohio are disqualified under existing law because of the 15-acre limitation.

Mr. President, I shall not ask for a yea and nay vote. I simply make the case on principle. I am ready to stand by it.

Mr. LAUSCHE. What was the percentage in Ohio, please?

Mr. DIRKSEN. Eighty-one percent of the farmers of Ohio are disqualified. In Illinois 77 percent cannot vote under existing law. This is the list of farmers who were growers of wheat in the prior calendar year.

Mr. LAUSCHE. Is it possible that the large number of wheat growers in Ohio—81 percent—who are disqualified grow a substantial acreage of wheat?

Mr. DIRKSEN. Oh, yes; they grow a substantial acreage of wheat in Ohio, just as is the case in Illinois.

Mr. LAUSCHE. So the amount might comprise 127,000 times 14 acres?

Mr. DIRKSEN. That could very well be; I do not know. But it is necessary for a farmer to have 15 acres in order to be eligible to vote. That leaves the wheat referendum program in the hands of the large producers. If that is "democratic," I eat it.

Mr. AIKEN. Mr. President, before voting on this question, there is one matter which should be cleared up. Under the bill as reported by the committee, the amount of wheat which a farmer can raise without a quota is reduced from 15 acres to 12. It is my understanding that those who are reduced to 12 acres from 15 will have the right to vote in referendums. They will be added to the 90,000 voters, if I am correctly informed. I have not verified the figures. But those whose acreage allotments are arbitrarily reduced from 15 to 12 acres will be permitted to vote. I should like to ask the chairman of the committee if that is not his understanding.

Mr. ELLENDER. Those farmers whose allotments exceed 12 acres will be eligible to vote.

Mr. AIKEN. That is correct. So if a farmer has 13, 14, or 15 acres, and, above, he will be entitled to vote.

Mr. HOLLAND. Mr. President, will the Senator yield for a comment?

Mr. ELLENDER. I yield.

Mr. HOLLAND. I am happy the Senator from Illinois has offered this amendment, because in the discussion it has been made perfectly apparent, first, that the wheat program is not democratic and never was intended to be; second, that the artificiality of the program has forced the production of wheat into areas and amounts which would never have been the case but for such an artificial, man-made and surplus-producing program; and third, that this is simply a fair illustration of what has happened not only in this field, but also in the field of corn, small grains, and other commodities.

For instance, last year in my State of Florida five counties became commercial corn counties. Nationwide, there were 38 new commercial corn counties for the first time last year, most of them in areas which never should have been heavy corn-producing counties. This situation was created by the artificiality of a program which has never been democratic and has never been fair to the people and to the lands which were traditional and natural producers on the most economical basis possible.

I am happy that the Senator from Illinois has brought out the point so clearly evidenced by those opposing him—those whose States have large farms producing wheat—that to admit a democratic revision in the voting plan would mean the death of the wheat program. That, I think, is an end which we shall all wish may be attained, before very long. I believe that the majority of Americans already feel that way. My own feeling has been very keenly in sympathy with the frustrations so clearly evidenced by the Senator from Indiana [Mr. CAPEHART] in speaking to his amendment. I think, however, we should attack the problem a step at a time. I believe the step which the Senator from Illinois is suggesting is but one of the steps by which a more successful solution of the problem may be reached. I commend him warmly for having offered the amendment.

Mr. DIRKSEN. I thank the Senator from Florida.

Mr. ELLENDER. Mr. President, I yield 5 minutes to the Senator from North Dakota.

Mr. YOUNG of North Dakota. I am wondering why the sponsors of the amendment, who are being so democratic this evening, do not go all the way and follow all the proposals made by the American Farm Bureau Federation and the Secretary of Agriculture.

Mr. DIRKSEN. I shall do so later.

Mr. YOUNG of North Dakota. Since they are proposing this amendment, they should go a step further and adopt the 15-acre provision entirely. If the Senator from Illinois wants to go all the way, I will go with him. That would be good for the wheat farmers of the United States. But I do not know why it is desired to pick out one particular commodity, which the Farm Bureau and the Secretary want, and not go all the way and abolish all the other controls which they want abolished, too. Will the Senator from Illinois answer?

Mr. DIRKSEN. I have no answer to that. I simply take up one thing at a time. If a proposal is founded in hard truth and principle, what is wrong with it? Why not accept it? Then we will get around to the other matters.

I am not even a member of the Committee on Agriculture and Forestry, strangely enough; yet I find myself today presenting the administration's program. I shall present it directly. I am sorry it comes at the end of the day.

We have had a two-price system. We have had a suggestion from the Senator from Indiana [Mr. CAPEHART] to freeze great hoards of commodities and to give the President the authority to

dispose of them; then to wipe the slate clean of allotments and price supports, and all the rest.

We have also had the Humphrey proposal today. Now I am about to present the administration's proposal.

Mr. YOUNG of North Dakota. The Senator is talking on my time.

Mr. DIRKSEN. I am sorry.

Mr. YOUNG of North Dakota. Does the Senator from Illinois favor the farm bill proposal of the Secretary of Agriculture which would abolish the 15-acre provision for wheat?

Mr. DIRKSEN. To abolish it?

Mr. YOUNG of North Dakota. Yes.

Mr. DIRKSEN. He would not abolish the 15-acre provision.

Mr. YOUNG of North Dakota. Yes, as proposed by both Secretary Benson and the American Farm Bureau Federation.

Mr. DIRKSEN. I can only say to my friend that in the amendment which bears my name, the marketing quota exemption is up to 15 acres.

Mr. YOUNG of North Dakota. But both of them recommended to the committee the abolishment of the 15-acre provision. I think that is a step in the right direction; if we wish to consider your note proposal, we should go all the way with the recommendation, and should not simply pick out something that would help Illinois or some other State.

Mr. DIRKSEN. Why did the committee bring in the provision? I did not write the bill.

But, Mr. President, I will willing to yield back the remainder of the time available to me, and to have the vote on the amendment taken.

Mr. CARLSON. Mr. President, the distinguished Senator from Illinois has greatly stressed the democratic processes, and has called attention to the great harm and injustice being done to the 15-acre wheat growers in Ohio, Illinois, and Indiana. That is one of the problems in the entire picture; but I point out that the 15-acre wheat growers have no marketing quotas and no penalties applied to them, whereas any grower who is not in the 15-acre area is subject to quotas and penalties; and he cannot even grow wheat for feed, outside his quota. So there is a great difference, in terms of democracy, between the restrictions to which they are subjected and permitting those who are not subjected to any such restrictions to be free to grow wheat—to be freeloaders, so to speak.

Mr. HUMPHREY. Mr. President, does the Senator from Illinois intend to have the penalties for overplanting applied to farmers who have quotas of 10 acres or less?

Mr. DIRKSEN. The amendment will leave the law exactly where it is now.

Mr. HUMPHREY. But at the present time the law does not apply a penalty to them. The ones with less than 12 acres are not allowed to vote on marketing quotas—simply because the law exempts them from any penalty.

Mr. DIRKSEN. Their status will continue to be the same as it is now.



Mr. HUMPHREY. Not under the amendment of the Senator from Illinois. Under his amendment, those with 12 acres or less would be able to determine the penalties to be applied to those with 12 acres or more, but would not be required to accept any penalties themselves for overplanting on their quotas. In other words, the amendment of the Senator from Illinois would permit such farmers to say, "I want all the benefits of price supports and programs; but if I cheat, don't penalize me; only penalize those with 12 acres or more." That is what the Senator's amendment would do.

Mr. DIRKSEN. Mr. President, in view of the Senator's feeling that this is democratically desirable, why do not Senators take care of this provision in the committee?

Mr. HUMPHREY. There is a good reason.

Mr. DIRKSEN. Why?

Mr. HUMPHREY. Because the committee has reviewed for about 20 years the matter of the 12-acre limitation and the 15-acre limitation; and in that 20-year period the committee has had a fairly good idea of what it was doing. The small farmer with 15 acres or less primarily uses what he produces on his own farm, merely for his own purposes; and he is not what could be called a genuine producer, in the sense of taking his crop to the elevator or marketing it. So he has been exempted from the penalty provisions of the program.

Since he was exempted from the penalty provisions of the program and was not considered to be an active participant, and because he was not subjected to the penalties, he was not included among those who were allowed to vote on the program.

Mr. President, I do not think that a farmer with 80 acres in Minnesota is considered a big farmer. Of course, whenever there is big business, it is considered as efficiency. I have heard wonderful statements in this body about General Electric, General Motors, General Foods, and some other generals—five star generals. But when a farmer has 100 acres, all at once he is considered to be a big, big farmer; and, somehow or other, that is considered to be quite bad. But to me, it is quite good.

Mr. DIRKSEN. Mr. President, I am at a loss to know what General Motors has to do with 15 acres of wheat.

Mr. HUMPHREY. One never can tell. [Laughter.]

Mr. DIRKSEN. Mr. President, all that is merely a lot of cheese paring.

The choice to be made is on the question of whether to give the 15-acre wheat farmer a chance to vote in the referendum. Let Senators vote for or vote against the amendment, as they wish. I have no pride of authorship in it, except as a matter of principle.

The amendment of the Senator from Michigan [Mr. HART], which was adopted earlier this afternoon, would remove the 30-acre limitation which resulted in Mr. Yankus' going to Australia. So the Senate has voted to remove one lid; and I propose that the other one be removed.

Mr. LAUSCHE. Mr. President, will the Senator from Illinois yield to me?

Mr. DIRKSEN. I yield.

Mr. LAUSCHE. For 20 years this problem has been studied; and I should like to ask whether during that time the situation of the wheat farmers and the other farmers has been improved.

Mr. DIRKSEN. Mr. President, I want the Senator from Ohio to be here when I offer my other amendment, because in that connection I wish to read a paragraph which is 21 years old.

Mr. President, I yield back the remainder of the time available to me on the pending amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois [Mr. DIRKSEN]. [Putting the question.]

The "noes" appear to have it; and the "noes" have it, and the amendment is rejected.

Mr. DIRKSEN. Mr. President, I submit an amendment in the nature of a substitute, which I send to the desk.

Mr. HUMPHREY. Mr. President, will the Senator from Illinois be so kind as to withhold that amendment until we can submit a technical amendment upon which we have agreed?

Mr. DIRKSEN. Certainly.

Mr. HUMPHREY. Mr. President, I send to the desk a technical amendment for which I request immediate consideration.

Let me say that the amendment is the substance of the amendment which the Senator from Delaware [Mr. WILLIAMS], the Senator from Vermont [Mr. AIKEN], and I discussed earlier today; it relates to the cooperatives under the \$35,000 limitation.

I now understand from the Senator from Delaware that this amendment has been checked with the technicians in the Department, as well as with his own staff and with the committee's staff, and that the revised amendment, as the Senator went over it, is acceptable. Is that correct?

Mr. WILLIAMS of Delaware. I have talked with the Department; and while they do not think that additional language is necessary, since question was raised on the floor, there was no objection to including it. It merely spells out specifically what we intended to do.

Mr. HUMPHREY. That is correct.

Mr. WILLIAMS of Delaware. It does not go beyond that.

I understand that the Senator from Minnesota is offering the first phase only of his proposal.

Mr. HUMPHREY. Yes. Mr. President, I should like to have the amendment read at this time, so Senators may be familiar with it.

The PRESIDING OFFICER. The amendment submitted by the Senator from Minnesota will be stated.

The LEGISLATIVE CLERK. Following the period at the end of the amendment of Mr. WILLIAMS of Delaware, it is proposed to insert the following:

In the case of any loan to, or purchase from, a cooperative marketing organization the limitation of \$35,000 shall not apply to the amount of price support extended to the cooperative marketing organization, but the amount of price support made available to any person through such cooperative marketing organization shall be included in determining the amount of price support

extended to such person for the purpose of applying such limitation.

Mr. HUMPHREY. Mr. President, this amendment is the revised version which eliminates some of the language which I believe could have been interpreted—according to the Department technicians—as being somewhat difficult to handle. For example, the word "partnerships" is now excluded.

Mr. WILLIAMS of Delaware. No; the amendment merely adds a provision at the end of my amendment; the pending amendment does not eliminate any of the language of the other amendment.

Mr. HUMPHREY. I was referring to the amendment I previously offered, and then withdrew.

Mr. WILLIAMS of Delaware. Oh, yes.

But this amendment provides that if a group of individuals wish to operate as a cooperative group, they can still receive the benefit of the \$35,000 ceiling.

Mr. HUMPHREY. Yes, as individuals.

Mr. WILLIAMS of Delaware. That is correct—as individuals.

However, if a farmer is a member of a cooperative, and if he markets \$15,000 of his products through the cooperative, he will then have remaining only \$20,000; in other words, all his transactions, whether individual transactions or transactions through the cooperative, on all commodities will be totaled; and his total transactions will not be allowed to exceed the \$35,000 ceiling.

As I have explained, the amendment I submitted subjected all his transactions to the \$35,000 ceiling; and the pending amendment will not in any way change the application of the \$35,000 ceiling to the farmer's total transactions.

Mr. HUMPHREY. That is correct.

Mr. President, I yield back the remainder of the time available to me.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota [Mr. HUMPHREY].

The amendment was agreed to.

Mr. HUMPHREY. Mr. President, I thank the Senator from Illinois for his courtesy in permitting me to have that amendment acted on at this point.

Mr. DIRKSEN. Mr. President, I submit the amendment which I send to the desk. The amendment is in the nature of a substitute. I ask unanimous consent that the amendment be printed in the RECORD, without being read by the clerk.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment submitted by Mr. DIRKSEN is to strike out all after the enacting clause and insert the following:

That this Act may be cited as the "Agricultural Act of 1959."

#### TITLE I—WHEAT

#### Discontinuance of acreage allotments and marketing quotas on wheat

SEC. 101. The Agricultural Adjustment Act of 1938, as amended, is amended—

(1) by amending subsection (f) of section 335 by deleting item (1) and renumbering



items (2), (3), and (4) as items (1), (2), and (3), respectively;

(2) by adding the following new section: "SEC. 339. Notwithstanding any other provision of law, acreage allotments and marketing quotas shall not be established for the 1963 and subsequent crops of wheat."

#### Price support

SEC. 102. Title I of the Agricultural Act of 1949, as amended, is further amended by adding at the end thereof the following:

"SEC. 106. Notwithstanding the provisions of section 101 of this Act, price support for wheat shall be as follows:

"(a) The level of price support to co-operators for the 1960 crop, the 1961 crop, and the 1962 crop of wheat, respectively, if producers have not disapproved marketing quotas for such crop, shall be 75 per centum of the average price received for wheat by farmers during the 3 marketing years immediately preceding the marketing year for such crop. Price support for each such crop of wheat in case marketing quotas are disapproved, in the case of noncooperators and in the case of cooperators outside the commercial wheat-producing area shall be as provided in section 101(d)(3), (5), and (7)."

"(b) The level of price support to producers for the 1963 crop and each subsequent crop of wheat shall be 90 per centum of the average price received for wheat by farmers during the 3 marketing years immediately preceding the marketing year for such crop.

The Secretary shall determine and announce the price support level for each crop of wheat in advance of the planting season on the basis of the statistics and other information available at that time, and such price support level shall be final."

#### TITLE II—CONSERVATION RESERVE PROGRAM

SEC. 103. The Agricultural Act of 1949, as amended, is amended, effective beginning with 1960 production, by inserting after section 420 the following new section:

"SEC. 421. The total amount of price support extended to any person on any year's production of agricultural commodities through loans or purchases made or made available by the Commodity Credit Corporation, or other agency of the United States Department of Agriculture, shall not exceed \$35,000. The term 'person' shall mean any individual, partnership, firm, joint-stock company, corporation, association, trust, estate, or other legal entity or a State, political subdivision of a State, or any agency thereof. The Secretary shall issue regulations prescribing such rules as he determines necessary to assure a fair and effective application of such limitation, and to prevent the evasion of such limitation."

SEC. 202. Section 109 of the Soil Bank Act is amended—

(1) by amending subsection (a) to read as follows:

"(a) The Secretary is authorized to formulate and announce programs under this subtitle B and to enter into contracts thereunder with producers during the eight-year period 1956-1963 to be carried out during the period ending not later than December 31, 1972, except that contracts for the establishment of tree cover may continue until December 31, 1977."

(2) by striking out in subsection (c) "\$450,000,000", and substituting in lieu thereof "\$500,000,000".

#### TITLE III—EXTENSION OF PUBLIC LAW 480

SEC. 301. The Agricultural Trade Development and Assistance Act of 1954, as amended, is amended as follows:

(1) Sections 109 and 204 of such Act are amended by striking out "1959" and substituting in lieu thereof "1962".

(2) Section 103(b) of such Act is amended by striking out "1959" and substituting in lieu thereof "1962" and by striking out

"\$2,250,000,000" and inserting in lieu thereof "\$6,750,000,000".

(3) Section 203 of such Act is amended by striking out "\$800,000,000" and inserting in lieu thereof "\$1,500,000,000".

Mr. DIRKSEN. Mr. President, I shall be very brief, I hope, and if I do not get into a complicated colloquy, I think I can complete my remarks in short order.

As sort of a test, I am going to use the question raised by our distinguished friend from Ohio [Mr. LAUSCHE] when he asked, "Has there been any improvement in all this in the past 20 years?"

I review the legislative findings relating to the Agricultural Adjustment Act of 1938. I was a Member of the House when that bill was enacted into law, and the distinguished Senator from New Mexico [Mr. ANDERSON] may have been there at the time. Our distinguished friend from Washington [Mr. MAGNUSON] was there.

Here are the legislative findings. This started 21 years ago:

Abnormally excessive supplies overtax the facilities of interstate and foreign transportation, congest terminal markets and milling centers in the flow of wheat from producers to consumers, depress the price of wheat in interstate and foreign commerce, and otherwise disrupt the orderly marketing of such commodity in such commerce.

Such surpluses result in disastrously low purchasing power of grain producers for industrial products, and reduce the value of the agricultural assets supporting the national credit structure.

That sounds like the statement which was made here this afternoon. So after all these years this program has been pretty much of a failure.

It seems to me, after all the efforts which have been made, the sensible thing would be to leave the department charged with the responsibility over agriculture to have its substitute adopted in the form of permanent legislation.

This is what the substitute does. I shall not weary Senators with long detail.

It is proposed as a permanent law, to have 55 million acres for 1960, 1961, and 1962, and after that the allotments would be eliminated.

Seventy-five percent of parity supports are proposed, based upon the immediately preceding 3-year average prices, until 1962. Then allotments would come off, and parity supports or average market supports would go to 90 percent.

The marketing quota exemption would be up to 15 acres, with general authority in existing law to take care of and control diverted acres.

It is estimated that if we follow that program we shall save from \$200 million to \$250 million a year, and more in later years.

So much for wheat.

The proposal also relates to the conservation reserve program, which will expire on December 31, 1960. This proposal would extend the control authority for 3 years.

Maximum annual payments would be raised from \$450 million to \$500 million in any calendar year.

There was contained in one paragraph specific authority to permit discourag-

ing wheat production in given States and regions. I struck that out. Frankly, I do not know what was contrived there, but I want to be sure I am not in the corner of those trying to discourage any State or region. So I struck it out.

Then there is a provision which extends Public Law 480. The expiration date is December 31, 1959. We would extend it 3 years.

The amendment would increase the amount authorized to be expended under title I of the Public Law 480 by \$4,500 million.

It would extend title II of the act for 3 years.

It would increase the amount authorized to be expended under title II of such act from \$800 million to \$1,500 million.

So there is included in the proposal changes in Public Law 480, the conservation reserve program, and the wheat program, plus the Williams amendment.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. CAPEHART. The proposal is to increase the amount to be expended under title I by \$4 billion. Is that correct?

Mr. DIRKSEN. Yes; it would increase the amount authorized to be expended under title I by \$4,500 million, and, under title II, from \$800 million to \$1,500 million.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. ELLENDER. Is the proposal to extend the program for 3 years?

Mr. DIRKSEN. Is the Senator speaking of Public Law 480 or the conservation reserve?

Mr. ELLENDER. Title 3 of Public Law 480.

Mr. DIRKSEN. The proposal is to extend title 1 for 3 years.

Mr. ELLENDER. Congress usually extends it year by year.

Mr. DIRKSEN. It is proposed to extend it for 3 years.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. LAUSCHE. The proposal is to extend it to 1962. Is that correct?

Mr. DIRKSEN. Yes.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. HUMPHREY. How much does the proposal provide for each year?

Mr. DIRKSEN. I do not have it broken down in that way, but, under title 1, the amount to be authorized to be expended would be increased by \$4,500 million. Title 2 of Public Law 480 would be extended for 3 years. Then, under title 2, it is proposed to increase the amount authorized to be expended from \$800 million to \$1,500 million.

Mr. HUMPHREY. May I ask the Senator if this is the administration program?

Mr. DIRKSEN. Yes.

Mr. HUMPHREY. When did the administration change its mind, because



the last notice we had was a 1-year extension? I ask the question only as a matter of interest, because I am pleased with the proposed 3-year extension.

Mr. DIRKSEN. I do not know when or if the administration changed its mind. All I know is what I have before me.

Mr. HUMPHREY. The Senator is reading from a paper. The committee had recommendations from the Secretary for a 1-year extension. I wondered if the Secretary had changed his mind. If so, I wanted to stand up and congratulate him and wish him well. We hope to be able to extend the authority for 3 years.

Mr. DIRKSEN. The Secretary has never indicated to me anything other than a 3-year extension.

Mr. HUMPHREY. In his testimony his recommendation was a 1-year extension.

Mr. DIRKSEN. I was not there.

Mr. HUMPHREY. I gather his testimony was rather official, or was he merely visiting with us?

Mr. DIRKSEN. I would not know.

Mr. HUMPHREY. I would like to know when he is merely visiting with us, because we have such pleasant visits.

Mr. DIRKSEN. All I know is what I know.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. LAUSCHE. Is the Senator able to tell, from the report he had from the Department of Agriculture, whether the bill as now pending before the Senate, without the amendment offered by the Senator from Illinois, will increase the existing cost of the support program?

Mr. DIRKSEN. The best estimate I have is that the Department believes this proposal will increase the cost from \$150 million to \$200 million. I do not have the figures broken down. I have to rely entirely on the personnel who worked on the program.

Mr. LAUSCHE. My question is whether the bill which is now pending, without the amendment of the Senator from Illinois, will lower the cost to the taxpayers or increase it.

Mr. DIRKSEN. The Department takes the position that it will increase the cost.

My friend the Senator from Louisiana [Mr. ELLENDER] shakes his head and indicates "no" to that statement, but the figures I have in front of me are all I have, and they are not broken down. They indicate the cost would be increased, whereas the administration proposal would decrease the cost by from \$200 million to \$250 million.

Mr. LAUSCHE. Am I to understand that the bill now pending before the Senate, if passed, will increase the cost by \$50 million, while the amendment proposed by the administration will decrease the cost by \$200 million?

Mr. DIRKSEN. On the basis of representations and figures that have been submitted to me, the Senator from Ohio is correct, although the chairman of the committee, the Senator from Louisiana [Mr. ELLENDER], shakes his head to indicate that is probably not the fact. But

I base my statement entirely on the figures that have come from the Department of Agriculture.

Mr. LAUSCHE. Then, if one is inclined to reduce the cost to the taxpayers—

Mr. DIRKSEN. He would vote for my substitute.

Mr. LAUSCHE. And that would reduce the cost by \$200 million, as declared by the Department of Agriculture. Is that correct?

Mr. DIRKSEN. Yes, and more in later years. It also has the advantage of extending Public Law 480.

Mr. LAUSCHE. I should like to ask one other question. Does the bill pending before the Senate in any way control what shall be done with the acreage taken out of production in order to qualify?

Mr. DIRKSEN. I think that question would almost have to be addressed to the chairman of the committee. The Senator is talking about the diverted acres, and whether they shall be controlled so far as other price supported commodities are concerned.

Mr. LAUSCHE. Under the existing bill, can a farmer say, "I will go under the price support program and take out 20 percent of my acres, but I am going to plant the 20 percent of the acres to other subsidized products"?

Mr. DIRKSEN. I think the bill which came from the committee, even if it might not clear, undertakes to make sure that diverted acres will not be diverted to price supported crops.

Mr. LAUSCHE. I do not think that is the case.

Mr. DIRKSEN. If I am mistaken, the Senator will have to ask the chairman of the committee.

Mr. ELLENDER. That is not correct.

Mr. DIRKSEN. It is not?

Mr. ELLENDER. No. The amendment presented by the distinguished Senator from Minnesota provided that the diverted acres could not be planted to a crop for which price support is available, but the amendment provided further if the farmer did not use the land at all, he would receive a payment in kind, equal to one-third of the crop the land would produce if planted to wheat or corn, for instance.

Mr. LAUSCHE. My question is, does the pending bill in any manner give the Secretary of Agriculture the right to prohibit the planting of the withdrawn acreage?

Mr. ELLENDER. It does not change the existing law in that respect.

Mr. LAUSCHE. So the farmer can get the increased subsidy payment by taking the acreage out of production of wheat, and then plant other products?

Mr. ELLENDER. He could plant anything he desired.

Mr. LAUSCHE. So while we would be reducing the wheat planting we would allow the farmer to increase his planting on the total acreage?

Mr. ELLENDER. The farmer could plant corn, if he desired, or almost anything else.

Mr. JAVITS. Mr. President, will the Senator yield to me?

Mr. DIRKSEN. Mr. President, I yield the Senator from New York 2 minutes or 3 minutes from the time on the bill.

Mr. JAVITS. Mr. President, I, in part, represent a State which is essentially a consumer of farm products, both with respect to urban and suburban population, and with respect to farming population, which is largely engaged in dairying, poultry raising, and similar activities.

Mr. President, I shall support the substitute proposed by the minority leader on the part of the administration.

I do not hesitate to speak with regard to this bill, though it is an agricultural bill. When I was a Member of the other body I did the same thing. I deprecate the fact that unfortunately the representatives of consumers in this body and in the other body do not feel an adequate interest in proposed farm legislation. There is nothing which has greater influence upon the cost of living for the average family, which pays about 30 percent of its total income for food and food products. There is nothing which has greater influence upon the average family than the farm program. I think it is very sad that consumer representatives do not speak out about the farm programs.

Mr. LAUSCHE. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. JAVITS. Mr. President, my mail this particular year has been enormous with regard to this question. People do a lot of talking about economy, yet when one plumbs the correspondence and communications one determines it is really not so much a question of cost as it is a question of hopelessness with regard to what we are spending and the results which are being achieved. There are remarkable paradoxes, with mounting costs and mounting surpluses—with tremendous costs for storage, which are about a billion dollars a year now—and constantly accumulating surpluses.

As we can observe from a study of the pending bill, this is a tremendous problem. The committee tells us frankly that as of July 1, this year we shall have a carryover of roughly one-third more than we had as of July 1 last year. This is some kind of a cul-de-sac in which we are, from which it is high time we extricated ourselves. We may have to do it drastically.

I believe the attitude of the consumer is that he is perfectly willing to spend what he is spending now in order to help the farmer over the hill. A problem may arise because of the fact that we need large farms and more mechanization. However, the consumer is absolutely opposed to spending more in the blind alley in which I think the committee bill will take us, and in which the whole farm program as designed in the Congress—in this body and in the other body—constantly has taken us. At least Ezra Taft Benson is brave enough and willing enough to take a beating to try to break the matrix in which we seem to have caught ourselves.

My presentation to my colleagues in the Senate, I think, should do this: I



deeply believe we can find a way out, if we are willing to spend as much money in using food as an instrument of foreign policy, which is the purpose of extending Public Law 480 and increasing the amount available for it; using agricultural commodities as instruments for industrial production, in the great research program proposed; using surplus food for the indigent and the distressed, as my colleagues the Senator from Kentucky [Mr. COOPER] and the Senator from Minnesota [Mr. HUMPHREY] and others have suggested; and seeking to retrain the farm population, even paying the farmers compensation in the process.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. JAVITS. Mr. President, will the Senator yield me 1 additional minute?

Mr. DIRKSEN. Mr. President, I yield 1 minute to the Senator from New York from the time on the bill.

Mr. JAVITS. We could even pay the farmers while they are being retrained, so that they may be moved off the farms into other areas where they will be more productive in terms of the entire economy.

The idea that we can have a yeomanry in the United States is completely archaic. Many of us would like to keep it alive, sentimentally, but we are talking about a situation which has lasted for 10 or 20 or 30 years. I feel that the consumers want us to face reality. I think we face reality a little more accurately with the administration substitute than with the committee bill, which I think would result in the same hopeless situation we have faced for years.

I, for one, do not feel I want to accept the situation insofar as 16½ million consumers in New York are concerned.

Mr. HUMPHREY. Mr. President, will the Senator from Louisiana yield to me? I wish to read a clipping for my good friend from New York.

Mr. ELLENDER. Mr. President, I yield 1 minute to the Senator from Minnesota.

Mr. HUMPHREY. I, of course, share with the Senator from New York a deep and constant interest in the welfare of the consumers. I should like to have the Senator from New York to listen as I read an Associated Press dispatch regarding a Department of Agriculture survey, taken at the end of 1958. The article reads:

An Agriculture Department market study shows that even if farmers had donated their wheat, consumers still would have had to pay 16.9 cents for a pound loaf of white bread in 1958.

As it was, the retail price averaged 19.3 cents a pound. Thus, farmers got 2.4 cents for the wheat used in a pound of bread that netted the retailer 3.1 cents.

The study showed that bread prices have risen every year since 1945. During much of this period, there has been a decline in wheat prices.

Other farm-produced ingredients in a pound of bread—lard, sugar, and dried milk—brought producers six-tenths of a cent last year.

The study said the increase in bread prices had reflected higher marketing margins,

mostly involving the baker. The Department cited higher wage rates and higher costs for wrapping materials.

Mr. President, I want my good friend from New York to know that if every wheat farmer in the United States decided to produce wheat as the Nation's No. 1 Santa Claus, and to give it to all the bakers of New York, it would save the consumers only 2.4 cents a loaf on their bread, and the consumers would still be paying 16.9 cents a loaf, though the farmer never received one penny.

All the talk about what effect the passage of the bill, whatever may be the results of its passage, will have on the consumer, I will say, is really redundant. The truth is that, if we should raise the price supports .5 or 10 cents, it would not be reflected in a cost of more than one-half of 1 cent to the consumer.

Mr. JAVITS. Mr. President, will the Senator yield for an instant, since he has referred to me?

Mr. HUMPHREY. Indeed, I will yield to my friend.

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

Mr. DIRKSEN. Mr. President, I yield 1 minute to the Senator from New York from the time on the bill.

Mr. JAVITS. We do not want to argue at cross purposes. This is no time for extended debate. I should like to emphasize that we are dealing with the taxpayers, who are also the consumers, who are very resentful about paying billions of dollars when the situation seems to be hopeless. What the Senator himself has said emphasizes its hopelessness.

I say to the Senator, let us see if we humanly can break this matrix. That is all I plead for; and any right-minded consumer only asks for that. Let us not go into the details of whether it will or will not save a penny. The situation looks hopeless. That is all I say to my friend.

Mr. HUMPHREY. I will say to my friend, we can break the matrix with a change in administration.

Mr. ELLENDER. Mr. President, the Committee on Agriculture and Forestry gave very careful consideration to the program which has been submitted by my good friend from Illinois.

The program he is suggesting would mean that in 1960 the price of wheat could go down to \$1.41; in 1961, to \$1.29; and in 1962 to \$1.14.

With all due deference to my distinguished friend from Illinois, I must state that I am somewhat amazed at the package he offers the Senate. Part 1 of his substitute is the administration's wheat program. This program was studied by the committee, and studied carefully, considering the delay involved from its initial announcement in extremely general terms by the Secretary, and its final submission in bill form to the committee. I do not intend to dwell in any great detail on this approach. Suffice it to say that the committee considered it, and found it wanting. It would not, in my opinion, do anything more than offer the prospect of further increases in production, lower farm income, aggravated

surpluses and increased costs to the Government.

The Senator's substitute would also greatly broaden the conservation reserve program of the soil bank. I need not remind Senators that this is the second phase of the soil-bank program, a program which has already given a black eye to the entire farm program. I am most reluctant to increase and expand a program involving direct payments to farmers for taking their land out of production for long periods of time. It may be that we will ultimately be reduced to taking such a program, but I urge Senators to withhold cramming any such scheme down the throat of American agriculture until our committee has at least had a chance to examine this latest proposal in detail.

Earlier today, in connection with the amendment offered by the Senator from Delaware, I took great pains to point out that the direct payments feature of the soil bank, including both the acreage and conservation reserve, has contributed much toward creating and fostering the prevailing misunderstanding of the price support program. Thanks to the press, and others, the public has been given the impression that payments made under the soil bank program are part and parcel of the price support program. Before extending the soil bank, before embarking upon a bigger, costlier, conservation reserve, I do believe that the Committee on Agriculture and Forestry should be given a chance to see where the Department wants to lead us in what is apparently an effort to move down the direct payments road, even though such payments in this case are soil bank payments.

The third part of the substitute offered by the Senator from Illinois involves a 3-year extension of Public Law 480, the so-called Surplus Disposal Act. As Senators well know, the committee has generally insisted that Public Law 480 be extended only on a year-by-year basis. We have endeavored to keep it a temporary program. Here we have a proposal to extend it for 3 years, at an annual expenditure of \$1½ billion.

Title II, donations, would be increased from \$700 million to \$1½ billion.

To a large extent, I am mystified by what is apparently the administration's position on this matter. The Secretary of Agriculture, indeed, the President himself, have both stated on several occasions that Public Law 480 sales for foreign currencies, and the other disposal authorities contained in that law, should not be regarded as long-range programs—that such sales should not be regarded as real consumption of agricultural commodities any more than, in their words, warehouses should be considered markets.

In the light of the past reluctance of the Congress to embark upon long-range authorizations for Public Law 480, and in view of Secretary of Agriculture's past position on this matter, I urge Senators to join me in opposing a 3-year, extension of this program.

Mr. President, I ask that the amendment offered by the Senator from Illinois be defeated.



Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. CASE of South Dakota. I trust the chairman will give us assurance that the extension of Public Law 480 will be considered by the committee.

Mr. ELLENDER. Certainly. We expect to consider it.

I yield back the remainder of my time on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Illinois [Mr. DIRKSEN].

Mr. NEUBERGER. Mr. President, I ask for the yeas and nays on this amendment.

The yeas and nays were not ordered.

Mr. LAUSCHE. Mr. President, may I have 3 minutes?

Mr. DIRKSEN. I yield 3 minutes on the bill to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, I wish to offer my support to the proposal of the administration with respect to the farm program.

By June 30, 1960, there will be \$3½ billion worth of wheat in the bins. From 1954 to 1958 the cost to the taxpayers was \$2,533 million. Statements have been made to the effect that 20 years of study have been devoted to this problem for the purpose of solving it. At the end of 20 years we are worse off than we were in 1938.

Arguments are made to the effect that no benefit will come to the consumer in the city. All I know is that there is \$9 billion worth of surplus food in the bins, costing the taxpayers \$1 billion a year for storage and administration.

Finally, I cannot understand why the Committee on Agriculture and Forestry, when it says it is necessary to take wheat out of production in order to reduce the surplus, inserted no provision in the bill to the effect that when a farmer is paid for taking out of production his acreage of wheat, he shall be prohibited from using it for other crops. I cannot understand why the committee failed to include such a provision in the bill.

We shall be committing a swindle upon the consumers of the country when we tell them, through the existing bill, that wheat will be taken out of production, unless we also tell them that we have told the farmer, "Take your wheat acreage out of production and then plant it to other crops."

I will support the administration proposal, and vote against the committee bill.

Mr. DIRKSEN. Mr. President, I yield back the remainder of my time on the pending amendment.

The PRESIDING OFFICER. All time on the amendment has been exhausted or yielded back on both sides.

The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DIRKSEN]. [Putting the question.] The "noes" appear to have it.

Mr. LAUSCHE. Mr. President, I ask for a division.

On a division, the amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. SYMINGTON. Mr. President, will the Senator from Illinois yield me 2 minutes on the bill?

Mr. DIRKSEN. I yield 2 minutes on the bill to the Senator from Missouri.

Mr. SYMINGTON. Mr. President, the Senate is now considering a wheat bill primarily because the present program has failed.

It has failed to bring production in line with need.

It has failed because it has piled up over \$3 billion of wheat in Government investment and inventory.

It has failed because it has cost the American taxpayers many millions of dollars.

It has failed because it has not helped the family farmer to earn a fair standard of living for his family.

Since the majority of the farmers will elect to plant their present allotment and receive 65 percent of parity, as against the 75 percent under the present law, farm income will be decreased through the passage of this bill.

Furthermore, with the same allotments, but a lower price, farmers will make every effort to increase present production per acre. Therefore, total wheat production will increase.

With the same or more production, hundreds of millions of bushels will be added next year to the already bulging Government inventory.

And what happens to the small farmer who under the present law, can plant 15 acres of wheat?

It will cut his exemption 20 percent.

In other words, this bill will not cut the big wheat farmer—only the small wheat farmer.

Last year the Congress made special provision to help the small cotton farmer. I supported that action. Now we are about to vote on a wheat bill in which the small wheat farmer is the one hurt.

I am aware of this wheat situation, and agree that something must be done. But S. 1968 will not solve the surplus problem. It will not reduce the cost of the farm program. In addition, it will further reduce the income of the small family-sized operator.

Therefore, Mr. President, I am against the bill.

Mr. ELLENDER. Mr. President, I yield back the remainder of my time on the bill.

Mr. DIRKSEN. Mr. President, I yield back the remainder of my time on the bill.

The PRESIDING OFFICER. All time on the bill has been exhausted or yielded back.

The bill is open to further amendment.

If there is no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? [Putting the question.]

Mr. JOHNSON of Texas. Mr. President, I ask for a division.

On a division, the bill was passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title 1 of the Agricultural Act of 1949, as amended, is amended by adding the following new section:*

"SEC. 106. Notwithstanding the provisions of section 101 of this Act, for each of the 1960 and 1961 crops of wheat price support shall be made available as provided in this section. The Secretary is authorized and directed to offer the operator of each farm for which an allotment is established under the Agricultural Adjustment Act of 1938, as amended, a choice of—

"(A) complying with the farm acreage allotment determined pursuant to the Agricultural Adjustment Act of 1938, as amended, with price support at 65 per centum of the parity price therefor, or

"(B) reducing the acreage of wheat below the farm acreage allotment by not less than 10 per centum of such allotment with price support at 75 per centum of the parity price therefor, or

"(C) reducing the acreage of wheat below the farm acreage allotment by not less than 20 per centum of such allotment with price support at 80 per centum of the parity price therefor.

To be eligible for price support, producers who elect choice (B) or choice (C) must not knowingly exceed the wheat acreage for the farm applicable under such choice. Any person operating more than one farm, in order to be eligible for either choice (B) or choice (C), must elect such choice for all farms for which he is the operator. The Secretary shall determine and announce the support price for producers who elect choice (A), choice (B), and choice (C), respectively, in advance of the planting season on the basis of the statistics and other information available at that time, and such support price shall be final. As soon as practicable after such announcement, the Secretary shall cause the operator (as shown on the records of the county committee) of each farm for which an allotment is established under the Agricultural Adjustment Act of 1938, as amended, to be notified of the alternative choices available to him. The operator of each farm, within the time prescribed by the Secretary, shall notify the county committee in writing whether he desires choice (B) or choice (C) to be effective for the farm. If the operator fails to so notify the county committee within the time prescribed, he shall be deemed to have elected choice (A). The choice elected by the operator shall apply to all the producers on the farm. Price support under this section shall be made available only if producers have not disapproved marketing quotas for the crop. In case marketing quotas are disapproved, price support to co-operators shall be as provided in section 101(d)(3). Whether marketing quotas are approved or disapproved, price support shall be made available only if acreage allotments under the Agricultural Adjustment Act of 1938, as amended, are in effect for the crop and only to co-operators. No price support for wheat shall be made available to producers outside the commercial wheat-producing area. The acreage on any farm which is determined under regulations of the Secretary to have been diverted from the production of wheat in order to be eligible for price support as provided in choice (B) or choice (C) shall be considered acreage devoted to wheat for the purposes of establishing future State, county, and farm acreage allotments under the Agricultural Adjustment Act of 1938, as amended. In applying the provisions of paragraph (6) of Public Law 74, Seventy-seventh Congress (7 U.S.C. 1340(6)), and section







86TH CONGRESS  
1ST SESSION

# H. R. 7983

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 26, 1959

Mr. COOLEY introduced the following bill; which was referred to the Committee on Agriculture

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## A BILL

To amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That section 103 (b) of the Agricultural Trade Develop-  
4       ment and Assistance Act of 1954, as amended, is amended  
5       to read as follows:

6       “(b) Agreements shall not be entered into under this  
7       title during the period beginning January 1, 1960, and end-  
8       ing December 31, 1960, which will call for appropriations  
9       to reimburse the Commodity Credit Corporation, pursuant to



1 subsection (a) of this section, in amounts in excess of  
2 \$1,500,000,000, plus any amount by which agreements  
3 entered into in prior fiscal years have called or will call for  
4 appropriations to reimburse the Commodity Credit Corporation  
5 in amounts less than authorized for such prior fiscal years  
6 by this Act as in effect during such fiscal years: *Provided,*  
7 *however,* That it is specifically directed that disposals result-  
8 ing from transactions authorized by section 303 of this Act  
9 shall have priority over disposals under this title and that  
10 agreements under this title shall be entered into only in those  
11 cases and to the extent that the Secretary shall determine  
12 that countries requesting assistance under the provisions of  
13 this title are unable to meet their requirements through com-  
14 modities made available for export under section 303 of this  
15 Act.”

16 SEC. 2. Section 109 of such Act is amended by striking  
17 out “December 31, 1959” and inserting “December 31,  
18 1960”.

19 SEC. 3. Section 204 of such Act is hereby repealed.

20 SEC. 4. Section 303 of such Act is amended to read as  
21 follows:

22 “SEC. 303. The Secretary shall, unless he determines  
23 that any such action is not in the best interest of the United  
24 States, barter or exchange agricultural commodities owned  
25 by the Commodity Credit Corporation for (a) any materials

1 included within the national stockpile established pursuant  
2 to the Strategic and Critical Materials Stock Piling Act (50  
3 U.S.C. 98-98h) which entail less risk of loss through deterio-  
4 ration or substantially less storage charges, or (b) strategic  
5 and other materials, goods, or equipment important to the  
6 economy or the security programs of the United States as  
7 designated by the Secretary, including but not limited to  
8 those requested by the Atomic Energy Commission, the De-  
9 partment of Defense, and the Office of Civil and Defense Mobi-  
10 lization, or (c) materials, goods, or equipment required in  
11 connection with foreign economic and military aid and assist-  
12 ance programs, or (d) materials or equipment required in  
13 substantial quantities for offshore construction programs.  
14 He is hereby directed to use every practicable means, in co-  
15 operation with other Government agencies, to arrange and  
16 make, through private channels, such barters or exchanges  
17 or to utilize the authority conferred on him by section 4 (h)  
18 of the Commodity Credit Corporation Charter Act, as  
19 amended, to make such barters or exchanges. In carrying  
20 out barters or exchanges authorized by this section, no re-  
21 strictions shall be placed on the countries of the free world  
22 into which surplus agricultural commodities may be exported.  
23 The Secretary shall endeavor to consummate agreements for  
24 disposals authorized herein at a rate of not less than \$350,-  
25 000,000 for each fiscal year. The Secretary shall permit and



1 encourage the barter for materials processed in the United  
2 States from raw material originating in friendly foreign coun-  
3 tries. Agencies of the United States Government procuring  
4 such materials, goods, or equipment contemplated herein are  
5 hereby directed to endeavor to obtain such materials, goods,  
6 or equipment through the Commodity Credit Corporation by  
7 means of barter or exchanges as directed by this section. The  
8 Secretary is also directed to assist, through such means as are  
9 available to him, farmers' cooperatives in effecting exchanges  
10 of agricultural commodities in their possession for such mate-  
11 rials, goods, or equipment."

12 SEC. 4. Section 206 (a) of the Agricultural Act of 1956  
13 is amended by inserting before the period at the end thereof  
14 a comma and the following: "or strategic or other materials  
15 required by other Government agencies".











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# A BILL

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To amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes.

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By Mr. COOLEY

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JUNE 26, 1959

Referred to the Committee on Agriculture







# Digest of CONGRESSIONAL PROCEEDINGS

## OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

Issued July 15, 1959  
For actions of July 14, 1959  
86th-1st, No. 117

### CONTENTS

Appropriations.....	5, 11, 15, 25, 35, 37
Budget.....	11
Census.....	26
Civil defense.....	8, 27
Conservation.....	6
Contracts.....	36, 39
Cotton.....	3
Crop insurance.....	3
Economic stability.....	34
Electrification.....	13
Farm program.....	21
Fisheries.....	14
Food stamps.....	21
Foreign affairs.....	18
Foreign trade.....	20
Forest highways.....	35
Forestry.....	10
Grain.....	3, 22
Health.....	31
Housing.....	33
Imports.....	22
Information.....	28
Insecticides.....	3
Lands.....	3, 23
Legislative program.....	12
Marketing.....	3, 26
Oils.....	17
On-farm training.....	7
Personnel.....	10, 16, 31
Postal rates.....	38
Prices.....	34
Public Law 480.....	3, 20
Purchasing.....	19
Reclamation.....	29
Retirement.....	16
River basins.....	30
St. Lawrence Seaway.....	24
Saline water.....	9
Small business.....	39
Stockpile.....	17
Sugar.....	2
Surplus food.....	4, 20
Surplus property.....	32
Vehicles.....	19, 31
Veterans.....	7
Waterfowl.....	3
Wheat.....	1, 3, 11

**HIGHLIGHTS:** Senate committee reported International Wheat Agreement. Senate committee voted to report International Sugar Agreement. Senate committee voted to report bills to extend Public Law 480, to increase durum wheat allotments, and to make surplus cotton available to textile mills. Sens. Bush, Bennett, and Dirksen introduced and Sen. Bush discussed housing bill.

### SENATE

1. The Foreign Relations Committee reported without reservation the new International Wheat Agreement (Exec. Rept. 5) (p. 12074).
2. SUGAR. The Foreign Relations Committee voted to report (but did not actually report) the new International Sugar Agreement. p. D603
3. THE AGRICULTURE AND FORESTRY COMMITTEE voted to report. (but did not actually report) the following bills: p. D603
  - S. 1748, without amendment, to extend Public Law 480.
  - S. 314, without amendment, to direct the Secretary to make available to textile mills CCC surplus cotton at reduced prices.
  - S. 1232, with amendment, to provide for the establishment of an advisory committee to study and recommend to the Secretary increases in durum wheat allotments.



S. 2133, without amendment, to make permanent the act of July 3, 1956, authorizing Interior to requisition low-quality grain from CCC to use in the prevention of waterfowl depredations.

S. 1453, without amendment, to authorize the Secretary to sell and convey a tract of land to Keosauqua, Iowa.

H. R. 306, without amendment, to permit the Crop Insurance Board to determine when there is sufficient demand for crop insurance in a county to warrant the program being established there.

H. R. 6436, with amendment, to amend the Federal Insecticide, Fungicide, and Rodenticide Act so as to include nematocides, plant regulators, defoliants, and desiccants.

S. 2014, with amendment, to amend the Capper-Volstead Act so as to provide for farmer association ownership of marketing facilities by exempting such associations from the anti-trust laws.

S. 669, with amendment to authorize the Secretary to convey a tract of land to a church in Henderson, Tenn.

S. 1110, with amendment, to authorize the Secretary to convey interests in submarginal lands to Clemson College, S. C.

4. SURPLUS FOODS. The "Daily Digest" states that the Agriculture and Forestry Committee "considered, but took no final action on, pending legislation relative to distribution of foods." p. D603
5. DEFENSE DEPARTMENT APPROPRIATION BILL, 1960. Passed, 90 to 0, with amendments this bill, H. R. 7454 (pp. 12109-30, 12132-51). Conferees were appointed (p. 12151). House conferees have not yet been appointed.
6. CONSERVATION. The Labor and Public Welfare Committee voted to report (but did not actually report) with amendments S. 812, to establish a Youth Conservation Corps. p. D604  
Sens. Randolph and Humphrey commended the bill and urged its enactment. pp. 12103-4, 12157
7. VETERANS. The Labor and Public Welfare Committee reported with amendment S. 1138, to provide for readjustment assistance to veterans who served in the Armed Forces between Jan. 31, 1955 and July 1, 1963, including payments for courses in on-farm training (S. Rept. 514). pp. 12074, 12165
8. CIVIL DEFENSE. Sen. McGee inserted an article by Sen. Young, O., "Civil Defense: A National Disgrace," critical of the civil defense program. pp. 12093-5
9. SALINE WATER. Sen. Johnson stated that "the Interior Department has just announced that Freeport, Tex., has been selected as the site of the first saline-water conversion demonstration plant on the gulf coast," and commended the selection of this site for construction of the plant. p. 12098
10. FORESTRY; PERSONNEL. Sen. Murray commended the service of Howard R. Jones, who has retired from the Forest Service, stating that he "is the model of the type of loyal and dedicated career Federal employee whose value we all recognize." p. 12102
11. BUDGET. Sen. Symington stated that "the Congress cut the administration's appropriation requests in the last 5 fiscal years by \$10,603,874,716," and contended that the "President recently vetoed a wheat bill which would have saved about \$260 million." pp. 12102-3







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

## CONTENTS

Issued July 16, 1959  
For actions of July 15, 1959  
86th-1st, No. 118

Acreage allotments.....	2,3
Administrative agencies.....	21
Appropriations.....	5
Area redevelopment.....	15
Buildings.....	34
Civil defense.....	17
Contracts.....	30
Corn.....	27
Cotton.....	2,3,13
Crop insurance.....	2
Eggs.....	12
Farm labor.....	11,28
Farm program.....	29
Food.....	17
Forestry.....	19,24
Grain.....	2
Health insurance.....	13,36
Housing.....	9
Inflation.....	18
Insecticides.....	2
Labor standards.....	33

Lands.....	2,20,32
Leasing.....	20
Legislative program.....	13,22
Marketing.....	2
Military construction.....	22
Milk.....	35
Minerals.....	20,31
On-farm training.....	4
Personnel.....	10,13,14,30,36
Public Law 480.....	2

Public works.....	16,22
Reclamation.....	6,16,26
Research.....	5
Retirement.....	36
Saline water.....	5
Textiles.....	7,13
Veterans.....	4
Water resources.....	8,23
Waterfowl.....	2
Wheat.....	1,2,25

**HIGHLIGHTS:** Senate ratified International Wheat Agreement. Senate committee reported bills to extend Public Law 480, to increase durum wheat allotments, to make surplus cotton available to textile mills, and to permit farmer association ownership of marketing facilities. Sen. Stennis urged enactment of legislation to continue automatic preservation of acreage allotment histories. House committee voted to report bill to increase Federal travel per diem rates.

## SENATE

1. **WHEAT.** By a vote of 92 to 1, agreed to a resolution of ratification of the new International Wheat Agreement (the Agreement is to remain in force for 3 years, until July 31, 1962). pp. 12234-44
2. **THE AGRICULTURE AND FORESTRY COMMITTEE** reported the following bills: pp. 12178-9.
  - S. 1748, without amendment, to extend Public Law 480 (S. Rept. 522).
  - S. 314, without amendment, to direct the Secretary to make available to textile mills CCC surplus cotton at reduced prices (S. Rept. 520).
  - S. 1282, with amendment, to provide for the establishment of an advisory committee to study and recommend to the Secretary increases in durum wheat allotments (S. Rept. 527).
  - S. 2133, without amendment, to make permanent the act of July 3, 1956, authorizing Interior to requisition low-quality grain from CCC to use in the



prevention of waterfowl depredations (S. Rept. 524).

S. 1453, without amendment, to authorize the Secretary to sell and convey a tract of land to Keosauqua, Iowa (S. Rept. 521).

H. R. 306, without amendment, to permit the Crop Insurance Board to determine when there is sufficient demand for crop insurance in a county to warrant the program being established there (S. Rept. 526).

H. R. 6436, with amendment, to amend the Federal Insecticide, Fungicide, and Rodenticide Act so as to include nematocides, plant regulators, defoliants, and desiccants (S. Rept. 579).

S. 2014, with amendment, to amend the Capper-Volstead Act so as to provide for farmer association ownership of marketing facilities by exempting such associations from the anti-trust laws (S. Rept. 528).

S. 669, without amendment to authorize the Secretary to convey a tract of land to a church in Henderson, Tenn. (S. Rept. 523).

S. 1110, without amendment, to authorize the Secretary to convey interests in submarginal lands to Clemson College, S. C. (S. Rept. 525).

3. COTTON. Sen. Stennis urged the enactment of legislation to make permanent the automatic preservation of acreage allotment histories, stating that unless his bill, S. 62, "or some modified plan is adopted during this session, procedures for protecting acreage history will revert back to complicated and costly procedures in effect prior to 1957," and inserted a table prepared by this Department showing the number of cotton farms on which no cotton allotment was planted during 1958. pp. 12189-90

4. VETERANS. Passed over, at the request of Sen. Hart, S. 1138, to provide for readjustment assistance to veterans who served in the Armed forces between Jan. 31, 1955, and July 1, 1963, including payments for courses in on-farm training. p. 12261

5. APPROPRIATIONS. Sen. Keating urged the enactment of legislation to authorize the President to reduce or eliminate, by Executive order, amounts from appropriation bills, stating that such authority "is an essential step to achieving long-term Federal fiscal responsibility. pp. 12201-2

The supplemental appropriation estimate received from the President July 13 (S. Doc. 37) includes \$1,500,000 for the construction of the first demonstration plant to convert sea water to fresh water and \$50,000 for the design of a demonstration plant to convert brackish water to fresh water. The funds are to remain available until Sept. 3, 1965.

6. RECLAMATION. Sen. Douglas criticized the Interior Department for not responding to his letters for a "meaningful reply as to whether they intend to carry out the basic purpose of the reclamation law" limiting the amount of water from Federal reclamation projects to those farms not in excess of 160 acres, and inserted his recent letter to Interior on the matter. pp. 12198-9

7. TEXTILE IMPORTS. Sen. Stennis urged a study for the purpose of restricting the importation of cotton textiles, and stated that "It is my understanding that the cotton industry has filed a special appeal with the Secretary of Agriculture, and I urge the Secretary to bring this critical matter to the immediate attention of the President." pp. 12197-8

8. WATER RESOURCES. Sen. Chavez urged the "establishment of a national policy with respect to water resources development project," and inserted a letter he received from GAO in which GAO "reiterated the need for greater uniformity with respect to cost sharing of water resources projects." p. 12196

## EXTENSION OF PUBLIC LAW 480

---

JULY 15, 1959.—Ordered to be printed

---

Mr. ELLENDER, from the Committee on Agriculture and Forestry, submitted the following

## R E P O R T

[To accompany S. 1748]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, having considered the same, report thereon with a recommendation that it do pass without amendment.

This bill would—

- (1) extend title I (sales for foreign currency) and title II (famine relief) of Public Law 480, 83d Congress, for 1 year until December 31, 1960;
- (2) increase the title I authorization by \$1.5 billion; and
- (3) increase the title II authorization by \$300 million.

## OTHER PROPOSALS

A number of suggested changes in Public Law 480 were received from the Department of Agriculture just prior to the meeting at which the committee voted to report out S. 1748, and the committee is informed of many additional proposals to amend Public Law 480. There is no doubt considerable merit in these proposals and they deserve to be very carefully examined. This the committee proposes to do. However, it is essential that the act be extended, without lapse (as has been the case previously), and the committee felt that a simple extension of the act should be reported and passed immediately, to be followed by consideration of needed amendments. This will permit orderly programing under the act and permit appropriate consideration of proposed changes. It is the hope of the committee that this bill can be passed without being encumbered with amendments which have not yet received the consideration which the committee proposes to give to them.



## SUMMARY OF OPERATIONS

Agreements signed since the beginning of the program provide for the shipment of 840 million bushels of wheat, 4 million bales of cotton, 33.5 million bags of rice, 3.3 billion pounds of vegetable oil, 210 million bushels of feed grains, 250 million pounds of tobacco, 120 million pounds of meat, 180 million pounds of lard, 285 million pounds of dairy products, 175 million pounds of fruit and vegetables, as well as other commodities.

In 1955-56, the first full year of operation of title I, foreign currency shipments totaled \$427 million at export market value, or 12 percent of total U.S. agricultural exports. During 1956-57 title I shipments amounted to \$900 million, nearly 20 percent of the total; during 1957-58 about \$650 million, approximately 16 percent; and during 1958-59, \$725 million, about 20 percent.

Agreements signed to date will result in foreign currency payments of more than \$3.7 billion. About 60 percent of the total will be used for economic development purposes in importing countries, about 10 percent will be used to support the defense forces of our allies, and the remaining 30 percent is planned for meeting U.S. expenses overseas and expanding certain U.S. programs.

Title I originally provided for an authorization of \$700 million in terms of what it costs the Government to supply commodities under the program. The value of these commodities at current world prices, of course, is considerably less. This authorization has been raised four times and now is \$6.25 billion. Nearly \$5.1 billion of this limit has moved or will move under more than 150 agreements signed with 38 friendly countries. Agreements totaled about \$500 million in the year ending June 30, 1955, \$1 billion in 1955-56, \$1.5 billion in 1956-57, \$1 billion in 1957-58, and \$1.1 billion last year.

For certain commodities the program has been particularly important. For example, more than half the total U.S. wheat exports during the past fiscal year, or about 230 million bushels, moved under title I; also, about 750 million pounds of soybean oil and cottonseed oil, or about 65 percent of total edible oil exports; about one-third of rice exports; and one-fifth of cotton shipments.

The value and quantity of commodities which have been programed under agreements signed during fiscal year 1959, and cumulative totals, are shown later in this report in tables I and II.

## USES OF FOREIGN CURRENCIES

Foreign currencies received in payment for commodities are deposited to the account of the United States overseas and are used for purposes authorized in section 104 of Public Law 480 and specified in the sales agreement. Several departments and agencies have responsibility for administering the expenditure of these currencies. For example, the Department of Agriculture is concerned with the use of currencies for agricultural market development purposes; the International Cooperation Administration for currencies loaned back to importing countries for economic development purposes; and the Export-Import Bank of Washington for currencies loaned to private business firms.

About \$52 million in currencies has been tentatively earmarked for agricultural market development under existing agreements. To date, about \$12 million of this is being obligated for approved projects together with contributions by private trade organizations cooperating in these projects of nearly \$6 million. Trade fair and other activities not involving project agreements with trade groups total the equivalent of about \$6 million. Results of these promotion efforts are expanding agricultural outlets. Cotton use is up in several countries, particularly France and Japan; tobacco and wheat consumption is increasing in a number of countries; poultry sales have increased in West Germany; and sales of livestock are being made in South America. In this connection, 40 international exhibits have been held in 16 countries with emphasis on distributing samples to millions of fair visitors.

About half the foreign currencies expected to accrue under existing agreements will be loaned back to importing countries for use in economic development projects agreed upon with the International Cooperation Administration. Considerable emphasis is placed upon coordinating plans for the use of these funds with the overall development programs of these countries. In approving loan projects for agricultural purposes care is exercised to avoid encouragement of production which would result in reduced outlets for U.S. agricultural commodities.

The extension of Public Law 480 granted in August 1957 provided for relending of foreign currencies, largely to U.S. firms and their affiliates, to assist in the development and expansion of private business in foreign countries. The equivalent of about \$225 million is being reserved for these purposes in agreements negotiated to date with 22 countries. These funds will be available to private business firms through the Export-Import Bank of Washington when commodities under these agreements are shipped and paid for and proceeds assigned to the bank.

Currencies are also being used for the payment of U.S. expenses abroad; for the procurement of military services and equipment for military assistance; for educational exchange programs; for assistance to American-sponsored schools, libraries, and community centers; for the translation, publication, and distribution of books and periodicals; and for the purchase of goods for other friendly countries. Details on the planned uses of these currencies are shown in table III.

#### TRADE DEVELOPMENT

The Agricultural Trade Development and Assistance Act of 1954, as amended, declared trade expansion as the policy of Congress. A stated objective of this policy was:

\* \* \* To stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States \* \* \*.

Section 104(a) was listed as the first currency use:

To help develop new markets for United States agricultural commodities on a mutually benefiting basis.



This was no accident. It was and is the intention of Congress that foreign currencies be used to the maximum extent possible for agricultural market development and that first priority be given this use.

This committee is concerned by reports that funds are inadequate for continuation and expansion of section 104(a) market promotional work abroad. This problem has developed as a result of increased claims for foreign currencies for other uses and fewer title I sales being made in commercial market areas with a corresponding increase in underdeveloped countries. To insure that sufficient funds are available for section 104(a) market promotional activities, this committee recommends:

1. The use of foreign currencies for section 104(a) should be given priority over other nonreimbursable U.S. uses. The committee, in approving the enactment of new currency uses, did not contemplate that this would result in a reduction of currencies available for section 104(a).

2. The Secretary of Agriculture should determine the level of funds needed for section 104(a) before foreign currencies are made available for other nonreimbursable U.S. uses authorized in the law.

3. The committee commends the Department for negotiating convertibility to nondollar currencies in title I sales agreements. However, the amount of conversion included in such agreements should be increased to permit greater market promotion looking toward the creation of permanent dollar markets in commercial market areas. Further, the inclusion of convertibility for section 104(a) should be a condition for the approval of future title I sales agreements.

TABLE I.—Commodity composition of programs under title I, Public Law 480 agreements signed through June 30, 1959

[Millions of dollars]

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Total		
									Market value	Ocean transportation <sup>1</sup>	Market value including ocean transportation
Argentina.....	4.2		4.6				25.6		30.2	2.8	33.0
Ceylon.....	7.6		8.3						12.5	2.2	14.7
China (Taiwan).....					2.6	1.0	.7		11.9	1.5	13.4
Finland.....				1.0	2.8			0.1	3.9	.1	4.0
France.....				24.0	3.5				27.5	.8	28.3
Iceland.....	.6	0.5	.1	.4			.1		2.1	.2	2.3
India.....	191.3	4.1							195.4	45.2	240.6
Indonesia.....	5.0		7.2	23.0		2.0			37.2	3.1	40.3
Israel.....	11.5	15.7	.5	1.0	.2	1.5	2.4	.3	33.1	3.2	38.3
Korea.....	20.3	.5		7.5					28.3	4.7	33.0
Pakistan.....	53.7		7.2	21.7		.2	10.4		73.2	12.7	85.9
Poland.....	14.1	11.6		8.8		.8	4.7		40.0	4.0	44.0
Spain.....		11.5		17.0		.5	62.7	2.0	102.5	6.5	109.0
Turkey.....			.7			.4	30.2	.5	31.8	2.9	34.7
United Arab Republic.....	21.5	3.3	5.3		9.0	.5	3.2		43.3	5.0	48.3
Uruguay.....		2.2		3.5	6.1				11.8	.7	12.5
Yugoslavia.....	55.8			18.2			9.9	1.8	85.7	10.6	96.3
Total agreements July 1, 1958, to June 30, 1959.....	385.6	349.4	33.9	106.1	33.4	46.9	149.9	5.2	770.4	108.2	878.6
Total agreements through June 30, 1958.....	1,024.7	197.9	179.3	510.2	147.9	41.3	376.3	59.5	2,537.1	285.5	2,822.6
Total agreements through June 30, 1959.....	1,410.3	247.3	213.2	616.3	181.3	48.2	526.2	64.7	3,307.5	393.7	3,701.2

<sup>1</sup> Includes only ocean transportation to be financed by CCC.

<sup>2</sup> Extra-long staple.

<sup>3</sup> See the following:

Corn.....  
Grain sorghums.....  
Barley.....

Total.....

<sup>4</sup> See the following:

Dry whole milk.....  
Nonfat dry milk.....  
Butter oil.....

Total.....

<sup>5</sup> Cottonseed and/or soybean oil.

<sup>6</sup> See the following:

Finland: Fresh lemons.....  
Israel, Turkey, and Yugoslavia: Dry edible beans.....  
Spain: Dry edible beans.....  
Poultry.....  
UAR: Poultry.....

Total.....

Million dollars

5.2

Million dollars

6.9

Million dollars

6.9



TABLE II.—Approximate quantities of commodities under title I, Public Law 480 agreements signed through June 30, 1959

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Poultry	Dry edible beans	Fruits and veg- etables	Meat	Hay and pasture seeds
	1,000 bushels	1,000 bushels	1,000 cwt.	1,000 bales	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 cwt.	1,000 pounds	1,000 pounds	1,000 cwt.
Argentina.....	2,688	772										
Ceylon.....	4,596	1,366										
China (Taiwan).....					3,059	4,509	165,347					
Finland.....				5.9			4,965					
France.....				200.0	5,333					1,102		
Iceland.....	314	325	17	2.4	400		714					
India.....	113,106	3,075										
Indonesia.....	3,201			153.3		28,571						
Israel.....	6,726	13,768	1,200	6.0	264	16,884	18,106		41			
Korea.....	12,030	9,418		65.2								
Pakistan.....	31,232		1,200	15.0								
Poland.....	8,151	9,834		70.4		2,143	68,162					
Spain.....		9,484		103.0	12,572	11,429	33,059	1,787	206			
Turkey.....			110			2,400	534,485					
United Arab Republic.....	12,590	2,540	833		10,588	3,418	207,947	1,823	66			
Uruguay.....		1,768		20.6	6,778	1,323	26,667					
Yugoslavia.....	33,304			125.5			79,200		235			
Total agreements, July 1, 1958, to June 30, 1959.....	227,938	241,202	5,586	757.3	43,379	370,677	1,138,662	3,110	548	1,102		
Total agreements through June 30, 1958.....	614,697	168,852	27,879	3,228.5	206,721	214,849	2,492,608	14,300	43	175,057	120,872	10
Total agreements through June 30, 1959.....	842,635	210,054	33,465	3,985.8	250,100	285,526	3,631,270	17,410	591	176,159	120,872	10

Extra-long staple. <sup>1</sup>	
See the following: <sup>2</sup>	
Corn.....	740,000
Grain sorghums.....	67,638,000
Barley.....	2,299,000
Total.....	70,677,000

See the following: <sup>3</sup>	
Dry whole milk.....	
Nonfat dry milk.....	
Butter oil.....	
Total.....	
Cottonseed and/or soybean oil. <sup>4</sup>	

<sup>1</sup> Extra-long staple.<sup>2</sup> See the following:

Corn.....

Grain sorghums.....

Barley.....

Total.....

Cottonseed and/or soybean oil.<sup>4</sup>

TABLE III.—Planned uses of foreign currency under title I, Public Law 480, agreements signed through June 30, 1959<sup>1</sup>

[Amounts in million dollar equivalents at deposit rate of exchange]

Country	Total in agreements (market value including ocean transportation)	104(a) Market development	104(b) Purchase of strategic materials	104(c) Military procurement	104(d) Purchase of goods for other countries	104(e) Grants for multitrade and economic development	104(e) Loans to private enterprise	104(f) Payment of U.S. obligations <sup>2</sup>	104(g) Loans to foreign governments	104(h) International educational exchange	104(i) Translation and publication	104(j) Information and education
FISCAL YEAR 1960												
Argentina.....	33.0	-----	-----	-----	-----	-----	8.2	8.3	16.5	-----	-----	-----
Ceylon.....	14.7	-----	-----	-----	-----	2.2	3.8	2.9	5.8	-----	-----	-----
China (Taiwan).....	13.4	-----	-----	7.0	-----	-----	3.0	2.4	1.0	-----	-----	-----
Finland.....	4.0	-----	-----	-----	-----	-----	1.0	3.0	-----	-----	-----	-----
France.....	28.2	-----	-----	-----	6.2	-----	7.0	15.0	-----	-----	-----	-----
Iceland.....	2.2	-----	-----	-----	-----	-----	-----	4.4	1.8	-----	-----	-----
India.....	238.8	-----	-----	-----	-----	35.8	59.7	26.7	114.6	-----	-----	-----
Indonesia.....	40.3	-----	-----	-----	-----	14.2	10.0	5.4	10.0	-----	-----	2.0
Israel.....	38.3	-----	-----	-----	-----	-----	9.5	9.6	19.2	-----	-----	.7
Korea.....	33.0	-----	-----	28.0	-----	-----	-----	5.0	-----	-----	-----	-----
Pakistan.....	85.9	-----	-----	-----	-----	12.9	-----	23.4	36.2	-----	-----	.5
Poland.....	44.0	-----	-----	-----	-----	-----	-----	44.0	-----	-----	-----	-----
Spain.....	109.0	-----	-----	-----	-----	-----	-----	59.7	49.1	-----	-----	.2
Turkey.....	34.7	-----	-----	-----	-----	-----	5.2	12.2	17.0	-----	-----	.3
United Arab Republic.....	48.3	-----	-----	-----	-----	-----	12.0	23.6	11.7	0.5	-----	.5
Uruguay.....	12.4	-----	-----	-----	-----	-----	3.0	2.6	6.3	-----	-----	.5
Yugoslavia.....	94.8	-----	-----	-----	-----	14.2	-----	11.4	68.2	-----	-----	-----
Total agreements July 1, 1958, to June 30, 1959.....	875.0	-----	-----	35.0	6.2	79.3	135.3	255.6	358.4	.5	-----	4.7
Total agreements through June 30, 1958.....	2,828.3	52.1	-----	273.2	38.1	154.1	88.5	757.6	1,407.9	28.6	6.5	21.7
Total agreements through June 30, 1959.....	3,703.3	52.1	-----	308.2	44.3	233.4	223.8	1,013.2	1,766.3	29.1	6.5	26.4
Uses as percent of total.....	100.0	1.4	-----	8.3	1.2	6.3	6.0	27.4	47.7	.8	.2	.7

<sup>1</sup> Amounts shown are subject to adjustment when actual purchases and allocations have been made.

<sup>2</sup> In order to provide flexibility in the use of funds, agreements concluded July 1958 to June 1959 provide that a specified amount of foreign currency proceeds may be used under various U.S. use categories including the new currency uses which are limited to

amounts as may be specified in appropriation acts. Distribution among these uses will be made when allocations have been completed.

<sup>3</sup> Amounts shown in this column may differ from amounts in table I which reflects purchase authorization transactions.



## DEPARTMENTAL VIEWS

U.S. DEPARTMENT OF AGRICULTURE,  
Washington, D.C.

MR. HARKER T. STANTON,  
Counsel, Agriculture and Forestry Committee,  
U.S. Senate.

DEAR MR. STANTON: There is transmitted herewith a draft of a bill, together with an explanation thereof, that would put into effect the proposal for extending Public Law 480 in accordance with the President's agricultural message and the testimony of the Secretary at the hearing before the committee.

The draft legislation would extend title I of Public Law 480 for 1 year and increase the amount authorized to be expended under title I by \$1,500 million. The draft legislation would also extend title II of Public Law 480 for 1 year and would increase the amount authorized to be expended under title II from \$800 million to \$1,100 million.

Sincerely yours,

EDWARD M. SHULMAN,  
Acting General Counsel.

"A BILL To extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes

*"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended as follows:*

"(1) Sections 109 and 204 of such act are amended by striking out "1959" and substituting in lieu thereof "1960".

"(2) Section 103(b) of such act is amended by striking out "1959" and substituting in lieu thereof "1960" and by striking out "\$2,250,000,000" and inserting in lieu thereof "\$3,750,000,000".

"(3) Section 203 of such act is amended by striking "\$800,000,000" and inserting in lieu thereof "\$1,100,000,000". "

## EXPLANATION

The foregoing amendment would:

- (1) extend title I of the Agricultural Trade Development and Assistance Act of 1954 for 1 year;
- (2) increase the amount authorized to be expended under title I of such act by \$1,500 million;
- (3) extend title II of the act for 1 year;
- (4) increase the amount authorized to be expended under title II of such act from \$800 million to \$1,100 million.

## CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

## AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT

\* \* \* \* \*

## TITLE I—SALES FOR FOREIGN CURRENCY

\* \* \* \* \*

## SEC. 103. \* \* \*

(b) Agreements shall not be entered into under this title during the period beginning July 1, 1958, and ending December 31, [1959], 1960, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of [\$2,250,000,000] \$3,750,000,000, plus any amount by which agreements entered into in prior fiscal years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior fiscal years by this Act as in effect during such fiscal years.

\* \* \* \* \*

SEC. 109. No transactions shall be undertaken under authority of this title after December 31, [1959] 1960, except as required pursuant to agreements theretofore entered into pursuant to this title.

## TITLE II—FAMINE RELIEF AND OTHER ASSISTANCE

\* \* \* \* \*

SEC. 203. Not more than [\$800,000,000] \$1,100,000,000 (including the Corporation's investment in the commodities) shall be expended for all such transfers and for other costs authorized by this title. The President may make such transfers through such agencies including intergovernmental organizations, in such manner, and upon such terms and conditions as he deems appropriate; he shall make use of the facilities of voluntary relief agencies to the extent practicable. Such transfers may include delivery f.o.b. vessels in United States ports and, upon a determination by the President that it is necessary to accomplish the purposes of this title or of section 416 of the Agricultural Act of 1949, as amended, ocean freight charges from United States ports to designated ports of entry abroad may be paid from funds available to carry out this title on commodities transferred pursuant hereto or donated under said section 416. Funds required for ocean freight costs authorized under this title may be transferred by the Commodity Credit Corporation to such other Federal agency as may be designated by the President.

SEC. 204. No programs of assistance shall be undertaken under the authority of this title after December 31, [1959] 1960.













Calendar No. 518

86TH CONGRESS  
1ST SESSION

**S. 1748**

[Report No. 522]

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IN THE SENATE OF THE UNITED STATES

APRIL 21, 1959

Mr. ELLENDER (by request) introduced the following bill; which was read twice  
and referred to the Committee on Agriculture and Forestry

JULY 15, 1959

Reported by Mr. ELLENDER, without amendment

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**A BILL**

To extend the Agricultural Trade Development and Assistance  
Act of 1954, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That the Agricultural Trade Development and Assistance  
4       Act of 1954, as amended, is amended as follows:

5       (1) Sections 109 and 204 of such Act are amended  
6       by striking out "1959" and substituting in lieu thereof  
7       "1960".

8       (2) Section 103 (b) of such Act is amended by striking  
9       out "1959" and substituting in lieu thereof "1960" and by  
10       striking out "\$2,250,000,000" and inserting in lieu thereof  
11       "\$3,750,000,000".



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**A BILL**

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To extend the Agricultural Trade Development  
and Assistance Act of 1954, and for other  
purposes.

---

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By Mr. ELLENDER

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APRIL 21, 1959

Read twice and referred to the Committee on  
Agriculture and Forestry

JULY 15, 1959

Reported without amendment

1           (3) Section 203 of such Act is amended by striking out  
2   “\$800,000,000” and inserting in lieu thereof “\$1,100,-  
3   000,000”.







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

## CONTENTS

Issued July 20, 1959  
For actions of July 17, 1959  
86th-1st, No. 120

Accounting.....	3
Adjournment.....	10
Appropriations.....	1
Area redevelopment.....	13
Conservation.....	8
Dairy.....	15
Education.....	24
Employment.....	16
Fair trade.....	17
Farm loans.....	4
Farm program.....	5
Foreign aid.....	6
Foreign trade.....	9
Forestry.....	1,21,25
Housing.....	7,20
Information.....	18
Lands.....	11

Meat packing.....	16
Mutual security.....	6
On-farm training.....	4
Public Law 480.....	1,9,12
Public works.....	22
Research.....	1
Sugar.....	2
Surplus commodities.....	9
Transportation.....	23
Turkey marketing.....	14
Veterans.....	4
Water.....	19

**HIGHLIGHTS:** Senate received supplemental appropriation estimate for use of foreign currencies.

## SENATE

- 1. APPROPRIATIONS.** Received from the President appropriation estimates and proposed authorizations to use foreign currencies; to Appropriations Committee (S. Doc. 38) (p. 12442). The document includes for this Department a supplemental estimate for fiscal year 1960 of \$8,000,000, to remain available until expended, for the purchase of foreign currencies pursuant to section 104(k) of the Agricultural Trade Development and Assistance Act of 1954, as amended, for carrying on additional agricultural and forestry research overseas. A breakdown of the proposed supplemental estimate is as follows: \$4,410,000 for farm, home economics, and agricultural utilization research; \$2,700,000 for forestry research; and \$890,000 for agricultural marketing research.
- 2. SUGAR.** The Foreign Relations Committee reported without reservation the new International Sugar Agreement (Exec. Rept. 6). p. 12441
- 3. ACCOUNTING.** Concurred in the House amendment to H. R. 6134, to amend the Federal Employees Pay Act so as to eliminate the authority to charge to certain current appropriations or allotments the gross amount of the salary earnings of Federal employees for certain pay periods occurring in part in previous fiscal years. The House amendment authorizes former Members of Congress appointed to positions



in the Executive branch to receive pay at any step within the grade to which appointed. This bill will now be sent to the President. pp. 12459-60

4. VETERANS; FARM LOANS. Sen. Yarborough spoke in favor of enactment of S. 1138, to provide for readjustment assistance to veterans who served in the Armed forces between Jan. 31, 1955, and July 1, 1963, including authorization for farm loans and on-farm training courses, and inserted tables on the number of World War II and Korean veterans who have received readjustment assistance. pp. 12458-9
5. FARM PROGRAM. Sen. Case, S. Dak., discussed "the many outstanding achievements of the Republican administration," including the farm program, and stated that "Farmers' gross and per capita income for 1958 were at the highest levels in history." pp. 12456-7
6. FOREIGN AID. The "Daily Digest" states that the conferees agreed to file a report on H. R. 7500, the mutual security authorization bill, and includes a table showing the action of the conferees on various items in the bill. p. D627  
Sen. Bartlett discussed his reasons for opposing this bill as passed by the Senate. pp. 12460-2  
Sen. Wiley inserted a Milwaukee Association of Commerce resolution urging the Government to require foreign economic loans and grants to be used for the procurement of goods and services in this country. p. 12442
7. HOUSING. Sen. Sparkman inserted and discussed articles in the N. Y. Times discussing the President's veto of the housing bill. pp. 12444-6
8. CONSERVATION. The Labor and Public Welfare Committee was granted permission to file a report on S. 812, to authorize the establishment of a Youth Conservation Corps, during the adjournment of the Senate this weekend. p. 12442
9. SURPLUS COMMODITIES; FOREIGN TRADE. As reported by the Agriculture and Forestry Committee, S. 1748, to extend Public Law 480, provides as follows: Extends title I (relative to the sales of surplus commodities for foreign currencies) and title II (relative to the donation of surplus commodities for famine relief in friendly foreign countries), for 1 year until December 31, 1960; increases the authorization under title I by \$1.5 billion (to \$3,750,000,000); and increases the authorization under title II by \$300,000 (to \$1,100,000,000). The committee report contains the following statements:

"A number of suggested changes in Public Law 480 were received from the Department of Agriculture just prior to the meeting at which the committee voted to report out S. 1748, and the committee is informed of many additional proposals to amend Public Law 480. There is no doubt considerable merit in these proposals and they deserve to be very carefully examined. This the committee proposes to do. However, it is essential that the bill be extended, without lapse (as has been the case previously), and the committee felt that a simple extension of the bill should be reported and passed immediately, to be followed by consideration of needed amendments. This will permit orderly programming under the act and permit appropriate consideration of proposed changes. It is the hope of the committee that this bill can be passed without being encumbered with amendments which have not yet received the consideration which the committee proposed to give to them."\*\*\*



"The Agricultural Trade Development and Assistance Act of 1954, as amended, declared trade expansion as the policy of Congress. A stated objective of this policy was:

"\*\*\* To stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States \*\*\*.

"Section 104(a) was listed as the first currency use:

"To help develop new markets for United States agricultural commodities on a mutually benefiting basis.

"This was no accident. It was and is the intention of Congress that foreign currencies be used to the maximum extent possible for agricultural market development and that first priority be given this use.

"This committee is concerned by reports that funds are inadequate for continuation and expansion of section 104(a) market promotional work abroad. This problem has developed as a result of increased claims for foreign currencies for other uses and fewer title I sales being made in commercial market areas with a corresponding increase in underdeveloped countries. To insure that sufficient funds are available for section 104(a) market promotional activities, this committee recommends:

"1. The use of foreign currencies for section 104(a) should be given priority over other nonreimbursable U. S. uses. The committee, in approving the enactment of new currency uses, did not contemplate that this would result in a reduction of currencies available for section 104(a).

"2. The Secretary of Agriculture should determine the level of funds needed for section 104(a) before foreign currencies are made available for other nonreimbursable U. S. uses authorized in the law.

"3. The committee commends the Department for negotiating convertibility to nondollar currencies in title I sales agreements. However, the amount of conversion included in such agreements should be increased to permit greater market promotion looking toward the creation of permanent dollar markets in commercial market areas. Further, the inclusion of convertibility for section 104(a) should be a condition for the approval of future title I sales agreements."

9. ADJOURNED until Tues., July 21. p. 12483

#### HOUSE

11. LANDS. A subcommittee of the Interior and Insular Affairs Committee voted to report to the full committee H. R. 5412, to provide that lands conveyed under the act of June 14, 1926 (authorizing the acquisition or use of public lands by States or their subdivisions, for recreation) for State park purposes shall not be subject to the 640 acre limitation contained in such act.  
p. D626

#### ITEMS IN APPENDIX

12. PUBLIC LAW 480. Rep. Coad inserted a statement of Rep. Fountain made before the Agriculture Committee urging the extension of Public Law 480 and recommending changes "to improve coordination between the various Federal agencies" carrying out the program, to strive for "greater economy and efficiency" in its administration, and to "strengthen CCC price review and claims regulations and procedures." pp. A6203-6

13. AREA REDEVELOPMENT. Sen. Mansfield inserted a newspaper editorial criticizing the Administration for opposing the Douglas area redevelopment bill, S. 722.  
p. A6200



14. TURKEY MARKETING. Sen. Langer inserted a letter and statement by the North Dakota Farm Bureau opposing the enactment of H. R. 5180, 3069, 5071, 1344, 5583, 5614, 2490, S. 1395, and 430, turkey marketing bills, and stating "we can compete on the open market with any grower anywhere." pp. A6198-9
15. DAIRY. Rep. Quie inserted a statement by the National Milk Producers' Association and an editorial from the Hoard's Dairyman magazine urging an increase in the Department's budget for the dairy herd improvement and sire proving program. pp. A6206-7
16. MEAT PACKING; EMPLOYMENT. Rep. Siler inserted an article, "Ghost Plants in Packing Town," critical of foreign meat imports. pp. A6209-10
17. FAIR TRADE. Sen. Proxmire inserted an article favoring the enactment of a national fair trade law. pp. A6194-5
18. INFORMATION. Sen. Mansfield inserted a Wall Street Journal editorial stating that certain "executive agencies and departments are using executive privileges to keep from the public knowledge to which the public has a right." p. A6194
19. WATER. Sen. Langer inserted a North Dakota Farm Bureau letter urging support of H. R. 5555 and S. 1416, State water right preservation legislation. p. A6199
20. HOUSING. Rep. Porter inserted an article urging Congress to attempt to override the President's veto of S. 57, the housing bill for 1959, but, if that could not be done, to pass legislation in any event to continue FHA authorization to insure mortgages. p. A6206
21. FORESTRY. Sen. Yarborough inserted several articles favoring the establishment of national seashore parks, including one on Padre Island, Texas. pp. A6202-3
22. PUBLIC WORKS. Speech in the House by Rep. Hoffman discussing and criticizing the river and harbors bill. pp. A6196-7
23. TRANSPORTATION. Sen. Wiley inserted his speech, "Wiley Hails Significance of Seaway to Superior's Future...", stating that the Lake Superior area will realize many benefits from the St. Lawrence Seaway including an increase in the farm products traffic from the States to the west and south. pp. A6191-3  
Sen. Proxmire inserted an article showing the many commendations Sen. Wiley had received for his part in promoting St. Lawrence Seaway legislation. pp. A6208-9
24. EDUCATION. Sen. Saltonstall inserted a statement by Secretary Fleming discussing the Administration's education proposals. p. A6193

BILL APPROVED BY THE PRESIDENT

25. FORESTRY. H. R. 2497, to add certain lands located in Idaho to the Boise and Payette National Forests. Approved July 17, 1959 (Public Law 86-92, 86th Congress).

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COMMITTEE HEARINGS ANNOUNCEMENTS:

July 20: Extension and amendment of Public Law 480, H. Agriculture (Farm organizations to testify). Water rights bills, H. Interior. July 21: Barter program, H. Agriculture (Palmy, CSS, to testify). July 22: Preservation of acreage history and reallocation of unused cotton allotments, H. Agriculture (Manwaring and Moss, CSS, to testify).

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# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

## CONTENTS

Issued July 27, 1959  
For actions of July 24, 1959  
86th-1st, No. 125

Adjournment.....	20		
Administrative law.....	18		
Appropriations.....	26		
Area redevelopment.....	19		
Brucellosis.....	22		
Conservation.....	16		
Contracts.....	3		
Cotton.....	11		
Crop insurance.....	1		
Durum wheat.....	8		
Economic growth.....	10		
Foreign aid.....	25		
Foreign trade.....	6,11		
Forestry.....	4		
Grain.....	2		
Hearings.....	18		
Housing.....	17		
Inflation.....	23		
Lands.....	4		
Livestock disease.....	22		
Marketing.....	9		
Minerals.....	13		
Monopolies.....	27		
Mutual security.....	25		
Personnel.....	7		
Property.....	24		
Public Law 480.....	6		
Reclamation.....	5		
Research.....	21		
Surplus food.....	6,15		
Taxation.....	10		
Veterans.....	12		
Waterfowl.....	2		
Wheat.....	8,14		

HIGHLIGHTS: Sen. Dirksen urged enactment of wheat legislation. Sen. Thurmond urged restrictions on imports of cotton textiles.

## SENATE

1. CROP INSURANCE. Passed without amendment H. R. 306, to permit the Crop Insurance Board to determine when there is sufficient demand for crop insurance in a county to warrant the program being established in the county. This bill will now be sent to the President. p. 12974
2. SURPLUS GRAIN; WATERFOWL. Passed without amendment H. R. 7631, to make permanent the act of July 3, 1957, authorizing Interior to requisition low-quality grain from CCC to use in the prevention of waterfowl depredations. This bill will now be sent to the President. After passing a similar bill, S. 2133, the vote was reconsidered at the request of Sen. Mansfield, and the bill was indefinitely postponed. p. 12973
3. CONTRACTS. Passed without amendment H. R. 4060, to eliminate Government responsibility for fixing dates on which the period of limitation for filing suits against Miller Act payments bonds commences to run on most Federal construction projects. This bill will now be sent to the President. p. 12978
4. LANDS. Passed without amendment S. 1453, to authorize this Department to sell a tract of Forest Service land to Keosauqua, Iowa. pp. 12972-3



Passed as reported S. 669, to authorize this Department to convey a tract of Forest Service land to a church in Henderson, Tenn. p. 12973

Passed without amendment S. 1110, to authorize this Department to convey interests in submarginal lands to Clemson College, S. C. pp. 12973-4

Passed without amendment S. 1436, to amend the act of June 14, 1956, so as to provide that there shall be no limitation on the acreage conveyed to the States for public parks. pp. 12976-7

5. RECLAMATION. Passed as reported S. 281, to authorize the Secretary of the Interior to construct a reregulating reservoir and other works at the Burns Creek site in the upper Snake River Valley, Idaho. pp. 12980-88

6. FOREIGN TRADE; SURPLUS COMMODITIES. Passed over, at the request of Sen. Bartlett S. 1748, to extend Public Law 480. p. 12973

7. PERSONNEL. Passed over, at the request of Sen. Bartlett, S. 1845, to authorize the Secretary of Commerce to fix the annual rates of basic compensation of examiners-in-chief of patents, including a provision to increase the salaries of the Administrative Assistant Secretaries to \$19,000. p. 12971

8. DURUM WHEAT. Passed over, at the request of Sen. Bartlett, S. 1282, to provide for the establishment of an advisory committee to study and recommend to the Secretary increases in durum wheat acreage allotments. p. 12974

9. MARKETING FACILITIES. Passed over, at the request of Sens. Keating and Bartlett, S. 2014, to amend the Capper-Volstead Act so as to provide for farmer association ownership of marketing facilities by exempting such associations from the anti-trust laws. p. 12974

10. TAXATION; ECONOMIC GROWTH. Agreed to a resolution authorizing the printing of 1000 additional copies of a Joint Economic Committee print, "Federal Tax Policy for Economic Growth and Stability." p. 12971

11. COTTON TEXTILES; FOREIGN TRADE. Sen. Thurmond expressed concern over the amount of cotton textile imports, and urged the Secretary of Agriculture to take action, as recommended by the National Cotton Council, to limit cotton textile imports. pp. 13002-3

12. VETERANS. Sen. Yarborough inserted a statement explaining the provisions of S. 1138, to provide readjustment assistance to veterans who serve in the Armed Forces between Jan. 31, 1955 and July 1, 1963. pp. 13005-7

13. MINERALS. The Interior and Insular Affairs Committee reported with amendment S. 1855, to amend the Mineral Leasing Act of 1920 to increase certain acreage limitations with respect to Alaska (S. Rept. 579). p. 12939

14. WHEAT. Sen. Dirksen urged the enactment of a wheat bill and stated that in the recent wheat referendum, "there was no realistic choice to be indicated by the farmers who voted," because "they had their choice between the present program, with its excessive costs and the likelihood that excessive stocks will continue to pile up, or no program," while Sen. Symington stated that the wheat referendum results show that "farmers have overwhelmingly expressed a willingness, in fact, a desire, to cooperate in adjusting their production in turn for some degree of protection against sharp price fluctuations," and that the vote "again repudiated the claims of the Secretary of Agriculture ... that they wheat farmers would prefer freedom from production adjustment measures." Sen.



Lodge of the Ancient Order of United Workmen of North Dakota by deed dated December 10, 1936, and recorded in Van Buren County in book 78 on page 303.

#### EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954—BILL PASSED OVER

The bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, was announced as next in order.

Mr. BARTLETT. Mr. President, I ask that the bill go over, since it is not properly calendar business.

The PRESIDING OFFICER. The bill will be passed over.

#### CONVEYANCE OF CERTAIN LANDS TO THE BETHEL BAPTIST CHURCH OF HENDERSON, TENN.

The Senate proceeded to consider the bill (S. 669) to authorize the Secretary of Agriculture to convey certain lands to the Bethel Baptist Church of Henderson, Tenn., which had been reported from the Committee on Agriculture and Forestry with an amendment, on page 1, line 3, after the roman numerals "III", to insert "and title IV", so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) notwithstanding the provisions of title III and title IV of the Bankhead-Jones Farm Tenant Act, the Secretary of Agriculture is authorized and directed to convey to the Bethel Baptist Church, Henderson, Tennessee, by quitclaim deed all right, title, and interest of the United States in and to any parcel of land, not to exceed six-tenths of an acre, which may hereafter be conveyed, without consideration, to the United States by the State of Tennessee from lands located in the Chickasaw State Park, Tennessee, and which were previously conveyed by the United States to the State of Tennessee under the provisions of title III of the Bankhead-Jones Farm Tenant Act.*

*(b) The conveyance herein authorized to be made by the Secretary shall be conditional upon payment to the United States for the land conveyed of an amount equal to the fair market value of such land as determined by the Secretary; and such conveyance shall be made without reversionary rights in the United States.*

SEC. 2. In the event the State of Tennessee fails, within one year after the date of enactment of this Act, to convey a parcel of land to the United States for reconveyance to the Bethel Baptist Church as provided in the first section of this Act, the authority granted by this Act shall terminate and be of no further force or effect.

Mr. MORSE. Mr. President, S. 669 authorizes the Secretary of Agriculture to sell approximately an acre of land to the Bethel Baptist Church in Henderson, Tenn., at the fair market value.

The small tract of land is a part of the former Chickasaw Forest land utilization project conveyed to the State of Tennessee by the Federal Government for public park purposes. The conveyance contained a provision that the land was to be used for public purposes or revert to the United States.

The Baptist Church has expressed an interest in acquiring the parcel in ques-

tion for a church parsonage. The State indicates a willingness to make the parcel available to the church by declaring the parcel surplus to its needs. It will reconvey to the United States if the Federal Government will agree to convey the property to the church at the fair market value.

In view of the fact that fair market value would be paid for the land, the bill does not violate the Morse formula.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### PREVENTION OF WATERFOWL DEPREDATIONS

The bill (S. 2133) to amend the act of July 3, 1956 (70 Stat. 402), entitled "An act to authorize the Secretary of the Interior to cooperate with Federal and non-Federal agencies in the prevention of waterfowl depredations, and for other purposes," was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act of July 3, 1956 (70 Stat. 492), entitled "An Act to authorize the Secretary of the Interior to cooperate with Federal and non-Federal agencies in the prevention of waterfowl depredations, and for other purposes," is amended by repealing and deleting therefrom section 5.*

Mr. MANSFIELD subsequently said: Mr. President, the Senate, during the call of the calendar today, passed Senate bill 2133, amending an act to authorize the Secretary of the Interior to cooperate with Federal and non-Federal agencies in the prevention of waterfowl depredations, and for other purposes.

It appears that a companion House bill, H.R. 7631, is in the Committee on Agriculture and Forestry, which reported the Senate bill. The bills are identical. In order to expedite the enactment of the legislation, I ask unanimous consent that the Committee on Agriculture and Forestry be discharged from the consideration of H.R. 7631, and that the Senate immediately proceed to consider the bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana that the Committee on Agriculture and Forestry be discharged from the consideration of H.R. 7631? The Chair hears none, and it is so ordered.

The clerk will state the House bill by title.

The LEGISLATIVE CLERK. A bill (H.R. 7631) to amend the act of July 3, 1956 (70 Stat. 492), entitled "An act to authorize the Secretary of the Interior to cooperate with Federal and non-Federal agencies in the prevention of waterfowl depredations, and for other purposes."

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I move that the vote by which H.R. 7631 was passed be reconsidered.

Mr. JOHNSON of Texas. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the vote by which Senate bill 2133 was passed be reconsidered, and that the bill be indefinitely postponed.

The PRESIDING OFFICER. Without objection, the vote by which the Senate bill 2133 was passed is reconsidered; and the Senate bill is indefinitely postponed.

#### CONVEYANCE OF CERTAIN INTERESTS IN LANDS COVERED BY PUBLIC LAW 237, 84TH CONGRESS

The Senate proceeded to consider the bill (S. 1110) to amend the act of August 4, 1955 (Public Law 237, 84th Congress), to provide for conveyance of certain interests in the lands covered by such act which had been reported from the Committee on Agriculture and Forestry, with amendments, on page 1, line 9, after the word "Congress", to strike out "60" and insert "69"; on page 2, after line 2, to strike out:

SEC. 3. (a) Upon application made within the ten-year period which begins on the date of enactment of the Act, and, subject to subsection (c) of this section, all the undivided mineral interests of the United States in the lands which were conveyed by the two deeds described in the first section of this Act shall be conveyed to the Clemson Agricultural College of South Carolina by the Secretary of the Interior upon the payment of an amount equal to the fair market value of such interests, as determined by appraisal or otherwise.

(b) Upon application made within the ten-year period which begins on the date of enactment of this Act, and, subject to subsection (c) of this section, all the undivided mineral interests of the United States in any parcel or tract of land among the lands conveyed by the two deeds described in the first section of this Act may be conveyed to the Clemson Agricultural College of South Carolina by the Secretary of the Interior upon the payment of an amount equal to the fair market value of such interests, as determined by appraisal or otherwise.

And, in lieu thereof, to insert:

SEC. 3. (a) Upon application and subject to subsection (b) of this section, all the undivided mineral interests of the United States in any parcel or tract of land released pursuant to this Act from the said conditions as to such lands may be conveyed to the Clemson Agricultural College of South Carolina by the Secretary of the Interior upon the payment of an amount equal to the fair market value of such interests, as determined by appraisal or otherwise.

And, on page 3, at the beginning of line 6, to strike out "(c)" and insert "((b))", so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act entitled "An Act to direct the Secretary of Agriculture to release on behalf of the United States conditions in two deeds con-*



veying certain submarginal lands to Clemson Agricultural College of South Carolina so as to permit such college, subject to certain conditions, to sell, lease, or otherwise dispose of such lands", approved August 4, 1955 (Public Law 237, Eighty-fourth Congress; 69 Stat. 496), is amended by adding at the end thereof the following:

"SEC. 3. (a) Upon application and subject to subsection (b) of this section, all the undivided mineral interests of the United States in any parcel or tract of land released pursuant to this Act from the said conditions as to such lands may be conveyed to the Clemson Agricultural College of South Carolina by the Secretary of the Interior upon the payment of an amount equal to the fair market value of such interests, as determined by appraisal or otherwise.

"(b) This section shall not apply to the mineral interests of the United States in the seven thousand three hundred eighty and one-half acres of land taken by eminent domain in Civil Action 2446 in the United States District Court for the Western District of South Carolina."

Mr. MORSE. Mr. President, S. 1110 authorizes the conveyance of reserved mineral interests in certain land in South Carolina to Clemson College at the fair market value.

The lands upon which the mineral rights were preserved were conveyed by the Federal Government to Clemson College in 1954 without consideration, with a public use requirement provision and a minerals right reservation. In 1955 Congress authorized the Secretary of Agriculture to release from the public use requirements 36.62 acres of the land previously conveyed.

S. 1110 provides for the sale of the mineral interests to the college on the 36.62 acreage at the fair market value. According to the committee report, Clemson College desires to acquire the reserved mineral interests so that it can convey these interests should it desire to exchange or sell a portion of the property. Any profits from the sale of the land would be used for the development and improvement of the remaining land or for the acquisition of more suitable property.

In view of the fact that fair market value would be paid for the mineral rights, the bill does not violate the Morse formula.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### AMENDMENT OF FEDERAL CROP INSURANCE ACT

The bill (H.R. 306) to amend the Federal Crop Insurance Act was considered, ordered to a third reading, read the third time, and passed.

Mr. JORDAN. Mr. President, the bill just passed, (H.R. 306) repeals the existing provision of law which prohibits Federal crop insurance being provided in a county unless 200 farms or one-third of the farms normally producing the commodity apply for such insurance. The provision which is repealed has prevented expansion or continuance of the program where it would have been to the

best interest of farmers and the Corporation and is uneconomical, on occasion preventing expansion or continuation of the program in a county after considerable funds have been expended by the Corporation. The Department of Agriculture favors enactment of the bill.

#### BILLS PASSED OVER

The bill (S. 1282) relating to acreage allotments for durum wheat, was announced as next in order.

Mr. KEATING. Mr. President, may I ask that either the author of the bill or the chairman of the committee give us an explanation of the bill?

Mr. BARTLETT. Mr. President, I ask that Calendar No. 524, S. 1282, be passed over, by request.

The PRESIDING OFFICER. Upon request of the Senator from Alaska, the bill will be passed over.

The bill (S. 2014) to clarify and amend the Capper-Volstead Act—42 Stat. 388, 7 U.S.C. 291-292—and for other purposes, was announced as next in order.

Mr. KEATING. Over, Mr. President.

Mr. BARTLETT. Over, Mr. President.

The PRESIDING OFFICER. The bill will be passed over.

#### INSTRUCTION AT U.S. MILITARY ACADEMY OF TWO CITIZENS OF THE KINGDOM OF THAILAND

The resolution (S.J. Res. 24) authorizing the Secretary of the Army to receive for instruction at the U.S. Military Academy at West Point two citizens and subjects of the Kingdom of Thailand was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Army is authorized to permit, within one year after the date of enactment of this joint resolution, two persons, citizens and subjects of the Kingdom of Thailand, to receive instruction at the United States Military Academy at West Point, New York; but the United States shall not be subject to any expense on account of such instruction.

SEC. 2. Except as may be otherwise determined by the Secretary of the Army such persons shall, as a condition to receiving instruction under the provisions of this joint resolution, agree to be subject to the same rules and regulations governing admission, attendance, discipline, resignation, discharge, dismissal, and graduation, as cadets at the United States Military Academy appointed from the United States; but they shall not be entitled to appointment to any office or position in the United States Army by reason of their graduation from the United States Military Academy.

SEC. 3. Nothing in this joint resolution shall be construed to subject such persons to the provisions of section 4346(d) and section 4348 of title 10 of the United States Code.

#### INSTRUCTION AT U.S. NAVAL ACADEMY OF TWO CITIZENS OF THE KINGDOM OF BELGIUM

The joint resolution (S.J. Res. 106) authorizing the Secretary of the Navy to receive for instruction at the U.S. Naval Academy at Annapolis two citizens

and subjects of the Kingdom of Belgium was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Navy is authorized to permit, within one year after date of enactment of this joint resolution, two persons, citizens and subjects of the Kingdom of Belgium, to receive instruction at the United States Naval Academy at Annapolis, Maryland; but the United States shall not be subject to any expense on account of such instruction.

SEC. 2. Except as may be otherwise determined by the Secretary of the Navy such persons shall, as a condition to receiving instruction under the provisions of this joint resolution, agree to be subject to the same rules and regulations governing admission, attendance, discipline, resignation, discharge, dismissal, and graduation, as cadets at the United States Naval Academy appointed from the United States; but they shall not be entitled to appointment to any office or position in the United States Navy by reason of their graduation from the United States Naval Academy.

SEC. 3. Nothing in this joint resolution shall be construed to subject such persons to the provisions of section 6959 of title 10 of the United States Code.

#### ACQUISITION AND TRANSFER OF CERTAIN REAL PROPERTY IN COUNTY OF SOLANO, CALIF.

The Senate proceeded to consider the bill (H.R. 697) to authorize the Secretary of the Navy to acquire certain real property in the county of Solano, Calif., to transfer certain real property to the county of Solano, Calif., and for other purposes, which had been reported from the Committee on Armed Services, with an amendment on page 6, line 4, after "130+", to strike out "8.26" and insert "78.26".

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

#### CONVEYANCE OF CERTAIN LAND TO THE CITY OF WARNER ROBINS, GA.

The Senate proceeded to consider the bill (H.R. 5927) to authorize the conveyance to the city of Warner Robins, Ga., of about 29 acres of land comprising a part of Robins Air Force Base.

Mr. MORSE. Mr. President, H.R. 5927 authorizes the Secretary of the Air Force to convey to the city of Warner Robins, Ga., at fair market value, approximately 29 acres of land comprising a part of Robins Air Force Base, including the improvements thereon.

The land and improvements have been declared surplus to the needs of the Air Force and the enactment of the measure will not involve any expenditure of Federal funds.

The Department of Defense and the Bureau of the Budget state that they have no objection to the passage of the bill.







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

## CONTENTS

Issued August 10, 1959  
For actions of August 7, 1959  
86th-1st, No. 134

Adjournment.....	9	Food for peace.....	1	Milk.....	8
Appropriations.....	5	Foreign aid.....	18	Monopolies.....	8
Banking.....	18	Foreign trade.....	11	Prices.....	7
Disaster relief.....	15	Forestry.....	2,6,10	Reclamation.....	4
Farm program.....	14	Housing.....	13	Soil conservation.....	12
Feed.....	15	Insecticides.....	17	Surplus commodities.....	1
Fisheries.....	6	Lands.....	2	Transportation.....	3
Food additives.....	16	Livestock.....	15	Water resources.....	5

**HIGHLIGHTS:** Senate committee voted to report food-for-peace bill; committee authorized to report bill by Mon., Aug. 10. Sen. Mundt introduced and discussed bill to authorize sale at market price of CCC feed for livestock in emergency areas.

## SENATE

- 1. FOOD-FOR-PEACE.** The Foreign Relations Committee voted to report (but did not actually report), on Aug. 6, S. 1711, a food-for-peace bill (p. D730). At the request of Sen. Humphrey the committee was granted until Mon., Aug. 10, to file a report on the bill, and he stated that the bill was "reported favorably" on Fri., Aug. 7. The name of Sen. Carlson was added as a sponsor of the bill. (p. 14011)
- 2. FORESTRY.** Passed without amendment H. R. 3682, to authorize the Interior Department to sell or lease, under the Small Tracts Act, certain lands which were added to the Caribou and Targhee National Forests in Idaho by the act of Aug. 14, 1958. This bill will now be sent to the President. p. 14009
- 3. TRANSPORTATION.** Agreed to without amendment S. Res. 151, to authorize the Interstate and Foreign Commerce Committee to study transportation problems in rural areas. p. 14011
- 4. RECLAMATION.** Passed over, at the request of Sen. Keating, the following bills: H. R. 968, to provide for the construction by Interior of the Bully Creek Dam and other facilities, Vale Federal reclamation project, Ore.; S. 1221, to amend the act authorizing the Crooked River Federal reclamation project, Ore., in



order to increase the capacity of certain project features for future irrigation of additional lands; and S. 1136, to provide for the transfer of title to irrigation distribution systems constructed under the Federal reclamation laws upon completion of repayment of the costs of the system. p. 14008

5. WATER RESOURCES. Passed over (since it is the unfinished business) S. 1514, to amend the act of August 9, 1955, so as to eliminate restrictions on appropriations for investigations of water resources in Alaska. p. 14008
6. FISHERIES. Passed over, at the request of Sen. Keating, H. R. 2398, to authorize the Interior Department to construct a fish hatchery in northwestern Pa. for stocking streams in that area (including Forest Service streams). p. 14009
7. PRICES. Agreed to as reported S. Con. Res. 38, authorizing the printing of 2,500 additional copies of hearings conducted by the Judiciary Committee during the 85th Congress, first session, on administered prices. p. 14010
8. MONOPOLIES; MILK. Agreed to as reported S. Con. Res. 39, authorizing the printing of 2,500 additional copies of a report of the Judiciary Committee, 85th Congress, second session, "Case Study of Incipient Monopoly in Milk Distribution." pp. 14010-11
9. ADJOURNED until Tues., Aug. 11. p. 14011

#### HOUSE

10. FORESTRY; INDIANS. A subcommittee of the Interior and Insular Affairs Committee voted to report without amendment H. R. 8501, to amend the Klamath Indian Termination Act so as to change from April 1, 1961 to September 30, 1959 the date after which the U. S. may take title to the Klamath March and make payments to the Klamath Indians for the land. p. D731
11. FOREIGN TRADE. H. R. 5067, as reported Aug. 5, would repeal Sec. 217 of the Merchant Marine Act of 1936. That section directed the Maritime Commission to coordinate the functions and facilities of public and private agencies engaged in freight forwarding abroad to aid in the war effort (World War II) and to preserve our post-war foreign trade and commerce. The report states:

\*\*\*"It is the intent of the bill to clarify the practices of various governmental agencies in connection with oversea shipments. As of the present time, various agencies have interpreted the act in different ways with respect to their obligation to utilize the services of freight forwarders in connection with such shipments.

"The act was passed March 14, 1942, early in World War II, and was for the immediate purpose of assuring the survival of an important segment of the shipping industry during a period when the usual commercial shipments had virtually disappeared. Since the end of the war forwarders have taken the position that Government agencies are required to use their services even though unneeded, either by reason of the nature of the shipment or the method of handling by the agency."

#### ITEMS IN APPENDIX

12. SOIL CONSERVATION. Extension of remarks of Sen. Johnson stressing the need for soil conservation programs and inserting an article, "Navarro County (Tex. Will Get 100 Flood Dams." p. A6820



Judiciary, United States Senate, two thousand five hundred additional copies each of the following reports: S. Rept. 1378 (Eighty-fifth Congress, second session) of the Committee on the Judiciary, entitled "Administered Prices—Steel"; and three reports of the Subcommittee on Antitrust and Monopoly entitled, respectively, "Concentration in American Industry" (Eighty-fifth Congress, first session), "Administered Prices—Automobiles" (Eighty-fifth Congress, second session), and "Case Study of Incipient Monopoly in Milk Distribution" (Eighty-fifth Congress, second session).

The amendment was agreed to.

The concurrent resolution, as amended, was agreed to.

#### JOINT RESOLUTION PASSED OVER

The joint resolution (S.J. Res. 25) to change the name of the Roosevelt Dam in Arizona to Theodore Roosevelt Dam, was announced as next in order.

Mr. JOHNSON of Texas. Mr. President, I ask that the resolution go over.

The PRESIDING OFFICER. The resolution will be passed over.

#### STUDY OF TRANSPORTATION PROBLEMS OF RURAL AREAS

The resolution (S. Res. 151) to authorize a study of transportation problems of rural areas was considered and agreed to, as follows:

*Resolved*, That the Committee on Interstate and Foreign Commerce, or any duly authorized subcommittee thereof, is authorized and directed, in carrying out the study of transportation policies in the United States authorized by S. Res. 29, Eighty-sixth Congress, agreed to March 5, 1959, (1) to include a study of the adequacy of transportation service to and from rural communities in the United States, and the effects of the curtailment of such service in recent years upon the economy of such communities and of the Nation as a whole and upon the national defense and security; and (2) to include in the report required to be filed pursuant to such resolution its recommendations concerning the matters referred to in this resolution.

#### BILL PASSED OVER

The bill (S. 2130) to authorize a payment to the Government of Japan was announced as next in order.

Mr. KEATING. Over, Mr. President.

The PRESIDING OFFICER. The bill will be passed over.

#### THE FOOD-FOR-PEACE BILL (S. 1711)—ADDITIONAL COSPONSOR AND AUTHORIZATION FOR COMMITTEE ON FOREIGN RELATIONS TO FILE REPORT

Mr. HUMPHREY. Mr. President, today the Committee on Foreign Relations has reported favorably S. 1711, the food-for-peace bill.

Mr. President, I ask unanimous consent that the name of the Senator from Kansas [Mr. CARLSON] be added to the list of sponsors of S. 1711.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY. Mr. President, I also ask unanimous consent that the Committee on Foreign Relations may file its report on this bill between now and Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### SUGGESTED VISIT TO ALASKA BY PREMIER KHRUSHCHEV

Mr. GRUENING. Mr. President, on August 5 I sent a telegram to President Eisenhower urging that a suggestion be made to Premier Khrushchev that either coming or going he travel to the United States by way of the 49th State.

I ask unanimous consent that my telegram to President Eisenhower and his reply to it, which I received yesterday, be printed at this point in the RECORD.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

AUGUST 5, 1959.

President DWIGHT D. EISENHOWER,  
The White House,  
Washington, D.C.:

I venture to urge that the invitation to Premier Khrushchev include a suggestion that he travel one way, either coming or going, by way of Alaska. It might be useful for him to be able to see the contrast between what was once Russian America and what Alaska has become under our free society as a sovereign State of the Union.

ERNEST GRUENING,  
U.S. Senator.

THE WHITE HOUSE,  
Washington, D.C., August 6, 1959.  
The Honorable ERNEST GRUENING,  
The U.S. Senate,  
Washington, D.C.

DEAR SENATOR GRUENING: Thank you for your telegram of yesterday, and for your suggestion that Mr. Khrushchev visit Alaska.

We shall, of course, do our best to conform to the expressed wishes of Mr. Khrushchev as to the areas and types of American activities that he is most desirous of seeing. I shall ask the State Department to pass along to him your suggestion, as well as a reminder that Alaska was once Russian territory.

With best wishes.  
Sincerely,

DWIGHT D. EISENHOWER.

#### ADJOURNMENT UNTIL TUESDAY NEXT

Mr. JOHNSON of Texas. Mr. President, I move that the Senate stand in adjournment until noon on Tuesday next.

The motion was agreed to; and (at 12 o'clock and 30 minutes p.m.) the Senate adjourned until Tuesday, August 11, 1959, at 12 o'clock meridian.

#### NOMINATIONS

Executive nominations received by the Senate August 7, 1959:

##### IN THE ARMY

The following-named officers under the provisions of title 10, United States Code, section 3066, to be assigned to positions of importance and responsibility designated by the President under subsection (a) of section 3066, in rank as follows:

Maj. Gen. Emerson Charles Itchner, O15516, Chief of Engineers, U.S. Army, in the rank of lieutenant general.

Maj. Gen. John Honeycutt Hinrichs, O17174, Chief of Ordnance, U.S. Army, in the rank of lieutenant general.

Maj. Gen. Robert Frederick Sink, O16907, U.S. Army, in the rank of lieutenant general.

Maj. Gen. Leonard Dudley Heaton, O16960, the Surgeon General, U.S. Army, in the rank of lieutenant general.

##### REGULAR ARMY OF THE UNITED STATES

The following-named officers for appointment in the Regular Army of the United States to the grades indicated, under the provisions of title 10, United States Code, sections 3284, 3306, and 3307:

##### To be major generals

Maj. Gen. Walter Bernard Yeager, O29464, Army of the United States (brigadier general, U.S. Army).

Maj. Gen. William Everett Potter, O17098, Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Ralph Robert Mace, O17578, Army of the United States (brigadier general, U.S. Army).

Maj. Gen. Derrill McCollough Daniel, O29500, Army of the United States (brigadier general, U.S. Army).

##### To be major general, Medical Corps

Maj. Gen. Jack William Schwartz, O17823, Medical Corps (brigadier general, Medical Corps, U.S. Army).

##### To be brigadier general

Col. Raymond Russell Ramsey, O29470, U.S. Army.

##### To be brigadier generals, Medical Corps

Brig. Gen. Francis Willard Pruitt, O17812, Medical Corps (colonel, Medical Corps, U.S. Army).

Brig. Gen. Carl Willard Tempel, O18284, Medical Corps (colonel, Medical Corps, U.S. Army).

Maj. Gen. Thomas James Hartford, O18330, Medical Corps (colonel, Medical Corps, U.S. Army).

##### IN THE NAVY

The following-named officers of the line and staff corps of the Navy for temporary promotion to the grade of rear admiral, subject to qualification therefor as provided by law:

##### LINE

Samuel B. Frankel	Joseph A. Jaap
William T. Nelson	Louis A. Bryan
Edward A. Wright	Allen M. Shinn
Edwin B. Hooper	Alfred R. Matter
Henry A. Renken	Richard S. Craighill
Morris A. Hirsch	Daniel F. Smith, Jr.
Charles B. Brooks, Jr.	Thomas F. Connolly
William B. Sieglaff	Waldemar F. A. Wendt
Joseph W. Leverton, Jr.	Edwin S. Miller
James C. Dempsey	Bernard M. Streat
John W. Byng	Francis J. Blouin
Joseph D. Black	Arthur R. Gralla
Andrew J. Hill, Jr.	John J. Hyland
Frederick J. Becton	Henry L. Miller
Francis T. Williamson	John M. Lee
Frederick J. Brush	Robert E. McC. Ward
Floyd B. Schultz	Rhodam Y. McElroy, Jr.

##### MEDICAL CORPS

James L. Holland  
Cecil L. Andrews  
Cecil D. Riggs

##### SUPPLY CORPS

James S. Dietz  
Herschel J. Goldberg

##### CIVIL ENGINEER CORPS

Norman J. Drustrup  
James R. Davis





# Daily Digest

## HIGHLIGHTS

Senate passed 23 measures on calendar call.

See Congressional Program Ahead.

## Senate

### Chamber Action

*Routine Proceedings, pages 13997-14008*

**Bills Introduced:** Two bills and one resolution were introduced, as follows: S. 2504-2505; and S.J. Res. 128.

*Pages 13999, 14001*

**Call of Calendar:** On call of calendar, 23 measures were passed as follows:

**Without amendment and cleared for President:**

*Custis-Lee Mansion:* H.R. 5138, to extend the grounds of the Custis-Lee Mansion in Arlington National Cemetery; and

*National forests:* H.R. 3682, to permit the processing of certain applications under the Small Tracts Act for lands included in the Caribou and Targhee National Forests by the act of August 14, 1958.

**With amendment, to be sent back to House:**

*Yakima project:* H.R. 3335, providing for the apportionment of certain costs of the Yakima Federal reclamation project, Washington.

**With amendment and cleared for House:**

*Yakima project:* S. 258, providing certain reductions in the reimbursable construction cost of the Kittitas division of the Yakima Federal reclamation project, Washington;

*Zion Park:* S. 713, to revise the boundaries of Zion National Park, Utah; and

*Abraham Lincoln:* S. 1448, to change the name of the Abraham Lincoln National Historical Park at Hodgenville, Ky., to Abraham Lincoln's Birthplace.

**Resolutions adopted without amendment:**

*Senator McCarran statue:* S. Con. Res. 41-43, resolutions to accept, place temporarily in the rotunda of the Capitol, and to print proceedings of presentation and acceptance of, respectively, the statue of the late Senator Patrick A. McCarran;

*Esther Morris statue:* S. Con. Res. 55 and 56, resolutions to place temporarily in the rotunda of the Capitol, and to accept, respectively, the statue of Esther Morris, of Wyoming;

*Committee expenditures:* S. Res. 147 and 149, authorizing additional expenditures by the Committee on

Interior and Insular Affairs (\$10,000) and by Committee on Foreign Relations (\$10,000), respectively;

*Death payments:* S. Res. 157 and 158, authorizing payment of gratuities to survivors of deceased Senate employees;

*Washington metropolitan problems:* S. Con. Res. 59, to continue the Joint Committee on Washington Metropolitan Problems until January 31, 1960;

*Committee expenditures:* S. Res. 143, to increase the amount of funds for investigation of matters pertaining to immigration and naturalization (\$20,000);

*Committee expenditures:* S. Res. 144, to increase the amount of funds for the investigation of antitrust and monopoly laws (\$30,000); and

*Rural transportation study:* S. Res. 151, to authorize a study of transportation problems in rural areas.

**Resolutions adopted with amendment:**

*Esther Morris statue:* S. Con. Res. 57, to print as a Senate document the proceedings incident to the acceptance of the statue of Esther Morris, of Wyoming, to be placed temporarily in rotunda of the Capitol;

*Printing:* S. Res. 154, to print for the Select Committee on Improper Activities in the Labor or Management Field additional copies of part 1 of the second interim report;

*Printing:* S. Con. Res. 38, to print for the use of the Committee on the Judiciary additional parts of certain hearings on administered prices; and

*Printing:* S. Con. Res. 39, to print for the use of the Committee on the Judiciary additional copies of certain reports submitted by it and its Subcommittee on Antitrust and Monopoly.

*Pages 14008-14011*

**Authority To Report:** By unanimous consent Committee on Foreign Relations was authorized to file report by August 10 on S. 1711, International Food for Peace Act of 1959.

*Page 14011*

**Nominations:** Senate received 13 Army nominations in the rank of general, and 41 Navy nominations in the rank of admiral.

*Page 14011*

**Program for Tuesday:** Senate met today at noon and adjourned at 12:30 p.m. until noon Tuesday, August 11.

*Page 14011*



## Committee Meetings

(Committees not listed did not meet)

### APPROPRIATIONS—MSA

*Committee on Appropriations:* Committee continued its executive hearings on H.R. 8385, fiscal 1960 appropriations for mutual security, and related agencies, with testimony on military assistance programs from Gen. Lyman L. Lemnitzer, Chief of Staff, Army; and Charles H. Shuff, Deputy Assistant Secretary for Military Assistance Programs, Department of Defense.

Hearings continue on Tuesday, August 11.

### COMMITTEE BUSINESS

*Committee on Finance:* Committee, in executive session, ordered favorably reported the following bills:

Without amendment—H.R. 255, to amend the U.S. Code so as to provide for the apportionment of compensation of veterans who disappear; H.R. 267, providing that multiple sclerosis developing a 10-percent degree or more of disability within 3 years after separation from active service shall be presumed to be service connected; and H.R. 2405, relating to the definition of the term "adopted child" for the purpose of benefits for the dependents of a veteran; and

Amended—H.R. 7106, relating to the forfeiture of benefits under laws administered by the VA; H.R. 271, to provide a further period for presuming service connection in the case of veterans suffering from leprosy; and H.R. 2411, to amend the Tariff Act so as to provide for the free importation of tourist literature.

The committee tabled H.R. 5996, relating to the effective date of certain statutory awards for certain disabled veterans; and H.R. 1437 and H.R. 1601, private bills.

### FOOD FOR PEACE

*Committee on Foreign Relations:* On Thursday, August 6, committee concluded marking up and ordered favorably reported with amendments S. 1711, International Food for Peace Act of 1959.

### SITUATION IN VIETNAM

*Committee on Foreign Relations:* Subcommittee on State Department Organization and Public Affairs resumed its executive discussion of the situation in Vietnam, receiving testimony from Albert M. Colegrove, of Scripps-Howard newspapers, and Creighton Scott, an ICA consultant, and former radio adviser to the U.S. Operations Mission in Vietnam.

Subcommittee will meet again on Tuesday, August 11.

### MINERAL LEASING

*Committee on Interior and Insular Affairs:* The Public Lands Subcommittee met in executive session for the consideration of S. 2181, and other bills to amend the Mineral Leasing Act, but did not take final action thereon, and recessed subject to call.

### MIGRATORY LABOR

*Committee on Labor and Public Welfare:* Special Subcommittee on Migratory Labor held hearings on S. 1085, 1778, and 2141, with testimony from James T. O'Connell, Under Secretary of Labor, and Nathan Koenig, Agricultural Marketing Service, Department of Agriculture.

Hearings were recessed subject to call.

### LAKE MICHIGAN WATER DIVERSION

*Committee on Public Works:* Subcommittee on Flood Control—Rivers and Harbors continued its hearings on H.R. 1 and S. 308, Lake Michigan water diversion bills, with testimony from Senators Wiley, Proxmire, and Douglas; Oswald Muegge, Board of Health, State of Wisconsin; John Snell, of Michigan Associates (consulting engineering firm); Thomas S. Moore, New York Power Authority; Steve Smith, representing the Uhl & Rich Engineering Firm, New York; Nicholas V. Olds, attorney general, State of Michigan; and Milton P. Adams, Michigan Water Resources Commission.

Hearings were adjourned subject to call.

# House of Representatives

## Chamber Action

The House was not in session today. Its next meeting will be held on Monday, August 10, at 12 o'clock noon. For program see Congressional Program Ahead in this DIGEST.

## Committee Meetings

### RETIRED MILITARY PERSONNEL

*Committee on Armed Services:* Subcommittee for Special Investigations continued hearings relative to retired

military personnel and possible "conflict of interest" circumstances. Public witnesses were heard.

### D.C. HOME RULE LEGISLATION

*Committee on the District of Columbia:* Subcommittee No. 3 heard testimony from Representatives Johnson of Colorado and Foley on proposals relating to home rule for the D.C. Hearings resume on Friday, August 14.

### INTER-AMERICAN AFFAIRS

*Committee on Foreign Affairs:* Subcommittee on Inter-American Affairs heard executive testimony from Roy







Aug 10 1959

promised." Sens. Aiken, Humphrey, Gore, Church, and Proxmire debated the point. pp. 14115-7, 14121-3

Sens. Proxmire and Mansfield discussed the farm program and Sen. Proxmire urged support for Sen. Humphrey's farm bill, S. 2502 and stated that the bill will "aid the family farm," "make possible an adequate farm income," seek "to meet the need for adequate amounts of food," to promote international use of food surpluses, and "to get the farmers to produce what is needed, but not to produce in excess," and inserted a letter stating that the office of the Secretary of Agriculture has furnished "biased and exaggerated statistics to the urban press for its increasing attacks on the farmers." pp. 14123-5

Sen. Keating stated that in the light of the point that "four-fifths of all agricultural products are traded on the free market," the farmers and not the Government deserve the credit for a recently reported increase in farm assets and rise in farm income and inserted an editorial on the subject. He praised a recent recommendation made by the American Farm Bureau Federation which, according to an inserted newspaper article, "will get the Government out of business of buying and storing surplus butter, cheese, and nonfat milk." p. 14105

10. DEPARTMENT ORGANIZATION; BUDGET. Sen. Symington charged that the "major fiscal characteristics of the past 6½ years" are the responsibility of the executive branch and stated that "If the President would insist upon better organization and better business management in some of his departments, billions of dollars could be saved." pp. 14097-8

13. FOOD FOR PEACE. The Foreign Relations Committee reported with amendment (on Aug. 10) S. 1711, the food-for-peace bill (S. Rept. 632). p. 14075

14. THE AGRICULTURE AND FORESTRY COMMITTEE reported the following bills: p. 14078  
S. 662, with amendment, to revise the procedures relative to the selection of members and operation of State, county, and community ASC committees (S. Rept. 647);

S. 623, with amendment, to exempt the production of durum wheat in the Tulalake area, Calif., from the acreage allotment and marketing quota provisions of the Agricultural Adjustment Act of 1938 (S. Rept. 649);

H. R. 4938, without amendment, to continue the exemption of green peanuts from acreage allotments and marketing quotas (S. Rept. 648);

S. 861, without amendment, to authorize State officials to enter upon Federal lands within a State, under certain conditions, for the purpose of destroying noxious plants (S. Rept. 646).

15. FORESTRY; INDIANS. The Interior and Insular Affairs Committee reported without amendment S. 2421, to amend the Klamath Indian Termination Act so as to change from April 1, 1961, to September 30, 1959, the date after which the U. S. may take title to the Klamath Marsh and make payments to the Klamath Indians for the land (S. Rept. 653). p. 14078

16. AREA REDEVELOPMENT. Sen. Byrd, W. Va., inserted an editorial urging the passage of area redevelopment legislation and urging the Administration to press for adoption of its "moderate" area redevelopment proposal. pp. 14106-7

17. TRANSPORTATION; WHEAT. Sen. Church inserted an article, "Not Enough Care Now for Wheat," and stated that there is a "crisis situation ... developing in the storage of grain in the Pacific Northwest, due to a shortage of railroad cars to move the crops," and stated that S. 1789, to insure the adequacy of national railroad freight car supply, would "return to the western roads the freight cars so badly needed." p. 14126



18. CONSERVATION CORPS. Sen. Humphrey inserted an article in support of the Youth Conservation Corps bill (S. 812). pp. 14139-40
19. SURPLUS FOODS. Sen. Humphrey inserted a letter in support of his resolution, S. Con. Res. 66, to establish a Great White Fleet to aid foreign countries, including the use of surplus foods. p. 14140
20. PUBLIC DEBT. Sen. Engle criticized the Budget Bureau for not committing itself on his bill, S. 1932, to provide for the retirement of the public debt in amounts which reflect annual increases in the gross national product, and stated, "Guides for budgeting are so distasteful to the Bureau that it cannot see them when they are proposed." pp. 14142-3
21. CREDIT AGENCIES. Sen. Wiley inserted a newsletter stating that Federal credit agencies, including FCA home loan banks, REA and others, "constitute a multi-billion-dollar budget loophole," and that "no coordinated Federal policies have ever been formulated to govern the operations of these many agencies." Sen. Wiley stated that this matter requires the attention of the Executive and Congressional branches. pp. 14099-100
22. FOOD STAMPS. The Agriculture and Forestry Committee reported an original bill S. 2522, to "provide for the enrichment and sanitary packaging of certain donated commodities and to establish experimental food stamp allotments programs" (S. Rept. 657). p. 14079
23. HOUSING. The Banking and Currency Committee reported S. 57, the housing bill, with a recommendation that it be passed over the President's veto (S. Rept. 656). p. 14079  
The "Daily Digest" stated that the Banking and Currency Committee voted 8 to 7 "to recommend that the Senate override the President's veto on S. 57." p. D742  
Sen. Javits expressed regret over the action of the committee to try to override the veto, and urged that Congress "close ranks and pass a housing bill." p. 14106
24. LANDS. Continued debate on S. 747, to authorize GSA and the Department of the Army to convey certain lands known as the Des Plaines Public Hunting and Refuge Area to Illinois. Sen. Morse expressed opposition to the bill as not meeting the requirements of the "Morse formula" of providing that the State pay 50 percent of the appraised fair market value of the land. pp. 14117-8, 14125-6, 14144-57, 14158-65
25. WATER POLLUTION. The Public Works Committee voted to report (but did not actually report) with amendment H. R. 3610, to increase grants for the construction of sewage treatment works under the Federal Water Pollution Control Act. p. D744
26. FEDERAL BUILDINGS. The Public Works Committee voted to report (but did not actually report) with amendment H. R. 7645, to grant GSA additional authority for the construction, alteration, and acquisition of Federal buildings. The "Daily Digest" states that the "amendment would substitute the language of S. 1654, with amendments." p. D744
27. WATERSHEDS. The "Daily Digest" states that the Public Works Committee approved the following watershed projects: Tehuacana Creek, Tex.; Second Creek, Miss.; Flat Creek, Ark.; Marsh-Kellogg Creek, Calif.; Upper Clear Boggy Creek, Okla.; and Roanoke Creek, Va. p. D744

## THE INTERNATIONAL FOOD FOR PEACE ACT OF 1959

AUGUST 10, 1959.—Ordered to be printed

Filed under authority of the order of the Senate of August 7, 1959

Mr. HUMPHREY, from the Committee on Foreign Relations, submitted the following

## REPORT

[To accompany S. 1711]

The Committee on Foreign Relations having had under consideration S. 1711, the International Food for Peace Act of 1959, to promote the foreign policy of the United States and help to build essential world conditions of peace, by the more effective use of U.S. agricultural commodities for the relief of human hunger, and for promoting economic and social development in less developed countries, report it favorably with an amendment and recommend that, as amended, it do pass.

## PURPOSE OF THE BILL

The committee's recommendation to the Senate of S. 1711, as amended, is predicated upon (1) the recognition that U.S. production of food and fiber will continue to exceed maximum domestic requirements and normal exports for some time to come and that this excess production should be used more effectively and shared more generously as a means of alleviating hunger, disease, and poverty among less fortunate peoples; (2) the determination to utilize further the sale and grant of surplus agricultural commodities, insofar as practicable, as an instrument for the maintenance of peace and those U.S. foreign policies designed to encourage the growth and development of free societies by increased opportunities for better health, education, and human well-being; and to assist in the development of expanding and viable economies.

Public Law 480, which has been operating for nearly 5 years, authorizes the President to enter into agreements with friendly nations for the sale of U.S. surplus agricultural products, as far as possible through private trade channels, for foreign currencies. The agreements must specify, in accordance with the provision of the law, the uses to which the foreign currencies may be put.



The law also authorizes grants of agricultural goods to foreign countries to meet famine or other emergency relief requirements, and to American voluntary relief agencies which carry on programs in other countries.

The main changes in Public Law 480 made by S. 1711, as amended, which will be discussed in detail in the body of this report, are as follows: Extension of the authority of the President under title I to sell and to grant agricultural commodities for 3 years at an annual ceiling of \$2 billion; authority to make grants of food for building national food reserves in other countries; authority to establish bi-national foundations devoted to promoting educational, cultural, and scientific training and activities of mutual interest to the United States and the other country; authorization of additional uses for the foreign currency accruing to the United States from the sale of agricultural goods; and the establishment of an administrator for the program within the Department of Agriculture to implement more effectively the purposes of Public Law 480.

#### BACKGROUND

The food for peace bill, S. 1711, was introduced on April 16, 1959, by Senator Hubert H. Humphrey for himself and 15 other Senators. It was referred to the Foreign Relations Committee. Comments on the bill were requested on April 23, 1959, from the Department of State and the Department of Agriculture. The position of the departments on the bill was given in letters to the chairman of the committee on July 6.

Hearings on S. 1711 were held by the committee on July 7, 8, and 10. The Departments of State and Agriculture submitted testimony, as did the Export-Import Bank, Senators Morse and Symington and Representative Bowles, and representatives of some 30 private and voluntary organizations, and in addition written testimony was received from Senators Neuberger and Carroll, Representative McGovern, Governor Nelson of the State of Wisconsin, and several organizations and individuals.

The general position of the executive branch, as expressed in testimony and letters of the Departments of State and Agriculture, was one of opposition, although there were several key aspects of the bill on which no comments were received. Many of the features of the bill to which the executive branch objected most strongly have been removed or modified. Moreover, the bill as reported incorporates most of the recommendations for amendments to Public Law 480 by the executive branch submitted to the Congress in July.

All of the Members of Congress, the Governor of Wisconsin, and the representatives of private organizations and individuals with the sole exception of the American Farm Bureau Federation strongly supported the bill. Some of the private organizations as well as the Export-Import Bank suggested specific changes in the legislation, a number of which have been incorporated by the committee as amendments to the bill.

In recommending Senate passage of this legislation, which consists of amendments to Public Law 480 of the 83d Congress, the committee recognizes that it does not have primary jurisdiction over one of the main aspects of Public Law 480, namely the sale of U.S. surplus agricultural commodities. The Committee on Agriculture has had

and undoubtedly will continue to have primary jurisdiction over this matter. The Foreign Relations Committee, nevertheless, believes that S. 1711 represents an example of concurrent jurisdiction. Much of the foreign currencies collected as a result of the sale of food and fiber are spent for projects over which the Foreign Relations Committee has primary jurisdiction and interest. To name a few of these uses: exchange of persons, international economic development, promotion of binational educational and cultural centers and foundations, loans by the Export-Import Bank, loans and grants by the International Cooperation Administration, and the publication, translation, and distribution abroad of textbooks and books covering science and technology.

Thus, in reporting out S. 1711 favorably and urging its passage, the committee emphasizes that it in no way seeks to compete with the Committee on Agriculture in connection with jurisdiction on this subject. If the Committee on Agriculture requests opportunity to inquire into this legislation before full Senate consideration, the Committee on Foreign Relations would not object. The committee suggests, however, that any further consideration of this bill by committee be undertaken expeditiously so that the Senate may have an opportunity to act before Congress adjourns this session.

#### EXPLANATION OF THE BILL IN DETAIL

##### *Congressional findings and policy*

This section has been rewritten. Recognition is made of both American agricultural abundance and the widespread lack of adequate food and clothing in the world; and it is stated to be the declared policy of the United States to cooperate with friendly nations in the service of human need.

The findings of policy include also the importance of administering the act so as to further international economic development, expand international trade, support the efforts and programs of the United Nations and affiliated agencies, and promote the welfare of the Nation's economy through the marketing of surplus agricultural goods through private trade channels.

##### *Title I*

Section 101. This section has been amended by creating two new subsections (f) and (g). The former encourages agreements between the United States and other countries to cover periods in excess of 1 year wherever supplies make it practicable; and the latter stresses the importance of utilizing the funds and authority of the act to further the economic and social development plans of underdeveloped countries.

Section 102. Added to this section is the authority for the President to make grants in addition to loans. This amendment was requested by the executive branch to enable the participation of the United States in the establishment of national food reserves. (See discussion of sec. 110.)

Section 103b. The change here is to extend title I of Public Law 480 from December 31, 1959 to December 31, 1962, and to authorize the sale and grant of up to \$6 billion total for the 3-year period in surplus agricultural commodities. The present law sets a total of \$2,250 million for 18 months all of which is now being used. The committee believes that the Government should be permitted to have some



additional leeway in extending transfers under title I if the President decides this is desirable. The committee also believes that additional authority is necessary since all transfers for the establishment of national food reserves must come from the funds authorized in title I.

Section 103(c). This new subsection recognizes the importance of coordinating programs and activities under this title with other U.S. and international programs directed toward the same end.

Section 104. This section specifies the uses to which foreign currencies resulting from agricultural sales may be put. Under the present law uses of foreign currency number 15. S. 1711 would have added eight new uses, of which the committee accepted five (q, s, t, u, and v, of the committee bill). The committee also accepted an executive branch recommendation to include a new use (r) and a modification and broadening of an existing use (b).

The executive branch generally opposed adding new uses of currencies but the committee felt justified in adding some new permissive uses in view of the existence of the equivalent of several hundreds of millions of dollars in unused foreign currencies available from the sales under this title and also because of the need to utilize the available currencies more effectively for educational, developmental, and relief purposes, and for cooperating to a greater extent with programs of the United Nations and related agencies.

Specific changes made by S. 1711, as amended, in section 104 are as follows:

Section 104(b). This subsection was modified at the request of the executive branch, specifically, the Office of Civil and Defense Mobilization. Under present law, section 104(b) authorizes the purchase of materials labeled critical and strategic for the U.S. stockpile. This authority, however, has never been used because all additions to the stockpile have been made through the use of barter authority contained in section 303 of the act.

The new language of section 104(b) broadens the authority to purchase other materials in addition to ones specified in the Critical and Strategic Materials Stockpiling Act. These materials would presumably include items for civil defense which the President proclaimed were necessary. It is the understanding of the committee that the President and his advisers are presently engaged in determining the items to be included in this supplemental stockpile. The language in 104(b) in the committee bill conforms more closely to that in 303(a), the barter provision.

Section 104(e). The committee accepted a change in this subsection which was recommended by the Export-Import Bank. It would establish a revolving fund to enable the repayment of principal and the payment of interest from loans previously made by the Bank under this subsection to be reloaned to private business. Previously, no determination had been made for the use of moneys returning to the United States from such loans.

S. 1711 would have transferred loans authorized under subsection 104(e) from the Export-Import Bank to the Development Loan Fund. Testimony convinced the committee that the authority should remain with the Export-Import Bank. The Bank should seek to increase its activity in this area in view of the fact that only \$33.5 million has been loaned out of \$223.7 million set aside for this purpose.

Section 104(g). The committee made no changes in this subsection. S. 1711 would have authorized grants in addition to loans under (g) and

it would also have set interest rates at 2½ percent. The grant provision was deleted only on the ground that grants can be and are being made under 104(e) and other subsections. The committee, somewhat reluctantly, agreed with the executive branch that in this case the legislation should not fix interest rates. At the same time the committee, in noting that the executive branch has set interest rates at 4 percent across the board, cautions that this appears high in view of the stage of development of many countries, and in view, further, of the tendency on the part of the Soviet Union to offer long-range loans at low interest rates. It appears that a greater degree of flexibility is called for in setting these interest rates. Certainly they should not be set in underdeveloped countries according to the rates at which loans are made in the United States.

Section 104(h). Language has been added to this subsection to enable U.S. nonprofit organizations to receive grants for the exchange-of-persons programs, provided they are able to furnish the necessary dollar expenditures to conclude such programs successfully.

Section 104(k). The bill specifies that this subsection shall authorize the use of local currencies for medical and scientific research, cultural and educational development, health, nutrition, and sanitation. The committee recognizes that such projects can be undertaken in other subsections but places additional and specific authority here because these purposes have not been included in agreements to a sufficient degree heretofore. The committee requests that those in charge of implementing Public Law 480 make an effort to expand these programs under this as well as other authority.

Section 104(p). This new subsection contains language which had been part of section 104(o). No new use has been added here.

Section 104(q). This new subsection authorizes the use of foreign currency for financing technicians of the United Nations Food and Agriculture Organization and the World Health Organization engaged in advising and administering programs on nutrition and the operation of national food reserves.

Section 104(r). This new subsection, recommended by the executive branch, allows foreign currency to be used to meet emergency and extraordinary relief requirements other than requirements for surplus food commodities, provided that not more than a total amount equivalent to \$2 million may be made available for this purpose during any fiscal year.

Section 104(s). This new subsection authorizes help in financing the local costs of projects undertaken by the United Nations Special Fund.

Section 104(t). This new subsection authorizes the use of foreign currency for the preparation, distribution, and exhibition of audiovisual materials abroad, provided that not more than \$5 million may be made available for this purpose during any one fiscal year. It would be expected that the materials will be carefully developed according to standards established by the President to further the interests of the United States.

Section 104(u). This new subsection authorizes foreign currency to be used for financing the services of technicians who are nationals of a friendly country assisting in economic and social development projects in another friendly country.

Section 104(v). This new subsection authorizes foreign currency for financing relief and rehabilitation projects undertaken following disasters or for assistance to refugees.



The committee wishes to point out that of the new uses, (r) and (t) have a dollar equivalent limitation placed on them, and all the rest have been made subject to the congressional appropriation process. Because of confusion over the uses of foreign currency the committee felt it would be helpful to include the following chart:

*Committee on Foreign Relations—Sec. 104<sup>3</sup> of Public Law 480 as amended by S. 1711 as amended by committee action*

Sub-sec.	Description	Dollar appropriation needed	Authorization of foreign currency required in appropriation acts	No appropriation required	No appropriation required limitation on amount (dollar equivalent)
(a)	Agricultural market development.....			X	
(b)	Acquisitions for supplemental stockpile.....			X	
(c)	Common defense grants.....			X	
(d)	(1) Purchase of goods and services in foreign country for shipment to another country for mutual security.			X	
	(2) Grants.....	X <sup>1</sup>			
(e)	Economic development:				
	(1) Grants.....	X <sup>1</sup>			
	(2) Economic development loans.....			X	
(f)	(1) Payment of U.S. obligations abroad.....			X <sup>2</sup>	
	(2) Grants.....	X <sup>1</sup>			
(g)	Economic development loans.....			X	
(h)	Educational exchanges:				
	Smith-Mundt.....		X		
	Fulbright.....				X
(i)	Translation, publication, and distribution of textbooks.....				X
(j)	Assistance to American sponsored schools, etc.....			X	
(k)	Scientific purposes.....	X <sup>3</sup>			
(l)	Acquisition of buildings abroad.....		X		
(m)	Trade and agricultural fairs.....		X		
(n)	Acquisition and distribution of library materials.....		X		
(o)	Assistance to American sponsored schools.....		X		
(p)	Supporting workshops in American studies, etc.....		X		
(q)	Financing technicians of FAO and WHO.....		X		
(r)	Assistance to meet emergency relief requirements.....				X
(s)	Financing local currency costs of U.N. Special Fund.....		X		
(t)	Financing preparations, distribution, and exhibition of audiovisual informational and educational materials.....			X	
(u)	Financing services of technicians, etc. who are nationals of friendly country needed for economic development programs.....		X		
(v)	Financing relief and rehabilitation projects resulting from disasters or for refugee assistance.....		X		

<sup>1</sup> Congressional appropriation normally waived by Budget Bureau as authorized by law; no appropriation has been requested to date.

<sup>2</sup> Credit to CCC.

<sup>3</sup> Changed in Mutual Security Act to require authorization of foreign currency only.

The committee remains unconvinced, however, that the appropriation process is necessary and desirable for the use of foreign currency for such purposes as exchange of persons, the exchange of educational materials, and the cooperation of the United States with international programs. The committee reluctantly submits all new uses, excepting those with a dollar limitation, to the appropriation process because it does not wish to delay passage of this bill.

The three proposed new uses of foreign currency contained in S. 1711, as introduced, which the committee did not accept, were eliminated because they may be considered premature. The committee notes, for example, that when the International Development Association comes into existence, foreign currencies might properly be utilized by that body.

The committee believes that the executive branch should put more emphasis on the use of foreign currencies for the erection of storage facilities for food reserves. Such facilities are desperately needed in many countries, and while they are authorized in more than one subsection of section 104, they are not being built except in one or two cases, insofar as the committee can determine, only in Portugal and Brazil.

The committee also stresses the desirability of the President utilizing his authority to allow foreign currencies to be reallocated from strictly U.S. uses to other purposes of mutual interest to the United States and the recipient country. In every agreement now concluded the United States automatically reserves a minimum 10 percent for its own use. According to studies which have been made of the operation of Public Law 480, however, in a number of countries the United States does not need and cannot use this amount of foreign currency. The President is authorized by the law to allow money allotted to the United States to be used for other purposes but the committee has been informed this has not been done. The committee believes that an effort should be made to put this money into active projects.

Section 106. The only change in this section is to substitute the "President" for the "Secretary of Agriculture" as the proper person to determine the nations with whom agreements shall be negotiated and the commodities and quantities thereof to be negotiated.

Section 107. This provision is altered to make more flexible the authority of the President to enter into agreements with nations within the Communist orbit if he determines that the making of such agreements will further the foreign policy objectives of the United States.

Section 110. National food reserves: This is an entirely new section establishing the authority for U.S. grants of surplus agricultural commodities to other nations to create national food reserves. Section 110 was requested by the executive branch but it is similar to title V of S. 1711 as originally introduced.

This section states specifically that the reserves to be created will help implement the resolution of the United Nations, adopted at the 11th session of the General Assembly. That resolution calls for the establishment of national food reserves "to be used in accordance with internationally agreed principles." The United Nations resolution specifies that the purposes of national food reserves should be:

- (a) To meet emergency situations;
- (b) To prevent excessive price increases arising as a result of a failure in local food supplies;
- (c) To prevent excessive price increases resulting from increased demand due to economic development programs, thus facilitating the economic development of less developed countries.

Section 110 specifies that the reserves will be kept at agreed levels unless the President specifically approves a reduction below the agreed level. The agreements shall also contain safeguards to assure that the commodities in the reserve are not used for speculative purposes.

The committee also emphasizes the importance of utilizing the services of and consulting with the United Nations Food and Agricultural Organization with respect to technical problems of storage, management, and operation of national food reserves.



The committee calls attention to the fact that the building of national food reserves in food deficit countries requires the building of adequate storage facilities, that assistance in building such storage facilities is authorized under several provisions of this bill, and urges the President to use his authority, whenever necessary and advisable, to aid other countries in the building of adequate storage facilities for national food reserves.

### *Title II*

Section 202. An expanded purpose has been added to this section, part of which was taken from S. 1711 and part of which was requested by the executive branch. The bill now specifies that the President may authorize the transfer on a grant basis of surplus agricultural commodities to meet the requirements of needy peoples, to promote economic development, and to assist friendly nations in carrying out programs, including those undertaken by the United Nations Food and Agriculture Organization and the World Health Organization.

Section 203. The committee recommends that up to \$250 million a year may be used for the purposes specified in title II. The committee's recommendation is \$50 million lower than that requested by the executive branch. The bill specifies an annual amount to be granted rather than a cumulative total which had been included previously in the law. The committee also accepted an executive branch recommendation to permit payments from title II funds of general average claims arising from loss of part of a ship or ship's cargo during shipments of title II commodities to recipient countries. At present the recipient country bears these claims. It is expected that such payments will be rare.

Section 204. This extends title II for 3 years, until December 31, 1962.

### *Title III*

Section 304. The technical change in this section was made so that new title IV would be subject to the same restrictions with respect to sales to the Soviet Union or areas dominated or controlled by Communist China as are titles I and III.

Section 306. This new section specifies that the Commodity Credit Corporation should dispose of its stocks of animal fats and edible oils or products thereof by donation to the appropriate agencies of the Federal Government, nonprofit voluntary organizations registered with the Department of State, and international organizations for use in the assistance of needy persons outside the the United States. The Commodity Credit Corporation is also authorized to purchase for donations animal fats and edible oils and the products thereof to maintain the support level for cottonseed and soybeans. The executive branch already has this authority but the committee makes it specific in order to urge the executive branch to comply with the request of the Congress in this matter. Animal fats and edible oils have been needed and requested by voluntary organizations, but have been denied by the Government.

### *Title IV*

This is a new title authorizing the President to negotiate and carry out agreements to establish in friendly countries nonprofit foundations to foster and promote research, education, health, and public welfare.

Section 401 specifies that such foundations should be directed by a board of trustees composed of U.S. nationals and nationals of the country in which the foundation is located.

Section 402 authorizes the President to grant or loan in accordance with the provisions of section 104, and without regard to the provisions of Public Law 213 (the Battle Act), to any foundation established under this title local currencies which accrue to the United States as repayments of principal and payment of interest on loans made under section 104g. The foundations will become increasingly important as loans made under section 104 are repaid.

#### *Title V. Administration*

Title V, which is new, establishes three administrative procedures for carrying out the purposes and functions of Public Law 480.

Section 501 creates an office in the Department of Agriculture of a Peace Food Administrator whose duties shall be assigned by the President in accordance with the provisions of this act. The Administrator shall be appointed by the President by and with the advice and consent of the Senate and shall receive a compensation equal to a level provided for assistant secretaries.

Section 502 establishes a Peace Food Policy Committee which shall consist of an Assistant Secretary, or officer of comparable level, of the Departments of State; Treasury; Commerce; and Health, Education, and Welfare; and the International Cooperation Administration; and such other agencies as the President may determine. The function of the Peace Food Policy Committee will be to consult and advise the Peace Food Administrator.

Section 503 creates a Peace Food Advisory Committee consisting of the representatives of: the major agricultural organizations; exporters of food and fiber; voluntary agencies such as CARE; religious groups; education, medical, and health associations; and industrial and business organizations. In adding the latter category of organizations the committee intends that these shall be groups which are not directly involved or have special interests in the operations of Public Law 480.

#### CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

#### **Agricultural Trade Development and Assistance Act of 1954, as Amended**

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the* **["Agricultural Trade Development and Assistance Act of 1954".]** *"International Food for Peace Act of 1959."*

**[SEC. 2.** It is hereby declared to be the policy of Congress to expand international trade among the United States and friendly nations, to



facilitate the convertibility of currency, to promote the economic stability of American agriculture and the national welfare, to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels and foreign currencies accepted in payment therefor. It is further the policy to use foreign currencies which accrue to the United States under this Act to expand international trade, to encourage economic development, to purchase strategic materials, to pay United States obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the United States.】

#### CONGRESSIONAL FINDINGS AND POLICY

*SEC. 2. (a) In view of the abundant agricultural production of the American farmer made possible by the advances of science and technology, and the continued hunger and want of clothing in many areas of the world, the Congress declares it to be the policy of the United States, in cooperation with other friendly nations, to put its abundance of food and fiber, consistent with the availability of supplies, as effectively and rapidly as possible in the service of human need.*

*(b) The Congress further declares it to be the policy of the United States to utilize our growing stocks of agricultural goods to aid in all possible ways those peoples who are in revolt against poverty, illiteracy, and disease, and who are determined to achieve that economic and social development necessary to national dignity and individual well-being.*

*(c) To achieve the aforementioned purposes, and to promote the foreign policy of the United States by the maximum efficient use of United States agricultural commodities, the Congress directs that this act be administered in a manner: to enlist the cooperation of other agricultural surplus countries; to expand international trade between the United States and friendly nations, particularly in agricultural commodities by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels; to facilitate the convertibility of currency; to promote the economic stability of American agriculture and the national welfare; and to support the efforts and programs of the United Nations and its specialized agencies and affiliated organizations. It is further directed that the foreign currencies which accrue to the United States under this act be used to expand international trade, to encourage international economic development, to purchase strategic materials, to pay United States obligations abroad, to promote collective strength, to facilitate mutual understanding through the exchange of persons, to stimulate educational development, and to foster in other ways the foreign policy of the United States.*

## TITLE I—SALES FOR FOREIGN CURRENCY

SEC. 101. In furtherance of this policy, the President is authorized to negotiate and carry out agreements with friendly nations or organizations of friendly nations to provide for the sale of surplus agricultural commodities for foreign currencies. In negotiating such agreements the President shall—

(a) take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this Act will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

(b) take appropriate steps to assure that private trade channels are used to the maximum extent practicable both with respect to sales from privately owned stocks and from stocks owned by the Commodity Credit Corporation;

(c) give special consideration to utilizing the authority and funds provided by this Act, in order to develop and expand continuous market demand abroad for agricultural commodities, with appropriate emphasis on underdeveloped and new market areas;

(d) seek and secure commitments from participating countries that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of surplus agricultural commodities purchased under this Act, without specific approval of the President; [and]

(e) afford any friendly nation the maximum opportunity to purchase surplus agricultural commodities from the United States, taking into consideration the opportunities to achieve the declared policy of this Act and to make effective use of the foreign currencies received to carry out the purposes of this Act [.] ;

(f) *seek, insofar as practicable, to enter into such agreement for periods in excess of one year where supplies permit; and*

(g) *give maximum attention to utilizing the authority and funds provided by this Act to further the economic and social development plans of underdeveloped countries.*

SEC. 102. (a) For the purpose of carrying out agreements concluded by the President hereunder, the Commodity Credit Corporation, in accordance with regulations issued by the President pursuant to subsection (b) of this section, (1) shall make available for sale hereunder to domestic exporters *or for grant* surplus agricultural commodities heretofore or hereafter acquired by the Corporation in the administration of its price-support operations, and (2) shall make funds available to finance the sale *or grant* and exportation of surplus agricultural commodities, whether from private stocks or from stocks of the Commodity Credit Corporation. In supplying such commodities to exporters under this subsection the Commodity Credit Corporation shall not be subject to the sales price restrictions in section 407 of the Agricultural Act of 1949, as amended. The commodity set-aside established for any commodity under section 101 of the Agricultural Act of 1954 (68 Stat. 897) shall be reduced by a quantity equal to



the quantity of such commodity financed hereunder which is exported from private stocks.

(b) In order to facilitate and maximize the use of private channels of trade in carrying out agreements entered into pursuant to this Act, the President may, under such regulations and subject to such safeguards as he deems appropriate, provide for the issuance of letters of commitment against funds or guaranties of funds supplied by the Commodity Credit Corporation and for this purpose accounts may be established on the books of any department, agency, or establishment of the Government, or on terms and conditions approved by the Secretary of the Treasury in banking institutions in the United States. Such letters of commitment, when issued, shall constitute obligations of the United States and moneys due or to become due thereunder shall be assignable under the Assignment of Claims Act of 1940. Expenditures of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditures of Government funds.

SEC. 103. (a) For the purpose of making payment to the Commodity Credit Corporation to the extent the Commodity Credit Corporation is not reimbursed under section 105 for commodities disposed of and costs incurred under titles I and II of this Act, there are hereby authorized to be appropriated such sums as are equal to (1) the Corporation's investment in commodities made available for export under this title and title II of this Act, including processing, packaging, transportation, and handling costs, (2) all costs incurred by the Corporation in making funds available to finance the exportation of surplus agricultural commodities pursuant to this title and, (3) all Commodity Credit Corporation funds expended for ocean freight costs authorized under title II hereof for purposes of section 416 of the Agricultural Act of 1949, as amended. Any funds or other assets available to the Commodity Credit Corporation may be used in advance of such appropriation or payments, for carrying out the purposes of this Act.

(b) [Agreements shall not be entered into under this title during the period beginning July 1, 1958, and ending December 31, 1959, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$2,250,000,000, plus any amount by which agreements entered into in prior fiscal years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior fiscal years by this Act as in effect during such fiscal years.] *Agreements shall not be entered into under this title during the period beginning January 1, 1960, and ending December 31, 1962, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$6,000,000,000, plus any amount by which agreements entered into in prior years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior years by this Act as in effect during such years.*

(c) *In carrying out programs and activities under this title, the President shall, insofar as possible, coordinate such programs and activities with other United States and international programs and activities directed toward the same end.*

SEC. 104. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use the foreign currencies which accrue under this title for one or more of the following purposes:

(a) To help develop new markets for United States agricultural commodities on a mutually benefiting basis;

(b) **[To purchase or contract to purchase strategic and critical materials, within the applicable terms of the Strategic and Critical Materials Stockpile Act, for a supplemental United States stockpile of such materials as the President may determine from time to time under contracts, including advance payment contracts, for supply extending over periods up to ten years. All strategic and critical materials acquired under authority of this title shall be placed in the above named supplemental stockpile and may be additional to the amounts acquired under authority of the Strategic and Critical Materials Stockpile Act. Materials so acquired shall be released from the supplemental stockpile only under the provisions of section 3 of the Strategic and Critical Materials Stockpile Act.]** *To purchase or contract to purchase strategic or other materials for a supplemental United States stockpile of such materials as the President may determine from time to time. Such strategic or other materials acquired under this subsection shall be placed in the above named supplemental stockpile and shall be released therefrom only under the provisions of section 3 of the Strategic and Critical Materials Stock Piling Act.*

(c) To procure military equipment, materials, facilities, and services for the common defense;

(d) For financing the purchase of goods or services for other friendly countries;

(e) For promoting balanced economic development and trade among nations for which purposes not more than 25 per centum of the currencies received pursuant to each such agreement shall be available through and under the procedures established by the Export-Import Bank for loans mutually agreeable to said Bank and the country with which the agreement is made to United States business firms and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries and for loans to domestic or foreign firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products: *Provided, however, That no such loans shall be made for the manufacture of any products to be exported to the United States in competition with products produced in the United States or for the manufacture or production of any commodity to be marketed in competition with United States agricultural commodities or the products thereof. Foreign currencies may be accepted in repayment of such loans. Interest and principal payments received on such loans shall remain with and be available to the Export-Import Bank for additional loans made in accordance with the provisions of this subsection.*

(f) To pay United States obligations abroad;



(g) For loans to promote multilateral trade and economic development, made through established banking facilities of the friendly nation from which the foreign currency was obtained or in any other manner which the President may deem to be appropriate. Strategic materials, services, or foreign currencies may be accepted in payment of such loans;

(h) For the financing of international educational exchange activities under the programs authorized by section 32(b)(2) of the Surplus Property Act of 1944, as amended (50 U.S.C. App. 1641(b)) and for the financing in such amounts as may be specified from time to time in appropriation acts of programs for the interchange of persons under title II of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1446); in the allocation of funds as among the various purposes set forth in this section, a special effort shall be made to provide for the purposes of this subsection, including a particular effort with regard to: (1) countries where adequate funds are not available from other sources for such purposes, and (2) countries where agreements can be negotiated to establish a fund with the interest and principal available over a period of years for such purposes, such special and particular effort to include the setting aside of such amounts from sale proceeds and loan repayments under this title, not in excess of \$1,000,000 a year in any one country for a period of not more than five years in advance, as may be determined by the Secretary of State to be required for the purposes of this subsection[;]. *Such currencies may also be used in such amounts as may be specified from time to time in appropriation acts for making grants to United States nonprofit organizations and institutions for carrying out such exchange of persons projects under this paragraph between the United States and other countries as may be agreed upon between such organizations and institutions and the Secretary of State, but no such grants shall be made to any organization or institution which does not agree to provide the dollar funds which the Secretary of State deems necessary to carry forward agreed projects to a successful conclusion;*

(i) For financing the translation, publication, and distribution of books and periodicals, including Government publication, abroad: *Provided*, That not more than \$5,000,000 may be allocated for this purpose during any fiscal year;

(j) For providing assistance to activities and projects authorized by section 203 of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1448), but no foreign currencies which are available under the terms of any agreement for appropriation for the general use of the United States shall be used for the purposes of this subsection (j) without appropriation therefor;

(k) To collect, collate, translate, abstract, and disseminate scientific and technological information and to conduct research and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe,

*and to promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation: Provided, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) but only in such amounts as may be specified from time to time in appropriation Acts;*

(l) For the acquisition by purchase, lease, rental or otherwise, of sites and buildings and grounds abroad, for United States Government use including offices, residence quarters, community and other facilities, and for construction, repair, alteration and furnishing of such buildings and facilities: *Provided, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) in such amounts as may be specified from time to time in appropriation acts;*

(m) For financing in such amounts as may be specified from time to time in appropriation acts (A) trade fair participation and related activities authorized by section 3 of the International Cultural Exchange and Trade Fair Participation Act of 1956 (22 U.S.C. 1992), and (B) agricultural and horticultural fair participation and related activities;

(n) For financing under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, in such amounts as may be specified from time to time in appropriation acts, (1) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance; (2) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (3) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;

(o) For providing assistance, in such amounts as may be specified from time to time in appropriation acts, by grant or otherwise, in the expansion or operation in foreign countries of established schools, colleges, or universities founded or sponsored by citizens of the United States, for the purpose of enabling such educational institutions to carry on programs of vocational, professional, scientific, technological, or general education; [and in the supporting of workshops in American studies or American educational techniques, and supporting chairs in American studies:]

(p) *For supporting workshops in American studies or American educational techniques, and supporting chairs in American studies;*

(q) *For financing technicians and other personnel of the United Nations Food and Agriculture Organization and World Health Organization (including necessary equipment and supplies) en-*



gaged in (i) consulting and advising on, conducting, or administering government programs designed to relieve chronic hunger and malnutrition, (ii) consulting and advising on programs for the storage, management, and operation of national food reserves, or (iii) training local technical, administrative, and other personnel needed to carry out such programs;

(r) For assistance to meet emergency or extraordinary relief requirements other than requirements for surplus food commodities: *Provided, That not more than a total amount equivalent to \$2,000,000 may be made available for this purpose during any fiscal year;*

(s) For financing local currency cost components of projects undertaken by the United Nations Special Fund for which such Fund pays foreign exchange costs;

(t) For financing the preparation, distribution, and exhibiting of audio-visual informational and educational materials, including Government materials, abroad: *Provided, That not more than a total amount equivalent to \$5,000,000 may be made available for this purpose during any fiscal year;*

(u) For financing the services of technicians, advisers, and administrators who are nationals of any friendly country, which may be needed to further economic and social development programs in other friendly countries;

(v) For financing relief and rehabilitation projects undertaken following disasters or for assistance to refugees.

*Provided, however, That section 1415 of the Supplemental Appropriation Act, 1953, shall apply to all foreign currencies used for grants under subsections (d) and (e) and for payment of United States obligations involving grants under subsection (f) and to not less than 10 per centum of the foreign currencies which accrue under this title: Provided, however, That the President is authorized to waive such applicability of section 1415 in any case where he determines that it would be inappropriate or inconsistent with the purposes of this title[.]: Provided, however, That foreign currencies shall be available for the purposes of subsections (p), (q), (s), (u), and (v), in addition to funds otherwise made available for such purposes, only in such amounts as may be specified from time to time in appropriation Acts.*

SEC. 105. Foreign currencies received pursuant to this title shall be deposited in a special account to the credit of the United States and shall be used only pursuant to section 104 of this title, and any department or agency of the government using any of such currencies for a purpose for which funds have been appropriated shall reimburse the Commodity Credit Corporation in an amount equivalent to the dollar value of the currencies used.

SEC. 106. As used in this Act, "surplus agricultural commodity" shall mean any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States, either privately or public owned, which is or may be reasonably expected to be in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture. The [Secretary of Agriculture] President is also authorized to determine the nations with whom agreements shall be negotiated, and to determine the commodities and quantities thereof

which may be included in the negotiations with each country after advising with other agencies of Government affected and within broad policies laid down by the President for implementing this Act.

SEC. 107. As used in this Act, "friendly nation" means any country other than (1) the U.S.S.R., or (2) any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement[.]: *Provided, That such term shall not exclude any nation referred to in clause (2) if the President determines that the making and carrying out of agreements with such nation under this Act will be in the interest of attaining the foreign policy objectives of the United States.*

SEC. 108. The President shall make a report to Congress with respect to the activities carried on under this Act at least once each six months and at such other times as may be appropriate and such reports shall include the dollar value, at the exchange rates in effect at the time of the sale, of the foreign currency for which commodities exported pursuant to section 102(a) hereof are sold.

SEC. 109. No transactions shall be undertaken under authority of this title after [December 31, 1959] *December 31, 1962*, except as required pursuant to agreements theretofore entered into pursuant to this title.

SEC. 110. *In order to implement the resolution adopted by the United Nations on February 20, 1957 (United Nations Resolution 1025 [XI]), which was sponsored by the United States, calling for international cooperation in the establishment of national food reserves, surplus agricultural commodities may be made available by the President on a grant basis for such reserve purposes pursuant to an agreement with the recipient country requiring that payment shall be made when such commodities are withdrawn from the reserve: Provided, That no payment shall be required for any quantities of such commodities which are used by agreement of the President and the government of the recipient country for purposes provided for in section 201 of this Act. Agreement under which commodities are provided pursuant to this section shall specify whether any payment made thereunder shall be in foreign currency or in dollars, and the purposes authorized under section 104 of this Act for which any such foreign currency payments may be used. Such agreements shall require the government of the recipient country to maintain the reserve at agreed levels unless the President specifically approves a reduction below the agreed level, and shall contain reasonable safeguards to assure that the commodities in the reserve are not used for speculative purposes. In negotiating agreements under this section the President shall give effect to the requirements prescribed in section 101 for agreements entered into under that section.*

## TITLE II—FAMINE RELIEF AND OTHER ASSISTANCE

SEC. 201. In order to enable the President to furnish emergency assistance on behalf of the people of the United States to friendly peoples in meeting famine or other urgent or extraordinary relief requirements, the Commodity Credit Corporation shall make available to the President out of its stocks such surplus agricultural commodities (as defined in section 106 of title I) as he may request, for



transfer (1) to any nation friendly to the United States in order to meet famine or other urgent or extraordinary relief requirements of such nation, and (2) to friendly but needy populations without regard to the friendliness of their government.

SEC. 202. **[The]** *In order to facilitate the utilization of surplus agricultural commodities in meeting the requirements of needy peoples, and to promote economic development in underdeveloped areas in addition to that which can be accomplished under title I of this Act, and to assist friendly nations in establishing, expanding, or carrying out programs, including programs undertaken with the assistance of experts and technicians of the United Nations Food and Agriculture Organization, and the World Health Organization for the relief of chronic hunger and malnutrition the President may authorize the transfer on a grant basis of surplus agricultural commodities from Commodity Credit Corporation stocks to assist programs undertaken [with friendly governments or through voluntary relief agencies] by or with friendly governments or voluntary relief agencies: Provided, That the President shall take reasonable precaution that such transfers will not displace or interfere with sales which might otherwise be made.*

SEC. 203. **[Not more than \$800,000,000 (including the Corporation's investment in such commodities) shall be expended for all such transfers and for other costs authorized by this title.]** *Not more than \$250,000,000, including the Corporation's investment in the commodities, shall be expended annually for all such transfers and for other costs authorized by this title.* The President may make such transfers through such agencies, including intergovernmental organizations, in such manner, and upon such terms and conditions as he deems appropriate; he shall make use of the facilities of voluntary relief agencies to the extent practicable. Such transfers may include delivery f.o.b. vessels in United States ports and, upon a determination by the President that it is necessary to accomplish the purposes of this title or of section 416 of the Agricultural Act of 1949, as amended, ocean freight charges from United States ports to designated ports of entry abroad may be paid from funds available to carry out this title on commodities transferred pursuant hereto or donated under said section 416**[.]** *and charges for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto, may be paid from such funds.* Funds required for ocean freight costs authorized under this title may be transferred by the Commodity Credit Corporation to such other Federal agency as may be designated by the President.

SEC. 204. No programs of assistance shall be undertaken under the authority of this title after **[December 31, 1959.]** *December 31, 1962.*

### TITLE III—GENERAL PROVISIONS

SEC. 301. Section 407 of the Agricultural Act of 1949 is amended by adding at the end thereof the following: "Notwithstanding the foregoing, the Corporation, on such terms and conditions as the Secretary may deem in the public interest, shall make available any farm commodity or product thereof owned or controlled by it for use in relieving distress (1) in any area in the United States declared by the President to be an acute distress area because of unemployment or

other economic cause if the President finds that such use will not displace or interfere with normal marketing of agricultural commodities and (2) in connection with any major disaster determined by the President to warrant assistance by the Federal Government under Public Law 875, Eighty-first Congress, as amended (42 U.S.C. 1855). Except on a reimbursable basis, the Corporation shall not bear any costs in connection with making such commodity available beyond the cost of the commodities to the Corporation in store and the handling and transportation costs in making delivery of the commodity to designated agencies at one or more central locations in each State."

SEC. 302. Section 416 of the Agricultural Act of 1949 is amended to read as follows:

"SEC. 416. In order to prevent the waste of commodities acquired through price-support operations by the Commodity Credit Corporation before they can be disposed of in normal domestic channels without impairment of the price-support program or sold abroad at competitive world prices, the Commodity Credit Corporation is authorized, on such terms and under such regulations as the Secretary may deem in the public interest: (1) upon application, to make such commodities available to any Federal agency for use in making payment for commodities not produced in the United States; (2) to barter or exchange such commodities for strategic or other materials as authorized by law; (3) in the case of food commodities to donate such commodities to the Bureau of Indian Affairs and to such State, Federal, or private agency or agencies as may be designated by the proper State or Federal authority and approved by the Secretary, for use in the United States in nonprofit school-lunch programs, in the assistance of needy persons, and in charitable institutions, including hospitals, to the extent that needy persons are served; and (4) to donate any such food commodities in excess of anticipated disposition under (1), (2), and (3) above to nonprofit voluntary agencies registered with the Committee on Voluntary Foreign Aid of the Foreign Operations Administration or other appropriate department or agency of the Federal Government and intergovernmental organizations for use in the assistance of needy persons outside the United States. In the case of (3) and (4) above the Secretary shall obtain such assurance as he deems necessary that the recipients thereof will not diminish their normal expenditures for food by reason of such donation. In order to facilitate the appropriate disposal of such commodities, the Secretary may from time to time estimate and announce the quantity of such commodities which he anticipates will become available for distribution under (3) and (4) above. The Commodity Credit Corporation may pay, with respect to commodities disposed of under this section, reprocessing, packaging, transporting, handling, and other charges accruing up to the time of their delivery to a Federal agency or to the designated State or private agency, in the case of commodities made available for use within the United States, or their delivery free alongside ship or free on board export carrier at point of export, in the case of commodities made available for use outside the United States. For the purpose of this section the terms 'State' and 'United States' include the District of Columbia and any Territory or possession of the United States."

SEC. 303. The Secretary shall, whenever he determines that such action is in the best interest of the United States, and to the maxi-



to the maximum extent practicable, barter or exchange agricultural commodities owned by the Commodity Credit Corporation for (a) such strategic or other materials of which the United States does not domestically produce its requirements and which entail less risk of loss through deterioration or substantially less storage charges as the President may designate, or (b) materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, or (c) materials or equipment required in substantial quantities for offshore construction programs. He is hereby directed to use every practicable means, in cooperation with other Government agencies, to arrange and make, through private channels, such barter or exchanges or to utilize the authority conferred on him by section 4(h) of the Commodity Credit Corporation Charter Act, as amended, to make such barter or exchanges. In carrying out barter or exchanges authorized by this section, no restrictions shall be placed on the countries of the free world into which surplus agricultural commodities may be sold, except to the extent that the Secretary shall find necessary in order to take reasonable precautions to safeguard usual marketings of the United States and to assure that barter or exchanges under this Act will not unduly disrupt world prices of agricultural commodities or replace cash sales for dollars. The Secretary may permit the domestic processing of raw materials of foreign origin. The Secretary shall endeavor to cooperate with other exporting countries in preserving normal patterns of commercial trade with respect to commodities covered by formal multilateral international marketing agreements to which the United States is a party. Agencies of the United States Government procuring such materials, goods, or equipment are hereby directed to cooperate with the Secretary in the disposal of surplus agricultural commodities by means of barter or exchange. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchange of agricultural commodities in their possession for strategic materials.

SEC. 304. The President shall exercise the authority contained in title I of this Act (1) to assist friendly nations to be independent of trade with the Union of Soviet Socialist Republics and with nations dominated or controlled by the Union of Soviet Socialist Republics and (2) to assure that agricultural commodities sold or transferred thereunder do not result in increased availability of those or like commodities to unfriendly nations.

(b) Nothing in this Act shall be construed as authorizing transactions under [title I or title III] *title I, title III, or title IV* with the Union of Soviet Socialist Republics or any of the areas dominated or controlled by the Communist regime in China.

SEC. 305. All Commodity Credit Corporation stocks disposed of under title II of this Act and section 416 of the Agricultural Act of 1949, as amended, shall be clearly identified by, as far as practical, appropriate marking on each package or container as being furnished by the people of the United States of America.

*Sec. 306. Notwithstanding any other provision of law, the Commodity Credit Corporation is hereby authorized—*

*“(1) to dispose of its stocks of animal fats and edible oils or products thereof by donation, upon such terms and conditions as*

*the Secretary of Agriculture deems appropriate, to nonprofit voluntary agencies registered with the Department of State, appropriate agencies of the Federal Government or international organizations, for use in the assistance of needy persons outside the United States;*

*"(2) to purchase for donation as provided above such quantities of animal fats and edible oils and the products thereof as the Secretary determines will maintain the support level for cottonseed and soybeans without requiring the acquisition of such commodities under the price support program.*

*Commodity Credit Corporation may incur such additional costs with respect to commodities to be donated hereunder as it is authorized to incur with respect to food commodities disposed of under section 416 of the Agricultural Act of 1949, and may pay ocean freight charges from United States ports to designated ports of entry abroad.*

#### TITLE IV—BINATIONAL FOUNDATIONS

*Sec. 401. (a) The President is authorized to negotiate and carry out agreements with friendly nations to provide for the establishment in such countries of nonprofit foundations to foster and promote research, education, health, and public welfare.*

*(b) A foundation established under this title shall be under the direction of a board of trustees consisting of—*

*(1) a number, to be determined by the agreement between the United States and the country in which the foundation is located, of the nationals of such country appointed by the Government thereof;*

*(2) an equal number of nationals of the United States (one of whom shall be the chief of the United States diplomatic mission to such country) appointed by the President; and*

*(3) one member, who shall be chairman, who shall be appointed by the government of such country with the approval of a majority of the members appointed as provided in clauses (1) and (2).*

*Members of a board of trustees shall serve at the pleasure of the appointing authority, and vacancies shall be filled in the same manner as in the case of the original appointments.*

*Sec. 402. The President is authorized to grant or loan in accordance with the provisions of section 104, and without regard to the provisions of Public Law 213, Eighty-second Congress, to any foundation established under this title for use in carrying out the purposes specified in section 401(a) local currencies which accrue to the United States as repayments of principal or payment of interest on loans heretofore or hereafter made by the United States under section 104(g). Any such currencies may be used for direct expenditure, or may be invested and the proceeds used, for carrying out this title.*

#### TITLE V—ADMINISTRATION

*Sec. 501. (a) There is hereby established in the Department of Agriculture the Office of Peace Food Administrator. The Peace Food Administrator shall be appointed by the President by and with the advice and consent of the Senate and shall receive compensation*



at the rate provided by law for assistant secretaries. The Peace Food Administrator shall perform his functions as assigned by the President in accordance with the provisions of this Act under the general supervision and direction of the Secretary of Agriculture.

(b) (1) The President may carry out the functions conferred upon him by this Act and section 402 of the Mutual Security Act of 1954, as amended, either directly or through the Peace Food Administrator.

(2) The President is authorized to transfer to the Department of Agriculture the functions of any other agency which he determines are related to the functions of, and can be more effectively or economically carried out by, the Peace Food Administrator, together with any personnel or property used primarily in carrying out such functions.

(c) The Secretary of Agriculture is authorized to make such expenditures and appoint and fix the compensation of such personnel as may be necessary to enable the Peace Food Administrator to carry out his functions.

Sec. 502. (a) There is hereby established a Peace Food Policy Committee which shall consist of an Assistant Secretary, or officer of comparable level, of each of the following departments or agencies: Departments of State, Treasury, Commerce, Health, Education, and Welfare, and the International Cooperation Administration, and such other agencies as the President may determine.

(b) It shall be the duty of the Peace Food Policy Committee to advise and consult with the Peace Food Administrator concerning the administration of this Act. The Committee shall meet from time to time upon request of the Peace Food Administrator and at such other times as it may deem necessary.

Sec. 503. (a) There is hereby established a Peace Food Advisory Committee which shall consist of representatives of the following and such other groups as the President deems advisable who shall be appointed by the President for terms of two years:

- (1) The major agricultural organizations;
- (2) Exporters of food and fiber;
- (3) Industrial and business organizations;
- (4) Voluntary agencies, religious groups, educational, medical, and health associations.

(b) It shall be the duty of the Peace Food Advisory Committee to advise and consult with the Peace Food Administrator, and to make such recommendations as it deems advisable, concerning the administration of this Act. The Committee shall meet from time to time upon request of the Peace Food Administrator and at such other times as it may deem necessary. In carrying out its duties under this Act, the Committee shall invite a representative of the United Nations Food and Agriculture Organization to meet with the Committee in order that, through him, the views of other exporting countries might be heard and their interests taken into account.

(c) Members of the Advisory Committee shall be entitled, while attending meetings of the Committee, to receive compensation at the rate of \$50 per diem, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons in the Government service employed intermittently.

*Sec. 504. In negotiating agreements under this Act, the President is expected to give due consideration to the internal and external political and economic conditions of the countries concerned by drawing upon the appropriate title or titles of this Act in such manner as to carry out more effectively the policy set forth in section 2.*

NOTE.—Section 5 of Public Law 85-125 [S. 1314], 71 Stat. 345, approved August 13, 1957, made the following provision for reporting to Congress:

“(5) Within sixty days after any agreement is entered into for the use of any foreign currencies, a full report thereon shall be made to the Senate and the House of Representatives of the United States and to the Committees on Agriculture and Appropriations thereof.”





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Calendar No. 640

86TH CONGRESS  
1ST SESSION

**S. 1711**

[Report No. 632]

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IN THE SENATE OF THE UNITED STATES

APRIL 16 (legislative day, APRIL 15), 1959

Mr. HUMPHREY (for himself, Mr. CARROLL, Mr. HART, Mr. KENNEDY, Mr. MCCARTHY, Mr. MCGEE, Mr. MONRONEY, Mr. MORSE, Mr. MURRAY, Mr. WILLIAMS of New Jersey, Mr. CHURCH, Mr. NEUBERGER, Mr. CLARK, Mr. MANSFIELD, Mr. HENNINGS, Mr. SYMINGTON, and Mr. CARLSON) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

AUGUST 10, 1959

Reported, under authority of the order of the Senate of August 7, 1959, by Mr. HUMPHREY, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

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**A BILL**

To promote the foreign policy of the United States and help to build essential world conditions of peace, by the more effective use of United States agricultural commodities for the relief of human hunger, and for promoting economic and social development in less developed countries.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 *That Public Law 480 of the Eighty-third Congress, as*
- 4 *amended, is further amended as follows:*



1       ~~(1)~~ The first section ~~(which provides the short title)~~  
2 is amended to read as follows:

3       ~~"That this Act may be cited as the 'International Food~~  
4 ~~for Peace Act of 1959'."~~

5       ~~(2)~~ Section 2 ~~(which consists of a statement of policy)~~  
6 is amended to read as follows:

7               "CONGRESSIONAL FINDINGS AND POLICY

8       ~~"SEC. 2. (a)~~ Because of the increased productivity  
9 made possible by science and technology, there is now, for  
10 the first time in history, no reason in physical scarcity for  
11 the continued existence of hunger, anywhere on this earth,  
12 It is now possible and practical for mankind to take co-  
13 operative steps to abolish human hunger.

14       ~~"This being so,~~ massive hunger and suffering from want  
15 of clothing, existing in the world in the shadow of unused  
16 present and potential surpluses of food and fiber, are no  
17 longer tolerable, either morally, politically, or economically.

18       ~~"The Congress,~~ while recognizing the difficult inter-  
19 national, political and economic problems that lie between  
20 hunger and want of clothing in many parts of the world and  
21 food and fiber surpluses in others, declares it to be the policy  
22 of the United States to move as rapidly as possible in co-  
23 operation with other friendly nations, toward putting its  
24 abundance of food and fiber more effectively in the service of  
25 human need.

1       (b) Peoples who comprise one-third of the human race  
2 have in our generation achieved national independence (or  
3 are in the process of doing so) and are in revolt against the  
4 poverty, ignorance, disease, inferior status, and lack of oppor-  
5 tunity which have always been their lot. They are deter-  
6 mined to achieve that economic and social development  
7 necessary to national dignity and individual well-being. To  
8 mobilize their resources with reasonable speed and develop  
9 their economies to a point where they are self-propelled and  
10 self-sustaining they require substantial outside aid over a  
11 considerable period of years. If that aid is adequately forth-  
12 coming from the free world, they have a good chance to  
13 accomplish their purposes in freedom, remaining a part of  
14 the free world and contributing to its strength and well-  
15 being. If it is not forthcoming, their alternative is to seek  
16 it in the Communist world, and in the process to surrender  
17 both personal and national freedom. Deeply aware of and  
18 sympathetic with the aspirations of the world's peoples who  
19 seek in freedom greater national dignity and individual well-  
20 being, the Congress declares it to be the policy of the United  
21 States to help them achieve those aspirations. The Congress  
22 recognizes that for this purpose a number of different kinds  
23 of aid are required, but that among them food and fiber aid  
24 is a highly important form and one whose effectiveness can  
25 be greatly increased. The Congress declares that the agri-



1 cultural abundance of the United States is not an embarrass-  
2 ment but a blessing to be used in the service of mankind;  
3 that it should be so used to the maximum extent possible;  
4 and that if it is so used it can help build essential conditions  
5 of world peace and freedom.

6 “(c) To achieve those larger purposes, the Congress  
7 directs that this Act shall be administered (1) so as to  
8 help other countries carry forward their own national or  
9 regional plans for development in freedom and independence;  
10 (2) so as to support the efforts and programs of the United  
11 Nations, its specialized agencies and affiliated organizations,  
12 and regional organizations of friendly countries, directed  
13 toward the same ends; (3) so as to leave wide latitude  
14 in working out details of national agreements and projects  
15 to United States Chiefs of Missions in negotiations with the  
16 governments concerned; and (4) so as to enlist the coop-  
17 eration of other countries in putting agricultural surpluses  
18 more effectively in the service of human need and the eco-  
19 nomic and social development of less developed countries.

20 “(d) It is also declared to be the policy of Congress  
21 to expand international trade among the United States and  
22 friendly nations, to facilitate the convertibility of currency,  
23 to promote the economic stability of American agriculture  
24 and the national welfare, to make maximum efficient use of

1 surplus agricultural commodities in furtherance of the foreign  
2 policy of the United States, and to stimulate and facilitate  
3 the expansion of foreign trade in agricultural commodities  
4 produced in the United States by providing a means whereby  
5 surplus agricultural commodities in excess of the usual mar-  
6 ketings of such commodities may be sold through private  
7 trade channels, and foreign currencies accepted in payment  
8 thereof. It is further the policy to use foreign currencies  
9 which accrue to the United States under this Act to expand  
10 international trade, to encourage economic development, to  
11 purchase strategic materials, to pay United States obliga-  
12 tions abroad, to promote collective strength, and to foster in  
13 other ways the foreign policy of the United States."

14 (3) Section 101 (which relates to the negotiation of  
15 agreements) is amended by striking out "and" at the end  
16 of paragraph (d), by changing the period at the end of  
17 paragraph (e) to a semicolon, and by adding at the end of  
18 such section the following new paragraphs:

19 "(f) seek, insofar as possible, to enter into such  
20 agreement for periods in excess of one year; and

21 "(g) give maximum attention to utilizing the  
22 authority and funds provided by this Act to further the  
23 economic and social development plans of underde-  
24 veloped countries."



1       ~~(4) Section 103(b) (prescribing limit on appropria-~~  
2       ~~tions)~~ is amended to read as follows:

3       “(b) Agreements shall not be entered into under this  
4       title during the period beginning July 1, 1959, and ending  
5       June 30, 1964, which will call for appropriations to reim-  
6       burse the Commodity Credit Corporation, pursuant to sub-  
7       section ~~(a)~~ of this section, in amounts in excess of  
8       \$2,000,000,000 annually, plus any amount by which agree-  
9       ments entered into in prior years have called or will call  
10      for appropriations to reimburse the Commodity Credit Cor-  
11      poration in amounts less than authorized for such prior  
12      fiscal years by this Act as in affect during such fiscal years.”

13      ~~(5) Section 103 is further amended by adding at the~~  
14      end thereof the following new subsection:

15      “(c) In carrying out programs and activities under  
16      this title, the President shall, insofar as possible, coordinate  
17      such programs and activities with other United States and  
18      international programs and activities directed toward the  
19      same end.”

20      ~~(6) Section 140(e) (relating to loans for trade ex-~~  
21      ~~pansion)~~ is amended by striking out “Export-Import Bank  
22      for loans mutually agreeable to said bank” and inserting in  
23      lieu thereof “United States Development Loan Fund created  
24      by title II of chapter II of the Mutual Security Act of 1954,  
25      as amended, for loans mutually agreeable to said Fund”,

1 and by inserting before the semicolon at the end thereof a  
2 colon and the following: "*Provided further*, That funds  
3 which have accrued under this section and which are un-  
4 committed may at the discretion of the President, be placed  
5 under the administration of the Development Loan Fund".

6 ~~(7)~~ Section 104(g) ~~(relating to the promotion of trade~~  
7 ~~and economic development)~~ is amended to read as follows:

8 "~~(g)~~ For loans and grants to promote multilateral  
9 trade and economic development, made through established  
10 banking facilities of the friendly nation from which the  
11 foreign currency was obtained or in any other manner which  
12 the President may deem to be appropriate. Interest on loans  
13 made under this subsection shall be at such rate, not to ex-  
14 ceed  $2\frac{1}{2}$  per centum per annum, as the President shall de-  
15 termine. Strategic materials, services, or foreign currencies  
16 may be accepted in payment of such loans;"

17 ~~(8)~~ Section 104(h) ~~(relating to international educa-~~  
18 ~~tional exchange activities)~~ is amended by striking out the  
19 words "in such amounts as may be specified from time to  
20 time in appropriation acts" and by striking out the semi-  
21 colon at the end thereof and inserting in lieu thereof a  
22 period and the following: "Such currencies may also be used  
23 for making grants to United States nonprofit organizations  
24 and institutions for carrying out such exchange of persons  
25 projects under this paragraph between the United States



1 and other countries as may be agreed upon between such  
 2 organizations and institutions and the Secretary of State,  
 3 but no such grants shall be made to any organization or  
 4 institution which does not agree to provide the dollar funds  
 5 which the Secretary of State deems necessary to carry for-  
 6 ward agreed projects to a successful conclusion;”

7       (9) Section 104(k) (relating to scientific activities) is  
 8 amended by striking out “but no foreign currencies shall  
 9 be used for the purposes of this subsection (k) unless spe-  
 10 cific appropriations be made therefor” and inserting in lieu  
 11 thereof the following: “and to promote and support pro-  
 12 grams of medical and scientific research, cultural and edu-  
 13 cational development, health, nutrition, and sanitation”.

14       (10) Section 104(o) (relating to assistance to edu-  
 15 cational facilities sponsored by United States citizens) is  
 16 amended by striking out so much thereof as follows the  
 17 semicolon.

18       (11) Section 104 (relating to uses of foreign curren-  
 19 cies) is amended by inserting after paragraph (o) the fol-  
 20 lowing new paragraphs:

21       “(p) For supporting workshops in American studies or  
 22 American educational techniques, and supporting chairs in  
 23 American studies.

24       “(q) For financing technicians and other personnel of  
 25 the United Nations Food and Agriculture Organization and

1 World Health Organization (including necessary equipment  
2 and supplies) engaged in (i) consulting and advising on;  
3 conducting, or administering government programs designed  
4 to relieve chronic hunger and malnutrition; (ii) consulting  
5 and advising on programs for the storage, management, and  
6 operation of national food reserves, or (iii) training local  
7 technical, administrative, and other personnel needed to  
8 carry out such programs;

9 “(r) For financing research, surveys, conferences, pub-  
10 licity, and other activities which the President shall find to  
11 be helpful in support of the projected ‘Free the World From  
12 Hunger’ campaign of the United Nations Food and Agri-  
13 culture Organization; and for such purposes and the purposes  
14 of paragraph (q) any currencies of any country available  
15 under this Act may be transferred to and used in any other  
16 country;

17 “(s) For financing local currency cost components of  
18 projects undertaken by the United Nations Special Fund for  
19 which such Fund pays foreign exchange costs;

20 “(t) For contributions, in addition to United States  
21 dollar contributions, to the capital fund of any international  
22 development association or organization of which the United  
23 States is a member which may be established as an affiliate  
24 of the International Bank for Reconstruction and Develop-



1 ment for the purpose of making long-term loans for economic  
2 development;

3       “(u) For financing the preparation, distribution, and  
4 exhibiting of audio-visual informational and educational ma-  
5 terials, including Government materials, abroad;

6       “(v) For transfer to the International Finance Cor-  
7 poration for the purpose of promoting private investment  
8 abroad under such arrangement as may be agreed upon  
9 between the President, said Corporation, and the country  
10 whose currency is involved;

11       “(w) For financing the services of technicians, advisers,  
12 and administrators who are nationals of any friendly country,  
13 which may be needed to further economic and social develop-  
14 ment programs in other friendly countries;

15       “(x) For financing relief and rehabilitation projects  
16 undertaken following disasters or for assistance to refugees.”

17       “(12) Section 104 is further amended by inserting be-  
18 fore the period at the end thereof a comma and the following:  
19 “and from time to time release for the general purposes of  
20 this title funds that may have accrued in excess of prospec-  
21 tive needs for payment of United States obligations”.

22       “(13) Section 106 (which relates to determination of  
23 nations with which agreements shall be negotiated) is  
24 amended by striking out the words “Secretary of Agriculture”

1 where they appear the second time and inserting in lieu  
2 thereof "President".

3       (14) Section 107 (which defines "friendly nation") is  
4 amended by inserting before the period at the end thereof a  
5 colon and the following: "*Provided*, That such term shall  
6 not exclude any nation referred to in clause (2) if the Presi-  
7 dent determines that the making and carrying out of agree-  
8 ments with such nation under this Act will be in the interest  
9 of attaining the foreign policy objectives of the United  
10 States".

11       (15) Section 109 (which relates to the duration of the  
12 program under title I) is amended by striking out "December  
13 31, 1959" and inserting in lieu thereof "June 30, 1964".

14       (16) Section 202 (authorizing grants of surplus com-  
15 modities for famine relief) is amended by striking out "with  
16 friendly governments or through voluntary agencies" and in-  
17 serting in lieu thereof "by or with friendly governments or  
18 voluntary relief agencies to carry out the purposes of section  
19 201 and to assist friendly nations in establishing, expand-  
20 ing, or carrying out programs, including programs under-  
21 taken with the assistance of experts and technicians of the  
22 United Nations Food and Agriculture Organization, and the  
23 World Health Organization for the relief of chronic hunger  
24 and malnutrition".



1       ~~(17)~~ Section 203 ~~(which imposes limits on expendi-~~  
 2       ~~tures under title II)~~ is amended by striking out the first  
 3       sentence and inserting in lieu thereof the following: "Not  
 4       more than \$250,000,000, including the Corporation's in-  
 5       vestment in the commodities, shall be expended annually  
 6       for all such transfer and for other costs authorized by this  
 7       title."

8       ~~(18)~~ Section 204 ~~(which relates to the duration of the~~  
 9       ~~program under title II)~~ is amended by striking out "Decem-  
 10      ber 31, 1959" and inserting in lieu thereof "June 30, 1964".

11      ~~(19)~~ Section 304(b) ~~(which prohibits certain transac-~~  
 12      ~~tions with the Union of Soviet Socialist Republics and areas~~  
 13      ~~dominated or controlled by the Communist regime in China)~~  
 14      is amended by striking out "title I or title III" and inserting  
 15      in lieu thereof "title I, title III, title IV, title V, or title  
 16      VI".

17      ~~(20)~~ Title III is further amended by adding at the end  
 18      thereof a new section as follows:

19      "SEC. 306. Notwithstanding any other provision of law,  
 20      the Commodity Credit Corporation is hereby directed—

21      ~~"(1)~~ to dispose of its stocks of edible oils or prod-  
 22      ~~ucts thereof by donation, upon such terms and conditions~~  
 23      as the Secretary of Agriculture deems appropriate, to  
 24      nonprofit voluntary agencies registered with the Depart-  
 25      ment of State, appropriate agencies of the Federal Gov-

ernment or international organizations, for use in the assistance of needy persons outside the United States;

“(2) to purchase for donation as provided above such quantities of edible oils and the products thereof as the Secretary determines will maintain the support level for cottonseed and soybeans without requiring the acquisition of such commodities under the price support program.

Commodity Credit Corporation may incur such additional costs with respect to commodities to be donated hereunder as it is authorized to incur with respect to food commodities disposed of under section 416 of the Agricultural Act of 1949, and may pay ocean freight charges from United States ports to designatated ports of entry abroad.”

(21) Such Act is further amended by adding at the end thereof the following new titles:

#### “TITLE IV—LONG TERM SUPPLY CONTRACTS

“SEC. 401. The purpose of this title is to utilize agricultural commodities and the products thereof produced in the United States, including but not limited to agricultural commodities in surplus supply, to assist the economic development of friendly nations by assuring such nations a stable supply of agricultural commodities on long-term credit for domestic consumption during periods of economic development so that the resources and manpower of such nations



1 may be utilized more effectively for industrial and other  
2 domestic economic development without jeopardizing mean-  
3 while adequate supplies of agricultural commodities for  
4 domestic use.

5       “SEC. 402. In furtherance of this purpose, the President  
6 is authorized to enter into agreements with friendly nations  
7 under the terms of which the United States shall undertake  
8 to deliver annually (a) certain quantities of wheat, rice, cot-  
9 ton, feed grains, or tobacco, or (b) such other surplus agri-  
10 cultural commodities as may from time to time be available,  
11 for periods of not to exceed ten years.

12       SEC. 403. Payment for such commodities shall be in  
13 dollars or in services or in strategic or other materials of  
14 which the United States does not domestically produce its re-  
15 quirements, as the President may from time to time deter-  
16 mine, with interest at such rate as the President may deter-  
17 mine but not more than  $2\frac{1}{2}$  per centum per year. Payment  
18 may be made in approximately equal annual amounts over  
19 periods of not to exceed forty years from the date of the last  
20 delivery of commodities under the agreement and interest  
21 shall be computed from the date of such last delivery.

22       “SEC. 404. Any such agreement shall include the fol-  
23 lowing undertakings on the part of the purchasing nation as  
24 conditions of such contract:

1       “(1) That commodities provided hereunder will not re-  
2 place any usual imports of the same or similar commodities  
3 by such nation from friendly nations;

4       “(2) That commodities provided hereunder will be used  
5 only for domestic consumption and that none of such com-  
6 modities will be sold outside the purchasing nation either  
7 directly or through replacement of domestic production.

8       “SEC. 405. In entering into such agreements, the Presi-  
9 dent shall endeavor to reach agreement with other exporting  
10 nations of such commodities for their participation in the  
11 supply and assistance program herein authorized on a pro-  
12 portionate and equitable basis.

13       “SEC. 406. In carrying out this title, the provisions of  
14 section 101, 102, 103(a), 106, 107, and 108 of this Act  
15 shall be applicable to the extent not inconsistent with this  
16 title.

17       “TITLE V—NATIONAL FOOD RESERVES

18       “SEC. 501. The President is authorized to implement the  
19 resolution adopted by the United Nations on February 20,  
20 1957 (United Nations Resolutions 1025 [XI]), which was  
21 sponsored by the United States, calling for international  
22 cooperation in the establishment of national food reserves  
23 by making transfers of surplus agricultural commodities for  
24 the purpose of establishing such reserve. The Commodity



1 Credit Corporation shall make available to the President  
2 out of its stocks such agricultural commodities as he may  
3 request for this purpose.

4 "SEC. 502. In making transfers under this title, the  
5 President may provide for delivery free on board vessels in  
6 United States ports and, upon a determination by the Presi-  
7 dent that it is necessary to accomplish the purposes of such  
8 resolution, for the payment of ocean freight charges from  
9 United States ports to designated ports of entry abroad, and  
10 for the furnishing of technical and other assistance in provid-  
11 ing storage facilities for the food reserves so established.

12 "SEC. 503. (a) No assistance under this title shall be  
13 furnished to any nation or organization of nations unless such  
14 nation or organization agrees—

15 "(1) to use the commodities furnished under this  
16 title to establish national food reserves;

17 "(2) to maintain the food reserves so established at  
18 agreed levels;

19 "(3) to consult with and utilize the services of ex-  
20 perts and technicians of the United Nations Food and  
21 Agriculture Organization with respect to technical prob-  
22 lems of storage, management, and operation of national  
23 food reserves;

24 "(4) to maintain and operate such reserves in such  
25 manner that they will not interfere with normal com-

1       mercial trade of the United States or other friendly  
2       nations.

3       “(b) The President is authorized to make transfers of  
4       commodities under title II wherever necessary to replenish  
5       reserves which are depleted as a result of famine or other  
6       urgent or extraordinary relief requirements.

7       “SEC. 504. There are hereby authorized to be appro-  
8       priated such sums as may be necessary to carry out the pro-  
9       visions of this title. Sums appropriated for such purpose  
10      shall be available to reimburse the Commodity Credit Cor-  
11      poration for the Corporation's investment in commodities  
12      transferred hereunder and for all costs referred to in section  
13      403(a).

14      “SEC. 505. No grants or other assistance shall be fur-  
15      nished under this title after June 30, 1964.

16      “TITLE VI—BINATIONAL FOUNDATIONS

17      “SEC. 601. (a) The President is authorized to negotiate  
18      and carry out agreements with friendly nations to provide  
19      for the establishment in such countries of nonprofit founda-  
20      tions to foster and promote research, education, health, and  
21      public welfare.

22      “(b) A foundation established under this title shall be  
23      under the direction of a board of trustees consisting of—

24           “(1) a number, to be determined by the agree-



1       ment between the United States and the country in  
2       which the foundation is located, of the nationals of such  
3       country appointed by the Government thereof;

4           “(2) an equal number of nationals of the United  
5       States (one of whom shall be the chief of the United  
6       States diplomatic mission to such country) appointed by  
7       the President; and

8           “(3) one member, who shall be chairman, who  
9       shall be appointed by the government of such country  
10      with the approval of a majority of the members ap-  
11      pointed as provided in clauses (1) and (2).

12   Members of a board of trustees shall serve at the pleasure of  
13   the appointing authority, and vacancies shall be filled in the  
14   same manner as in the case of the original appointments.

15       “SEC. 602. Notwithstanding the provisions of section  
16   1415 of the Supplemental Appropriation Act, 1953, or any  
17   other provision of law, the President is authorized to grant  
18   to any foundation established under this title for use in carry-  
19   ing out the purposes specified in section 601(a) any un-  
20   expended local currencies which accrue to the United States,  
21   as repayments of principal or payment of interest on loans  
22   heretofore or hereafter made by the United States under  
23   section 104. Any such currencies may be used for direct  
24   expenditure, or may be invested and the proceeds used, for  
25   carrying out this title.

1                   ~~“TITLE VII—ADMINISTRATION~~

2           ~~“SEC. 701. (a)~~ There is hereby established in the  
3 Executive Office of the President an agency to be known as  
4 the Peace Food Administration, which shall be headed by  
5 a Peace Food Administrator appointed by the President by  
6 and with the advice and consent of the Senate. The Peace  
7 Food Administrator shall serve at the pleasure of the Pres-  
8 ident and shall receive compensation at the rate of \$21,000  
9 per annum.

10          ~~“(b)(1)~~ The President shall carry out the functions  
11 conferred upon him by this Act and section 402 of the Mutual  
12 Security Act of 1954, as amended, either directly or through  
13 the Peace Food Administrator.

14          ~~“(2)~~ The President is authorized to transfer to the  
15 Peace Food Administrator the functions of any other agency  
16 which he determines are related to the functions of, and can  
17 be more effectively or economically carried out by, the Peace  
18 Food Administrator, together with any personnel or property  
19 used primarily in carrying out such functions.

20          ~~“(c)~~ The Peace Food Administrator is authorized to  
21 make such expenditures and appoint and fix the compensa-  
22 tion of such personnel as may be necessary to enable him  
23 to carry out his functions.

24          ~~“SEC. 702. (a)~~ There is hereby established a Peace  
25 Food Policy Committee which shall consist of an Assistant



1    Secretary, or officer of comparable level, of each of the fol-  
2    lowing departments or agencies: Departments of State,  
3    Treasury, Agriculture, Commerce, Health, Education, and  
4    Welfare, and the International Cooperation Administration.

5        “(b) It shall be the duty of the Peace Food Policy  
6    Committee to advise and consult with the Peace Food Ad-  
7    ministrator concerning the administration of this Act. The  
8    Committee shall meet from time to time upon request of  
9    the Peace Food Administrator and at such other times as it  
10   may deem necessary.

11        “SEC. 703. (a) There is hereby established a Peace  
12   Food Advisory Committee which shall consist of representa-  
13   tives of the following and such other groups as the President  
14   deems advisable who shall be appointed by the President  
15   for terms of two years:

16            “(1) The major agricultural organizations;

17            “(2) Exporters of food and fiber;

18            “(3) Voluntary agencies such as Cooperative for  
19   American Remittances to Europe (CARE) and church  
20   groups;

21            “(4) Educational groups; and

22            “(5) Voluntary health groups.

23        “(b) It shall be the duty of the Peace Food Advisory  
24   Committee to advise and consult with the Peace Food Admin-  
25   istrator, and to make such recommendations as it deems

1 advisable, concerning the administration of this Act. The  
2 Committee shall meet from time to time upon request of the  
3 Peace Food Administrator and at such other times as it may  
4 deem necessary. In carrying out its duties under this Act,  
5 the Committee shall invite a representative of the United  
6 Nations Food and Agriculture Organization to meet with the  
7 Committee in order that, through him, the views of other  
8 exporting countries might be heard and their interests taken  
9 into account.

10 “(e) Members of the Advisory Committee shall be  
11 entitled, while attending meetings of the Committee, to  
12 receive compensation at the rate of \$50 per diem, and while  
13 away from their homes or regular places of business they may  
14 be allowed travel expenses, including per diem in lieu of  
15 subsistence, as authorized by law for persons in the Govern-  
16 ment service employed intermittently.

17 “SEC. 704. In negotiating agreements under this Act,  
18 the President shall give due consideration to the internal and  
19 external political and economic conditions of the countries  
20 concerned by drawing upon the appropriate title or titles of  
21 this Act in such manner as to carry out more effectively the  
22 policy set forth in section 2.”

23 *That Public Law 480 of the Eighty-third Congress, as*  
24 *amended, is further amended as follows:*



1       (1) *The first section (which provides the short title)*  
2 *is amended to read as follows:*

3       *“That this Act may be cited as the ‘International Food*  
4 *for Peace Act of 1959’.”*

5       (2) *Section 2 (which consists of a statement of policy)*  
6 *is amended to read as follows:*

7               “CONGRESSIONAL FINDINGS AND POLICY

8       “SEC. 2. (a) *In view of the abundant agricultural pro-*  
9 *duction of the American farmer made possible by the advances*  
10 *of science and technology, and the continued hunger and want*  
11 *of clothing in many areas of the world, the Congress declares*  
12 *it to be the policy of the United States, in cooperation with*  
13 *other friendly nations, to put its abundance of food and fiber*  
14 *consistent with the availability of supplies as effectively*  
15 *and rapidly as possible in the service of human need.*

16       “(b) *The Congress further declares it to be the policy of*  
17 *the United States to utilize our growing stocks of agricultural*  
18 *goods to aid in all possible ways those people who are in*  
19 *revolt against poverty, illiteracy, and disease, and who are*  
20 *determined to achieve that economic and social development*  
21 *necessary to national dignity and individual well-being.*

22       “(c) *To achieve the aforementioned purposes, and to pro-*  
23 *mote the foreign policy of the United States by the maximum*  
24 *efficient use of United States agricultural commodities, the*  
25 *Congress directs that this Act be administered in a manner:*

1 to enlist the cooperation of other agricultural surplus coun-  
2 tries; to expand international trade between the United States  
3 and friendly nations, particularly in agricultural commodities,  
4 by providing a means whereby surplus agricultural com-  
5 modities in excess of the usual marketings of such commodi-  
6 ties may be sold through private trade channels; to facilitate  
7 the convertibility of currency; to promote the economic  
8 stability of American agriculture and the national welfare;  
9 and to support the efforts and programs of the United  
10 Nations and its specialized agencies and affiliated organiza-  
11 tions. It is further directed that the foreign currencies  
12 which accrue to the United States under this Act be used  
13 to expand international trade, to encourage international  
14 economic development, to purchase strategic materials, to  
15 pay United States obligations abroad, to promote collective  
16 strength, to facilitate mutual understanding through the ex-  
17 change of persons, to stimulate educational development,  
18 and to foster in other ways the foreign policy of the United  
19 States.”

20 (3) Section 101 (which relates to the negotiation of  
21 agreements) is amended by striking out “and” at the end  
22 of paragraph (d), by changing the period at the end of  
23 paragraph (e) to a semicolon, and by adding at the end of  
24 such section the following new paragraphs:

25 “(f) seek, insofar as practicable, to enter into such



1       *agreement for periods in excess of one year where*  
2       *supplies permit; and*

3               *“(g) give maximum attention to utilizing the*  
4       *authority and funds provided by this Act to further the*  
5       *economic and social development plans of underdeveloped*  
6       *countries.”*

7       *(4) Section 102(a) (which relates to the carrying out*  
8       *of agreements) is amended by inserting the words “or for*  
9       *grant” after the words “domestic exporters” in clause (1),*  
10       *and by inserting the words “or grant” after the word “sale”*  
11       *in clause (2).*

12       *(5) Section 103(b) (prescribing limit on appropria-*  
13       *tions) is amended to read as follows:*

14               *“(b) Agreements shall not be entered into under this title*  
15       *during the period beginning January 1, 1960, and ending*  
16       *December 31, 1962, which will call for appropriations to re-*  
17       *imburse the Commodity Credit Corporation, pursuant to sub-*  
18       *section (a) of this section, in amounts in excess of*  
19       *\$6,000,000,000, plus any amount by which agreements*  
20       *entered into in prior years have called or will call for appro-*  
21       *priations to reimburse the Commodity Credit Corporation*  
22       *in amounts less than authorized for such prior years by this*  
23       *Act as in effect during such years.”*

24       *(6) Section 103 is further amended by adding at the*  
25       *end thereof the following new subsection:*

1       “(c) In carrying out programs and activities under  
2 this title, the President shall, insofar as possible, coordinate  
3 such programs and activities with other United States and  
4 international programs and activities directed toward the  
5 same ends.”

6       (7) Section 104(b) (relating to strategic materials)  
7 is amended to read as follows:

8       “(b) To purchase or contract to purchase strategic or  
9 other materials for a supplemental United States stock-  
10 pile of such materials as the President may determine from  
11 time to time. Such strategic or other materials acquired  
12 under this subsection shall be placed in the above-named  
13 supplemental stockpile and shall be released therefrom only  
14 under the provisions of section 3 of the Strategic and Critical  
15 Materials Stock Piling Act;”.

16       (8) Section 104(e) (relating to loans for trade ex-  
17 pansion) is amended by inserting before the semicolon at the  
18 the end thereof a period and the following: “Interest and  
19 principal payments received on such loans shall remain with  
20 and be available to the Export-Import Bank for additional  
21 loans made in accordance with the provisions of this sub-  
22 section”.

23       (9) Section 104(h) (relating to international educa-  
24 tional exchange activities) is amended by striking out the  
25 semicolon at the end thereof and inserting in lieu thereof a



1 period and the following: "Such currencies may also be used  
2 in such amounts as may be specified from time to time in  
3 appropriation acts for making grants to United States non-  
4 profit organizations and institutions for carrying out such  
5 exchange of persons projects under this paragraph between  
6 the United States and other countries as may be agreed upon  
7 between such organizations and institutions and the Secretary  
8 of State, but no such grants shall be made to any organization  
9 or institution which does not agree to provide the dollar funds  
10 which the Secretary of State deems necessary to carry for-  
11 ward agreed projects to a successful conclusion;".

12 (10) Section 104(k) (relating to scientific activities) is  
13 amended by striking out the colon and inserting in lieu thereof  
14 a comma and the following: "and to promote and support  
15 programs of medical and scientific research, cultural and  
16 educational development, health, nutrition, and sanitation:".

17 (11) Section 104(o) (relating to assistance to educa-  
18 tional facilities sponsored by United States citizens) is  
19 amended by striking out so much thereof as follows the  
20 semicolon.

21 (12) Section 104 (relating to uses of foreign curren-  
22 cies) is further amended by inserting after paragraph (o)  
23 the following new paragraphs:

24 "(p) For supporting workshops in American studies or

1 American educational techniques, and supporting chairs in  
2 American studies;

3 “(q) For financing technicians and other personnel of  
4 the United Nations Food and Agriculture Organization and  
5 World Health Organization (including necessary equipment  
6 and supplies) engaged in (i) consulting and advising on,  
7 conducting, or administering government programs designed  
8 to relieve chronic hunger and malnutrition, (ii) consulting  
9 and advising on programs for the storage, management, and  
10 operation of national food reserves, or (iii) training local  
11 technical, administrative, and other personnel needed to carry  
12 out such programs;

13 “(r) For assistance to meet emergency or extraordinary  
14 relief requirements other than requirements for surplus food  
15 commodities: Provided, That not more than a total amount  
16 equivalent to \$2,000,000 may be made available for this  
17 purpose during any fiscal year;

18 “(s) For financing local currency cost components of  
19 projects undertaken by the United Nations Special Fund for  
20 which such Fund pays foreign exchange costs;

21 “(t) For financing the preparation, distribution, and  
22 exhibiting of audio-visual informational and educational ma-  
23 terials, including Government materials, abroad: Provided,  
24 That not more than a total amount equivalent to \$5,000,000



1 may be made available for this purpose during any fiscal  
2 year;

3       “(u) For financing the services of technicians, advisers,  
4 and administrators who are nationals of any friendly country,  
5 which may be needed to further economic and social develop-  
6 ment programs in other friendly countries;

7       “(v) For financing relief and rehabilitation projects  
8 undertaken following disasters or for assistance to refugees.”

9       (13) Section 104 is further amended by inserting be-  
10 fore the period at the end thereof a colon and the following:  
11 “Provided, however, That foreign currencies shall be avail-  
12 able for the purpose of subsections (p), (q), (s), (u), and  
13 (v), in addition to funds otherwise made available for such  
14 purposes, only in such amounts as may be specified from time  
15 to time in appropriation Acts”.

16       (14) Section 106 (which relates to determination of  
17 nations with which agreements shall be negotiated) is  
18 amended by striking out the words “Secretary of Agricul-  
19 ture” where they appear the second time and inserting in  
20 lieu thereof “President”.

21       (15) Section 107 (which defines “friendly nation”) is  
22 amended by inserting before the period at the end thereof a  
23 colon and the following: “Provided, That such term shall  
24 not exclude any nation referred to in clause (2) if the Presi-  
25 dent determines that the making and carrying out of agree-

1 ments with such nation under this Act will be in the interest  
2 of attaining the foreign policy objectives of the United  
3 States”.

4 (16) Section 109 (which relates to the duration of the  
5 program under title I) is amended by striking out “December  
6 31, 1959” and inserting in lieu thereof “December 31, 1962”.

7 (17) Title I is further amended by adding at the end  
8 thereof the following new section:

9 “SEC. 110. In order to implement the resolution adopted  
10 by the United Nations on February 20, 1957 (United  
11 Nations Resolution 1025 [XI]), which was sponsored by  
12 the United States, calling for international cooperation in  
13 the establishment of national food reserves, surplus agricul-  
14 tural commodities may be made available by the President  
15 on a grant basis for such reserve purposes pursuant to an  
16 agreement with the recipient country requiring that payment  
17 shall be made when such commodities are withdrawn from  
18 the reserve: Provided, That no payment shall be required for  
19 any quantities of such commodities which are used by agree-  
20 ment of the President and the government of the recipient  
21 country for purposes provided for in section 201 of this Act.  
22 Agreement under which commodities are provided pursuant  
23 to this section shall specify whether any payment made  
24 thereunder shall be in foreign currency or in dollars, and the  
25 purposes authorized under section 104 of this Act for which



1 any such foreign currency payments may be used. Such  
2 agreements shall require the government of the recipient  
3 country to maintain the reserve at agreed levels unless the  
4 President specifically approves a reduction below the agreed  
5 level, and shall contain reasonable safeguards to assure that  
6 the commodities in the reserve are not used for speculative  
7 purposes. In negotiating agreements under this section the  
8 President shall give effect to the requirements prescribed in  
9 section 101 for agreements entered into under that section.”

10 (18) Section 202 (authorizing grants of surplus com-  
11 modities for famine relief) is amended by striking out “The”  
12 at the beginning thereof and inserting “In order to facilitate  
13 the utilization of surplus agricultural commodities in meeting  
14 the requirements of needy peoples, and to promote economic  
15 development in underdeveloped areas in addition to that  
16 which can be accomplished under title I of this Act, and to  
17 assist friendly nations in establishing, expanding, or carry-  
18 ing out programs, including programs undertaken with the  
19 assistance of experts and technicians of the United Nations  
20 Food and Agriculture Organization, and the World Health  
21 Organization for the relief of chronic hunger and malnutri-  
22 tion, the”, and by striking out “with friendly governments or  
23 through voluntary agencies” and inserting in lieu thereof “by  
24 or with friendly governments or voluntary relief agencies”.

25 (19) Section 203 (which imposes limits on expendi-

1 tures under title II) is amended by striking out the first  
 2 sentence and inserting in lieu thereof the following: "Not  
 3 more than \$250,000,000, including the Corporation's in-  
 4 vestment in the commodities, shall be expended annually  
 5 for all such transfers and for other costs authorized by this  
 6 title.", and by inserting before the period at the end of the  
 7 third sentence "and charges for general average contribu-  
 8 tions arising out of the ocean transport of commodities trans-  
 9 ferred pursuant hereto, may be paid from such funds".

10 (20) Section 204 (which relates to the duration of the  
 11 program under title II) is amended by striking out "Decem-  
 12 ber 31, 1959" and inserting in lieu thereof "December 31,  
 13 1962".

14 (21) Section 304(b) (which prohibits certain transac-  
 15 tions with the Union of Soviet Socialist Republics and areas  
 16 dominated or controlled by the Communist regime in China)  
 17 is amended by striking out "title I or title III" and inserting  
 18 in lieu thereof "title I, title III, or title IV".

19 (22) Title III is further amended by adding at the end  
 20 thereof a new section as follows:

21 "SEC. 306. Notwithstanding any other provision of law,  
 22 the Commodity Credit Corporation is hereby authorized—

23 "(1) to dispose of its stocks of animal fats and  
 24 edible oils or products thereof by donation, upon such  
 25 terms and conditions as the Secretary of Agriculture



1        *deems appropriate, to nonprofit voluntary agencies*  
2        *registered with the Department of State, appropriate*  
3        *agencies of the Federal Government or international*  
4        *organizations, for use in the assistance of needy persons*  
5        *outside the United States;*

6            *“(2) to purchase for donation as provided above*  
7        *such quantities of animal fats and edible oils and the*  
8        *products thereof as the Secretary determines will main-*  
9        *tain the support level for cottonseed and soybeans with-*  
10       *out requiring the acquisition of such commodities under*  
11       *the price support program.*

12       *Commodity Credit Corporation may incur such additional*  
13       *costs with respect to commodities to be donated hereunder as it*  
14       *is authorized to incur with respect to food commodities dis-*  
15       *posed of under section 416 of the Agricultural Act of 1949,*  
16       *and may pay ocean freight charges from United States ports*  
17       *to designated ports of entry abroad.”*

18       *(23) Such Act is further amended by adding at the*  
19       *end thereof the following new titles:*

20       *“TITLE IV—BINATIONAL FOUNDATIONS*

21       *“SEC. 401. (a) The President is authorized to negotiate*  
22       *and carry out agreements with friendly nations to provide*  
23       *for the establishment in such countries of nonprofit founda-*  
24       *tions to foster and promote research, education, health, and*  
25       *public welfare.*

1       “(b) A foundation established under this title shall be  
2 under the direction of a board of trustees consisting of—

3               “(1) a number, to be determined by the agreement  
4 between the United States and the country in which the  
5 the foundation is located, of the nationals of such country  
6 appointed by the Government thereof;

7               “(2) an equal number of nationals of the United  
8 States (one of whom shall be the chief of the United  
9 States diplomatic missions to such country) appointed by  
10 the President; and

11               “(3) one member, who shall be chairman, who  
12 shall be appointed by the government of such country  
13 with the approval of a majority of the members ap-  
14 pointed as provided in clauses (1) and (2).

15 Members of a board of trustees shall serve at the pleasure of  
16 the appointing authority, and vacancies shall be filled in the  
17 same manner as in the case of the original appointments.

18       “SEC. 402. The President is authorized to grant or  
19 loan, in accordance with the provisions of section 104, and  
20 without regard to the provisions of Public Law 213, Eighty-  
21 second Congress, to any foundation established under this  
22 title, for use in carrying out the purposes specified in sec-  
23 tion 401(a), local currencies which accrue to the United  
24 States as repayments of principal or payment of interest  
25 on loans heretofore or hereafter made by the United States



1 under section 104(g). Any such currencies may be used  
2 for direct expenditure, or may be invested and the proceeds  
3 used, for carrying out this title.

#### 4 "TITLE V—ADMINISTRATION

5 "SEC. 501. (a) There is hereby established in the  
6 Department of Agriculture the office of Peace Food Admin-  
7 istrator. The Peace Food Administrator shall be appointed  
8 by the President by and with the advice and consent of  
9 the Senate, and shall receive compensation at the rate pro-  
10 vided by law for assistant secretaries. The Peace Food  
11 Administrator shall perform his functions as assigned by the  
12 President in accordance with the provisions of this Act under  
13 the general supervision and direction of the Secretary of  
14 Agriculture.

15 "(b) (1) The President may carry out the functions  
16 conferred upon him by this Act and section 402 of the Mutual  
17 Security Act of 1954, as amended, either directly or through  
18 the Peace Food Administrator.

19 "(2) The President is authorized to transfer to the  
20 Department of Agriculture the functions of any other agency  
21 which he determines are related to the functions of, and can  
22 be more effectively or economically carried out by, the Peace  
23 Food Administrator, together with any personnel or property  
24 used primarily in carrying out such functions.

1       “(c) The Secretary of Agriculture is authorized to  
2 make such expenditures and appoint and fix the compensa-  
3 tion of such personnel as may be necessary to enable the  
4 Peace Food Administrator to carry out his functions.

5       “SEC. 502. (a) There is hereby established a Peace  
6 Food Policy Committee which shall consist of an Assistant  
7 Secretary, or officer of comparable level, of each of the fol-  
8 lowing departments or agencies: Departments of State,  
9 Treasury, Commerce, Health, Education, and Welfare, and  
10 the International Cooperation Administration, and such  
11 other agencies as the President may determine.

12       “(b) It shall be the duty of the Peace Food Policy  
13 Committee to advise and consult with the Peace Food  
14 Administrator concerning the administration of this Act.  
15 The Committee shall meet from time to time upon request  
16 of the Peace Food Administrator and at such other times as  
17 it may deem necessary.

18       “SEC. 503. (a) There is hereby established a Peace  
19 Food Advisory Committee which shall consist of representa-  
20 tives of the following and such other groups as the President  
21 deems advisable who shall be appointed by the President  
22 for terms of two years:

23       “(1) The major agricultural organizations;

24       “(2) Exporters of food and fiber;



1           “(3) Industrial and business organizations;

2           “(4) Voluntary agencies, religious groups, educa-  
3           tional, medical, and health associations.

4           “(b) It shall be the duty of the Peace Food Advisory  
5           Committee to advise and consult with the Peace Food Ad-  
6           ministrator, and to make such recommendations as it deems  
7           advisable, concerning the administration of this Act. The  
8           Committee shall meet from time to time upon request of the  
9           Peace Food Administrator and at such other times as it may  
10          deem necessary. In carrying out its duties under this Act,  
11          the Committee shall invite a representative of the United  
12          Nations Food and Agriculture Organization to meet with the  
13          Committee in order that, through him, the views of other  
14          exporting countries might be heard and their interests taken  
15          into account.

16          “(c) Members of the Advisory Committee shall be  
17          entitled, while attending meetings of the Committee, to  
18          receive compensation at the rate of \$50 per diem, and while  
19          away from their homes or regular places of business they may  
20          be allowed travel expenses, including per diem in lieu of  
21          subsistence, as authorized by law for persons in the Govern-  
22          ment service employed intermittently.

23          “SEC. 504. In negotiating agreements under this Act,  
24          the President is expected to give due consideration to the  
25          internal and external political and economic conditions of the

1 *countries concerned by drawing upon the appropriate title or*  
2 *titles of this Act in such manner as to carry out more effec-*  
3 *tively the policy set forth in section 2."*









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## A BILL

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To promote the foreign policy of the United States and help to build essential world conditions of peace, by the more effective use of United States agricultural commodities for the relief of human hunger, and for promoting economic and social development in less developed countries.

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By Mr. HUMPHREY, Mr. CARROLL, Mr. HART,  
Mr. KENNEDY, Mr. MCCARTHY, Mr. McGEHEE,  
Mr. MONRONEY, Mr. MORSE, Mr. MURRAY,  
Mr. WILLIAMS of New Jersey, Mr. CHURCH,  
Mr. NEUBERGER, Mr. CLARK, Mr. MANSFIELD,  
Mr. HENNINGS, Mr. SYMINGTON, and Mr.  
CARLSON

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APRIL 16 (legislative day, APRIL 15), 1959  
Read twice and referred to the Committee on  
Foreign Relations

AUGUST 10, 1959  
Reported with an amendment







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

## CONTENTS

Issued August 12, 1959  
For actions of August 11, 1959  
86th-1st, No. 136

Accounting.....	7,8		
Acreage allotments.....	14		
Administrative agencies..	6		
Appropriations.....	5		
Area redevelopment.....	16		
ASC committees.....	14		
Budget.....	12		
Buildings.....	26		
CCC.....	46		
Conservation.....	18,33		
Cotton.....	32		
Credit agencies.....	21		
Electrification....	4,21,40		
Farm program.....	11,37		
Federal insignias.....	10		
Federal-State relations.	51		
Flood insurance.....	45		
Food for peace.....	13		
Food stamps.....	2,22,47		
Foreign affairs.....	3		
Foreign currencies.....	52		
Forestry.....	15,30,38		
Grain.....	46		
Hogs.....	50		
Housing.....	23		
Information.....	10		
Interest rates.....	39		
Lands..	9,14,15,24,36,48,53		
Legislative program....	31		
Loans.....	21		
Monopolies.....	29		
Noxious plants.....	14		
Organization.....	12		
Peanuts.....	14		
Personnel.....	7,8		
Poultry.....	41		
Public debt.....	20,43		
Public Law 480.....	1,49,52		
Reclamation.....	4,35		
Recreation.....	42		
Small business.....	34		
Soil bank.....	44		
Surplus commodities.	1,2,13,19,49		
Surplus property.....	28		
Taxation.....	8,43		
Textiles.....	32		
Transportation.....	17		
Water pollution.....	25		
Watersheds.....	27		
Wheat.....	3,14,17,44		
Wildlife.....	9		

HIGHLIGHTS: See page 7.

## HOUSE

1. PUBLIC LAW 480. The Agriculture Committee voted to report (but did not actually report) H. R. 8609, to extend Public Law 480 until December 31, 1960. p. D745
2. FOOD STAMPS. The Agriculture Committee voted to report ( but did not actually report) with amendment H. R. 1359, to provide for the establishment of a food stamp plan for the distribution of \$1 billion worth of surplus food commodities a year to needy persons in the United States. p. D745
3. WHEAT; FOREIGN AFFAIRS. The Banking and Currency Committee voted to report (but did not actually report) with "technical" amendment H. R. 8409, to amend the



International Wheat Agreement Act of 1949, as amended, to extend the authority contained in that Act until July 31, 1962. p. D745

4. **ELECTRIFICATION; RECLAMATION.** Passed without amendment S. 2471, to amend H. R. 3460 so as to delete a provision which would bar commitment for any TVA power construction until a proposal for such construction had been before Congress for 90 days without modifying action by concurrent resolution. The provision eliminated by this bill would have required TVA to submit its annual power construction program to the President who after making recommendations on the proposal would send it to Congress; changes could have been made by Congress through a concurrent resolution, not subject to Presidential veto. This bill will now be sent to the President. pp. 14167-71

The "Daily Digest" states that the Irrigation and Reclamation Subcommittee of the Interior and Insular Affairs Committee voted to recommend to the full committee the tabling of H. R. 5499 and H. R. 5521, to provide for the joint development of the waterpower resources of the Trinity River division, Central Valley project, Calif., by the U. S. and Pacific Gas and Electric Co. p. D745

5. **PUBLIC WORKS APPROPRIATION BILL FOR 1960.** The "Daily Digest" states that the conferees agreed to file a conference report on this bill, H. R. 7509. p. D74

6. **ADMINISTRATIVE LAW.** The Judiciary Committee voted to report (but did not actually report) H. R. 7559, to provide for reasonable notice of application to the U. S. courts of appeals for interlocutory relief against the orders of certain administrative agencies. p. D746

7. **PERSONNEL; ACCOUNTING.** The Judiciary Committee reported with amendment H. R. 7529, to provide that the Comptroller General, upon the recommendation of department heads, may waive indebtednesses growing out of erroneous payments to Federal employees, if such payment would be against equity (H. Rept. 830). p. 14240

The Post Office and Civil Service Committee reported with amendment H. R. 8241, to amend the Civil Service Retirement Act to set terms, conditions, and computation of annuities for retired Members of Congress who are reemployed by the Federal Government (H. Rept. 832). p. 14240

8. **PAYROLLING.** The Ways and Means Committee reported without amendment H. R. 3151 providing for withholding for taxes, by cities of 75,000 or more population, of Federal salaries (H. Rept. 872). p. 14240

9. **WILDLIFE; LAND.** The Judiciary Committee reported without amendment H. R. 2725, to prohibit the use of aircraft or motor vehicles to hunt wild horses on land belonging to the United States (H. Rept. 833). p. 14240

10. **FEDERAL INSIGNIAS.** The Judiciary Committee reported with amendment S. 355, to amend title 18 of the U.S.C. so as to prohibit the misuse by collecting agencies or private detective agencies of names, emblems, and insignia to indicate a Federal agency (H. Rept. 874). p. 14240

#### SENATE

11. **FARM PROGRAM.** Sen. Goldwater charged that Secretary Benson was "misquoted" in a hearing in which he was alleged to have promised to submit an omnibus farm bill and inserted excerpts from the official record to verify the point that no such promise was made. Sen. Symington stated that the record on the hearing was changed in the Department of Agriculture so that "it would not be necessary for him /Secretary Benson/ to send up the omnibus farm bill which he



promised." Sens. Aiken, Humphrey, Gore, Church, and Proxmire debated the point. pp. 14115-7, 14121-3

Sens. Proxmire and Mansfield discussed the farm program and Sen. Proxmire urged support for Sen. Humphrey's farm bill, S. 2502 and stated that the bill will "aid the family farm," "make possible an adequate farm income," seek "to meet the need for adequate amounts of food," to promote international use of food surpluses, and "to get the farmers to produce what is needed, but not to produce in excess," and inserted a letter stating that the office of the Secretary of Agriculture has furnished "biased and exaggerated statistics to the urban press for its increasing attacks on the farmers." pp. 14123-5

Sen. Keating stated that in the light of the point that "four-fifths of all agricultural products are traded on the free market," the farmers and not the Government deserve the credit for a recently reported increase in farm assets and rise in farm income and inserted an editorial on the subject. He praised a recent recommendation made by the American Farm Bureau Federation which, according to an inserted newspaper article, "will get the Government out of business of buying and storing surplus butter, cheese, and nonfat milk." p. 14105

2. DEPARTMENT ORGANIZATION; BUDGET. Sen. Symington charged that the "major fiscal characteristics of the past 6½ years" are the responsibility of the executive branch and stated that "If the President would insist upon better organization and better business management in some of his departments, billions of dollars could be saved." pp. 14097-8

13. FOOD FOR PEACE. The Foreign Relations Committee reported with amendment (on Aug. 10) S. 1711, the food-for-peace bill (S. Rept. 632). p. 14075

14. THE AGRICULTURE AND FORESTRY COMMITTEE reported the following bills: p. 14078  
S. 662, with amendment, to revise the procedures relative to the selection of members and operation of State, county, and community ASC committees (S. Rept. 647);

S. 623, with amendment, to exempt the production of durum wheat in the Tulalake area, Calif., from the acreage allotment and marketing quota provisions of the Agricultural Adjustment Act of 1938 (S. Rept. 649);

H. R. 4938, without amendment, to continue the exemption of green peanuts from acreage allotments and marketing quotas (S. Rept. 648);

S. 861, without amendment, to authorize State officials to enter upon Federal lands within a State, under certain conditions, for the purpose of destroying noxious plants (S. Rept. 646).

15. FORESTRY; INDIANS. The Interior and Insular Affairs Committee reported without amendment S. 2421, to amend the Klamath Indian Termination Act so as to change from April 1, 1961, to September 30, 1959, the date after which the U. S. may take title to the Klamath Marsh and make payments to the Klamath Indians for the land (S. Rept. 653). p. 14078

16. AREA REDEVELOPMENT. Sen. Byrd, W. Va., inserted an editorial urging the passage of area redevelopment legislation and urging the Administration to press for adoption of its "moderate" area redevelopment proposal. pp. 14106-7

17. TRANSPORTATION; WHEAT. Sen. Church inserted an article, "Not Enough Care Now for Wheat," and stated that there is a "crisis situation ... developing in the storage of grain in the Pacific Northwest, due to a shortage of railroad cars to move the crops," and stated that S. 1789, to insure the adequacy of national railroad freight car supply, would "return to the western roads the freight cars so badly needed." p. 14126



18. CONSERVATION CORPS. Sen. Humphrey inserted an article in support of the Youth Conservation Corps bill (S. 812). pp. 14139-40
19. SURPLUS FOODS. Sen. Humphrey inserted a letter in support of his resolution, S. Con. Res. 66, to establish a Great White Fleet to aid foreign countries, including the use of surplus foods. p. 14140
20. PUBLIC DEBT. Sen. Engle criticized the Budget Bureau for not committing itself on his bill, S. 1932, to provide for the retirement of the public debt in amounts which reflect annual increases in the gross national product, and stated, "Guides for budgeting are so distasteful to the Bureau that it cannot see them when they are proposed." pp. 14142-3
21. CREDIT AGENCIES. Sen. Wiley inserted a newsletter stating that Federal credit agencies, including FCA home loan banks, REA and others, "constitute a multi-billion-dollar budget loophole," and that "no coordinated Federal policies have ever been formulated to govern the operations of these many agencies." Sen. Wiley stated that this matter requires the attention of the Executive and Congressional branches. pp. 14099-100
22. FOOD STAMPS. The Agriculture and Forestry Committee reported an original bill S. 2522, to "provide for the enrichment and sanitary packaging of certain donated commodities and to establish experimental food stamp allotments programs" (S. Rept. 657). ~~pp. 14079~~
23. HOUSING. The Banking and Currency Committee reported S. 57, the housing bill, with a recommendation that it be passed over the President's veto (S. Rept. 656). p. 14079  
The "Daily Digest" stated that the Banking and Currency Committee voted 8 to 7 "to recommend that the Senate override the President's veto on S. 57." p. D742  
Sen. Javits expressed regret over the action of the committee to try to override the veto, and urged that Congress "close ranks and pass a housing bill." p. 14106
24. LANDS. Continued debate on S. 747, to authorize GSA and the Department of the Army to convey certain lands known as the Des Plaines Public Hunting and Refuge Area to Illinois. Sen. Morse expressed opposition to the bill as not meeting the requirements of the "Morse formula" of providing that the State pay 50 percent of the appraised fair market value of the land. pp. 14117-8, 14125-6, 14144-57, 14153-65
25. WATER POLLUTION. The Public Works Committee voted to report (but did not actually report) with amendment H. R. 3610, to increase grants for the construction of sewage treatment works under the Federal Water Pollution Control Act. p. D744
26. FEDERAL BUILDINGS. The Public Works Committee voted to report (but did not actually report) with amendment H. R. 7645, to grant GSA additional authority for the construction, alteration, and acquisition of Federal buildings. The "Daily Digest" states that the "amendment would substitute the language of S. 1654, with amendments." p. D744
27. WATERSHEDS. The "Daily Digest" states that the Public Works Committee approved the following watershed projects: Tehuacana Creek, Tex.; Second Creek, Miss.; Flat Creek, Ark.; Marsh-Kellogg Creek, Calif.; Upper Clear Boggy Creek, Okla.; and Roanoke Creek, Va. p. D744

86TH CONGRESS  
1ST SESSION

# H. R. 8609

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## IN THE HOUSE OF REPRESENTATIVES

AUGUST 11, 1959

Mr. COOLEY introduced the following bill; which was referred to the Committee on Agriculture

---

## A BILL

To amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 That section 103 (b) of the Agricultural Trade Develop-  
4 ment and Assistance Act of 1954, as amended, is amended  
5 to read as follows:

6 “(b) Agreements shall not be entered into under this  
7 title during the period beginning January 1, 1960, and end-  
8 ing December 31, 1960, which will call for appropriations  
9 to reimburse the Commodity Credit Corporation, pursuant to



1 subsection (a) of this section, in amounts in excess of  
2 \$1,500,000,000, plus any amount by which agreements  
3 entered into in prior fiscal years have called or will call for  
4 appropriations to reimburse the Commodity Credit Corpora-  
5 tion in amounts less than authorized for such prior fiscal  
6 years by this Act as in effect during such fiscal years: *Pro-*  
7 *vided, however,* That it is specifically directed that disposals  
8 resulting from transactions authorized by section 303 of this  
9 Act shall have priority over disposals under this title and that  
10 agreements under this title shall be entered into only in those  
11 cases and to the extent that the Secretary shall determine  
12 that countries requesting assistance under the provisions of  
13 this title are unable to meet their requirements through  
14 commodities made available for export under section 303 of  
15 this Act.”

16 SEC. 2. Section 109 of such Act is amended by striking  
17 out “December 31, 1959” and inserting “December 31,  
18 1960”.

19 SEC. 3. Subsection (a) of section 104 of such Act is  
20 amended by inserting a period in lieu of the semicolon at the  
21 end thereof, and adding the following:

22 “From sale proceeds and loan repayments under this title  
23 not less than the equivalent of 5 per centum of the total sales  
24 made under this title after the date of this amendment shall be  
25 made available in advance for use over such period of years

1 as the Secretary of Agriculture determines will most effec-  
2 tively carry out the purpose of this subsection and particular  
3 regard shall be given to provide in sale and loan agreements  
4 for the convertibility of such amount of the proceeds thereof  
5 as may be needed to carry out the purpose of this subsection  
6 in those countries which are or offer reasonable potential of  
7 becoming dollar markets for United States agricultural com-  
8 modities. Notwithstanding any other provision of law, if  
9 sufficient foreign currencies for carrying out the purpose of  
10 this subsection in such countries are not otherwise available,  
11 agreements may be entered into with such countries for the  
12 sale of surplus agricultural commodities in such amounts as  
13 the Secretary of Agriculture determines to be adequate and  
14 for the use of the proceeds to carry out the purpose of this  
15 subsection;”

16 SEC. 4. Subsection (b) of section 104 of such Act is  
17 amended to read as follows:

18 “(b) To purchase or contract to purchase strategic or  
19 other materials for a supplemental United States stockpile  
20 of such materials as the President may determine from time  
21 to time. Such strategic or other materials acquired under  
22 this subsection shall be placed in the above named supple-  
23 mental stockpile and shall be released therefrom only under  
24 the provisions of section 3 of the Strategic and Critical Ma-  
25 terials Stock Piling Act;”



1        SEC. 5. Subsection (e) of section 104 of such Act is  
2 amended by adding at the end thereof the following new  
3 sentence: "Interest and principal payments received on such  
4 loans shall remain with and be available to the Export-  
5 Import Bank for additional loans under this subsection;"

6        SEC. 6. Subsection (g) of section 104 of such Act is  
7 amended by changing the semicolon at the end thereof to a  
8 colon and adding the following: "*Provided*, That such loans  
9 shall be denominated in United States dollars and payments  
10 in foreign currencies shall be in amounts calculated at the  
11 time of payment to be equivalent to the United States dollar  
12 obligation in accordance with the applicable rate of ex-  
13 change;"

14        SEC. 7. Section 104 of such Act is amended by inserting  
15 after subsection (o) the following new subsection:

16        "(p) where such agreements permit such action, for  
17 assistance to meet emergency relief requirements other than  
18 requirements for surplus food commodities: *Provided*, That  
19 not more than an amount equivalent to \$2,000,000 may be  
20 made available in any one country for this purpose during  
21 any fiscal year."

22        SEC. 8. Title I of such Act is amended—

23                (a) by adding at the end thereof a new section, as  
24 follows:

1       “SEC. 110. In order to facilitate the establishment of  
2 national food reserves in underdeveloped countries, surplus  
3 agricultural commodities may be made available by the  
4 President on a grant basis for such reserve purposes pursuant  
5 to an agreement with the recipient country requiring that  
6 payment shall be made when such commodities are with-  
7 drawn from the reserve and that the recipient country shall  
8 assume full responsibility for the storage, preservation, and  
9 delivery of such commodities: *Provided*, That no payment  
10 shall be required for any quantities of such commodities  
11 which are used by agreement of the President and the gov-  
12 ernment of the recipient country for purposes provided for in  
13 section 201 of this Act. Agreements under which com-  
14 modities are provided pursuant to this section shall specify  
15 whether any payment made thereunder shall be in foreign  
16 currency or in dollars, and the purposes authorized under  
17 section 104 of this Act for which any such foreign currency  
18 payments may be used. In negotiating agreements under  
19 this section the President shall give effect to the requirements  
20 prescribed in section 101 for agreements entered into under  
21 that section.”

22       (b) By inserting the words “or for grant” after the  
23 words “domestic exporters” in item (1) of subsection (a)



1 of section 102, and by inserting the words "or grant" after  
2 the word "sale" in item (2) of subsection (a) of section  
3 102.

4 SEC. 9. Section 202 of such Act is amended by striking  
5 out "The" at the beginning thereof and inserting "In order  
6 to facilitate the utilization of surplus agricultural commodities  
7 in meeting the requirements of needy peoples, and in order  
8 to promote economic development in underdeveloped areas  
9 in addition to that which can be accomplished under title I  
10 of this Act, the".

11 SEC. 10. Section 203 of such Act is amended by striking  
12 out "\$800,000,000" and inserting in lieu thereof "\$1,100,-  
13 000,000," and by inserting before the period at the end of  
14 the third sentence "and charges for general average con-  
15 tributions arising out of the ocean transport of commodities  
16 transferred pursuant hereto, may be paid from such funds".

17 SEC. 11. Section 204 of such Act is amended by striking  
18 out "1959" and substituting in lieu thereof "1960".

19 SEC. 12. Section 303 of such Act is amended to read as  
20 follows:

21 "SEC. 303. The Secretary shall, unless he determines  
22 that any such action is not in the best interest of the United  
23 States, barter or exchange agricultural commodities owned  
24 by the Commodity Credit Corporation for (a) any materials  
25 included within the national stockpile established pursuant

1 to the Strategic and Critical Materials Stock Piling Act (50  
2 U.S.C. 98-98h) which entail less risk of loss through deterio-  
3 ration or substantially less storage charges, or (b) raw  
4 materials of which the United States does not produce its  
5 requirements and strategic and other materials, goods, or  
6 equipment important to the economy or the security pro-  
7 grams of the United States, as designated by the Secretary,  
8 including but not limited to those requested by the Atomic  
9 Energy Commission, the Department of Defense, and the  
10 Office of Civil and Defense Mobilization, or (c) materials,  
11 goods, or equipment required in connection with foreign  
12 economic and military aid and assistance programs, or (d)  
13 materials or equipment required in substantial quantities for  
14 offshore construction programs. He is hereby directed to use  
15 every practicable means, in cooperation with other Govern-  
16 ment agencies, to arrange and make, through private chan-  
17 nels, such barters or exchanges or to utilize the authority  
18 conferred on him by section 4 (h) of the Commodity Credit  
19 Corporation Charter Act, as amended, to make such barters  
20 or exchanges. In carrying out barters or exchanges author-  
21 ized by this section, no restrictions shall be placed on the  
22 countries of the free world into which surplus agricultural  
23 commodities may be exported. The Secretary shall en-  
24 deavor to consummate agreements for disposals authorized  
25 herein at a rate of \$350,000,000 for each fiscal year. The



1 Secretary shall permit and encourage the barter for materials  
2 processed in the United States providing the agricultural  
3 commodities to be bartered for such materials be exported  
4 to friendly foreign countries. Agencies of the United States  
5 Government procuring such materials, goods, or equipment  
6 contemplated herein are hereby directed to endeavor to  
7 obtain such materials, goods, or equipment through the Com-  
8 modity Credit Corporation by means of barter or exchanges  
9 as directed by this section. The Secretary is also directed  
10 to assist, through such means as are available to him, farmers'  
11 cooperatives in effecting exchanges of agricultural commodi-  
12 ties in their possession for such materials, goods, or equip-  
13 ment."

14 SEC. 13. Section 305 of such Act is amended to read  
15 as follows:

16 "All Commodity Credit Corporation stocks disposed  
17 of under title II of this Act and section 416 of the  
18 Agricultural Act of 1949, as amended, shall be clearly identi-  
19 fied by appropriate marking on each package or container  
20 and insofar as practical in the language of the locality where  
21 such stocks are distributed as being furnished by the people  
22 of the United States of America and where available funds  
23 accruing under title I shall be used for this purpose."

24 SEC. 14. The Agricultural Trade Development and As-

1   sistance Act of 1954, as amended, is amended by adding  
2   thereto the following new title:

3   “TITLE IV—LONG-TERM SUPPLY CONTRACTS

4   “SEC. 401. The purpose of this title is to utilize surplus  
5   agricultural commodities and the products thereof produced  
6   in the United States to assist the economic development of  
7   friendly nations by assuring such nations a stable supply of  
8   agricultural commodities on long-term credit for domestic  
9   consumption during periods of economic development so that  
10   the resources and manpower of such nations may be utilized  
11   more effectively for industrial and other domestic economic  
12   development without jeopardizing meanwhile adequate sup-  
13   plies of agricultural commodities for domestic use.

14   “SEC. 402. In furtherance of this purpose, the Presi-  
15   dent is authorized to enter into agreements with friendly  
16   nations under which the United States shall undertake to  
17   provide for delivery annually of certain quantities of such  
18   surplus agricultural commodities for periods of not to exceed  
19   ten years, pursuant to the terms and conditions set out in this  
20   title, providing such commodities are in surplus at the time  
21   delivery is to be made.

22   “SEC. 403. Payment for such commodities shall be in  
23   dollars with interest at such rate as the Secretary may de-  
24   termine but not more than the cost of the funds to the



1 United States Treasury as determined by the Secretary of  
2 the Treasury, taking into consideration the current average  
3 market yields on outstanding marketable obligations of the  
4 United States having maturity comparable to the maturities  
5 of loans made by the President under this section. Pay-  
6 ment may be made in approximately equal annual amounts  
7 over periods of not to exceed twenty years from the date of  
8 the last delivery of commodities in each calendar year under  
9 the agreement and interest shall be computed from the date  
10 of such last delivery.

11 "SEC. 404. In carrying out the provisions of this title, the  
12 Secretary of Agriculture shall endeavor to maximize the sale  
13 of United States agricultural commodities taking such reason-  
14 able precautions as he determines necessary to avoid replac-  
15 ing any sales which the Secretary finds and determines  
16 would otherwise be made for cash dollars.

17 "SEC. 405. In entering into such agreements, the Sec-  
18 retary shall endeavor to reach agreement with other export-  
19 ing nations of such commodities for their participation in  
20 the supply and assistance program herein authorized on a  
21 proportionate and equitable basis.

22 "SEC. 406. In carrying out this title, the provisions of  
23 sections 102, 103 (a), 106, 107, and 108 of this Act  
24 shall be applicable to the extent not inconsistent with this  
25 title."

1       SEC. 15. Section 206 (a) of the Agricultural Act of 1956  
2 is amended by inserting before the period at the end thereof  
3 a comma and the following: "or strategic or other materials  
4 required by other Government agencies".

5       SEC. 16. Section 347 (b) of the Agricultural Adjustment  
6 Act of 1938, as amended, is amended by striking out the  
7 period at the end thereof and inserting a colon and the fol-  
8 lowing:

9       *"Provided, however, That the national marketing quota*  
10 for the 1960 crop of such cotton shall not be less than 90  
11 per centum of the 1959 marketing quota for such cotton."

12       SEC. 17. This Act may be cited as the "Food for Peace  
13 Act of 1959".



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# A BILL

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To amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes.

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By Mr. COOLEY

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AUGUST 11, 1959

Referred to the Committee on Agriculture

## DOMESTIC FOOD ASSISTANCE

AUGUST 11, 1959.—Ordered to be printed

Mr. HUMPHREY, from the Committee on Agriculture and Forestry,  
submitted the following

## REPORT

[To accompany S. 2522]

The Committee on Agriculture and Forestry reported an original bill (S. 2522) to provide for the enrichment and sanitary packaging of certain donated commodities and to establish experimental food stamp allotment programs, with a recommendation that it do pass.

## SHORT EXPLANATION

This bill would provide for (i) demonstration food stamp programs in from three to six areas; and (ii) the enrichment and sanitary packaging of corn meal, grits, white rice, and white flour distributed to needy or to schools.

## COMMITTEE CONSIDERATION

Subcommittee No. 3 of the Senate Committee on Agriculture and Forestry held hearings on June 4, 5, and 8 on a number of bills proposing various measures to expand and improve Federal programs of food distribution to the needy in the United States as follows: S. 489, introduced by Senators Cooper, Douglas, Langer, Hennings, Keating, Clark, Bush, Morton, and Scott; S. 585, introduced by Senators Aiken, Young of North Dakota, Humphrey, Anderson, Jackson, Proxmire, and Mansfield; S. 663, introduced by Senators Byrd of West Virginia, Randolph, Green, Jackson, Mansfield, Yarborough, Long, Case of South Dakota, Murray, McCarthy, Capehart, Bartlett, Chavez, Gruening, Langer, Hart, Magnuson, Engle, Young of Ohio, Moss, McGee, Humphrey, Williams of New Jersey, Proxmire, Hennings, and Carroll; S. 862, introduced by Senators Humphrey and Proxmire; S. 1884, introduced by Senators Kennedy, Murray, Byrd of West Virginia, Clark, Cooper, Hart, Humphrey, McGee, McNamara, McCarthy, Morse, Randolph, Yarborough, Young of Ohio, Young of



North Dakota, and Neuberger; and S. 2098, introduced by Senators Humphrey and Symington. Proposals included appropriations for the purchase of diet-balancing foods to supplement the Government-owned surplus foods now being distributed to the unemployed and welfare clients, the establishment of a food stamp plan to improve the diets of needy people, and the comprehensive food allotment plan for low-income families. Several of the bills proposed transfer of the surplus commodity distribution program from the Department of Agriculture to the Department of Health, Education, and Welfare. The subcommittee had also held hearings on April 24, 1959, on S. 651, introduced by Senator Johnston of South Carolina, a bill to provide for the enrichment of certain commodities distributed under the National School Lunch Act.

Following the hearings the subcommittee reported to the full committee a clean bill which represented a composite of these proposals. The committee, after considering the bill reported to it by the subcommittee, restricted it to the two matters covered by the bill herewith reported.

#### EXPLANATION OF THE BILL

The first section of this bill provides it with a short title, "Food Act of 1959."

Title I of the bill requires cornmeal, grits, white rice, and white flour distributed under the direct commodity distribution program pursuant to section 416(3) of the Agricultural Act of 1949, or to schools to be enriched so as to meet the standards for enrichment prescribed by the Food and Drug Administration and to be packaged in sanitary containers not exceeding 50 pounds. At the hearings on S. 651 all witnesses, except the Department of Agriculture, favored enactment of a measure of this sort. Proponents pointed out that various jurisdictions require enrichment and that the 100-pound burlap bags now used are too heavy for the women who prepare the school lunches to handle, and that they tear, and take in dirt and moisture, with consequent loss. The Department of Agriculture opposed the bill on the ground that inflexible requirements should not be written into law and that the additional expense could not be justified.

Title II of the bill requires the Secretary of Agriculture to formulate and administer demonstration food stamp programs in not less than three nor more than six geographically dispersed areas, at least one of which shall be a rural area. To the extent practicable they shall be surplus labor areas. These programs would terminate by January 1, 1962. Appropriation of \$20 million is authorized to carry them out.

The Secretary is given very broad authority with respect to the types of food stamp demonstration programs to be carried out; but the committee would expect him to take cognizance of the provisions of S. 585 and S. 2098 as setting out in general the types of programs provided for by the bill. He would be expected further to provide for use of the normal channels of trade to the maximum extent practicable in carrying out such programs. It is anticipated that stamps or coupons would be distributed or sold to eligible recipients to be used by them in the purchase of food or particular kinds of food at eligible food stores. Stores could in turn redeem the coupons through designated banks. The Secretary would be required by the bill to report to Congress on the operation of these demonstration programs as soon

as practicable after their termination, so that Congress would be prepared to provide for a large scale program, should such a program become necessary.

In selecting the areas for demonstration programs, the committee felt that due consideration should be given to including at least one Indian reservation.

Section 203(c) of the bill authorizes the Secretary to use such surplus stocks of the Commodity Credit Corporation in carrying out these demonstration programs as he sees fit. These commodities would be in addition to the \$20 million authorized to be appropriated to carry out these programs.

In administering the act, the committee also felt that consideration should be given to the sale of surplus agricultural commodities to provide funds for the purchase of other commodities which might provide a more varied diet. ✓

Benefits under the food stamp allotment programs would not be considered income for the purposes of the Social Security Act or related legislation; and assistance under such act or legislation, as well as assistance from State and local governments, would not be a basis for denying eligibility for the benefits of the food stamp allotment programs.

#### ESTIMATED COST

The Department of Agriculture has estimated that the additional cost of enrichment and packaging required by the bill would be about \$200,000 to \$250,000 a year. The amount authorized by the bill for the demonstration food stamp allotment programs during the entire period in which they would be carried out is \$20 million. In addition the Secretary could utilize surplus foods from Commodity Credit Corporation stocks. It is not possible to estimate the extent, if any, to which the use of such stocks under the bill would exceed their use for relief purposes if the bill were not enacted.





the amount of the loss is \$100.00

the amount of the loss is \$100.00

ESTIMATED COST

the amount of the loss is \$100.00

the amount of the loss is \$100.00

the amount of the loss is \$100.00

Calendar No. 664

86TH CONGRESS  
1ST SESSION

**S. 2522**

[Report No. 657]

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IN THE SENATE OF THE UNITED STATES

AUGUST 11, 1959

Mr. HUMPHREY, from the Committee on Agriculture and Forestry, reported the following bill; which was read twice and placed on the calendar

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**A BILL**

To provide for the enrichment and sanitary packaging of certain donated commodities and to establish experimental food stamp allotment programs.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That this Act may be cited as the "Food Act of 1959".

4       **TITLE I—ENRICHMENT AND PACKAGING OF**  
5       **CERTAIN DONATED COMMODITIES**

6       **ENRICHMENT AND SANITARY PACKAGING OF CERTAIN**  
7       **COMMODITIES**

8       **SEC. 101. (a)** In order to insure the nutritional value  
9       of cornmeal, grits, white rice, and white flour when such  
10      foods are made available for distribution under section



1 416 (3) of the Agricultural Act of 1949 or for distribution  
2 to schools under the National School Lunch Act or any  
3 other Act, such foods shall be enriched so as to meet the  
4 standards for enriched cornmeal, enriched corn grits, enriched  
5 rice, or enriched flour, as the case may be, prescribed in  
6 regulations promulgated under the Federal Food, Drug, and  
7 Cosmetic Act; and in order to protect the nutritional value  
8 and sanitary quality of such enriched foods during transpor-  
9 tation and storage such foods shall be packaged in sanitary  
10 containers. For convenience and ease in handling, the  
11 weight of any sanitary container when filled shall not exceed  
12 fifty pounds.

13 (b) The term "sanitary container" means any con-  
14 tainer of such material and construction as (1) will not per-  
15 mit the infiltration of foreign matter into the contents of such  
16 container under ordinary conditions of shipping and handling,  
17 and (2) will not, for a period of at least one year, disinte-  
18 grate so as to contaminate the contents of the container, ne-  
19 cessitating the washing of the contents prior to use.

20 TITLE II—DEMONSTRATION FOOD STAMP ALLOT-  
21 MENT PROGRAMS

22 DEFINITIONS

23 SEC. 201. As used in this title—

24 (a) The term "food commodity" means any food prod-  
25 uct raised or produced in the United States on farms, includ-

1 ing agricultural, horticultural, and dairy products, livestock,  
2 poultry, and honey.

3 (b) The term "State" includes the District of Columbia,  
4 Puerto Rico, and the Virgin Islands.

5 (c) The term "Secretary" means the Secretary of Agri-  
6 culture.

7 (d) The term "food stamp" means a certificate, coupon,  
8 or other similar medium of exchange issued to eligible re-  
9 cipients.

10 DEMONSTRATION PROGRAMS AUTHORIZED

11 SEC. 202. (a) The Secretary is authorized and directed,  
12 as soon as practicable after the date of enactment of this  
13 Act, to formulate and administer in geographically dispersed  
14 areas of the United States demonstration food stamp allot-  
15 ment programs under which food commodities will be made  
16 available to persons with low incomes, unemployed persons,  
17 and such other persons as the Secretary determines to be in  
18 need of the type of assistance made available under such  
19 programs.

20 (b) Demonstration food stamp allotment programs au-  
21 thorized by subsection (a) shall be administered by the Sec-  
22 retary in not less than three nor more than six different areas  
23 of the United States, and shall, to the extent practicable, be  
24 administered in areas determined by the Secretary of Labor  
25 to be areas of surplus labor. In carrying out the provisions



1 of this section the Secretary shall provide for at least one  
2 such program in a rural area of the United States.

3 TYPES OF DEMONSTRATION PROGRAMS

4 SEC. 203. (a) The Secretary shall, with respect to the  
5 demonstration food stamp allotment program to be admin-  
6 istered in any area, determine the type of program it is to  
7 be, the requirements of eligibility for participation therein,  
8 and the manner in which it is to be administered.

9 (b) In formulating and administering any demonstra-  
10 tion food stamp allotment program pursuant to the pro-  
11 visions of this title the Secretary is authorized to consult and  
12 cooperate with appropriate State and local authorities as  
13 well as representatives of any private industry concerned  
14 with the operation of such program.

15 (c) The Secretary is authorized and directed in carry-  
16 ing out the provisions of this title to utilize such stocks of  
17 the Commodity Credit Corporation (determined by the Sec-  
18 retary to be in surplus supply) as he shall deem fit.

19 RULES AND REGULATIONS

20 SEC. 204. The Secretary is authorized to promulgate  
21 such rules and regulations as he deems necessary to effectuate  
22 the provisions of this title.

1 **TERMINATION OF PROGRAMS—REPORT TO CONGRESS**

2 **SEC. 205.** (a) The demonstration food stamp allotment  
3 programs authorized by this title shall terminate prior to  
4 January 1, 1962.

5 (b) The Secretary shall, as soon as practicable after  
6 the termination of such programs, submit to the Congress  
7 a final report on the operation of such programs, including  
8 such recommendation as he deems appropriate. The Secre-  
9 tary may also from time to time make such earlier reports  
10 to the Congress as he deems appropriate.

11 **APPROPRIATIONS**

12 **SEC. 206.** There is hereby authorized to be appropriated  
13 \$20,000,000 for carrying out the demonstration food stamp  
14 allotment programs.

15 **MAINTENANCE OF OTHER ASSISTANCE**

16 **SEC. 207.** Receipt by any person of benefits under this  
17 title shall not be deemed to be income or resources under  
18 the provisions of the Social Security Act or any other Federal  
19 legislation pertaining to the security of the aged, blind, dis-  
20 abled, dependent children, unemployed, or other similar  
21 groups. Any State or local subdivision thereof which de-  
22 creases the cash or other assistance extended to any person or



- 1 group as a consequence of the assistance made available under
- 2 this title shall be ineligible for further participation under this
- 3 title.





86TH CONGRESS  
1ST SESSION

**S. 2522**

[Report No. 657]

---

# **A BILL**

---

To provide for the enrichment and sanitary packaging of certain donated commodities and to establish experimental food stamp allotment programs.

---

By Mr. HUMPHREY

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AUGUST 11, 1959

Read twice and placed on the calendar







Aug 13 1959

employees of other departments for weather observation (S. Rept. 719).  
p. 14404

9. ACCOUNTING; APPROPRIATIONS. Received from this Department a report on a violation of section 3679 of the Revised Statutes, as amended, involving an over-obligation of an allotment of funds as of June 30, 1958; to Appropriations Committee. p. 14404

10. BUILDINGS. The Public Works Committee reported with amendment S. 1654, to grant GSA additional authority for the construction, alteration, and acquisition of Federal buildings (S. Rept. 694). p. 14404

11. SMALL BUSINESS; PROCUREMENT. Received from the Select Committee on Small Business a report, "Small Business Participation in Defense Subcontracting." p. 14405

12. TRANSPORTATION. Sen. Neuberger urged the enactment of S. 1789, to authorize ICC to expedite the movement of existing railroad freight cars, to aid in the transportation of farm products. p. 14417

13. INDUSTRIAL-USES RESEARCH. Sen. Young, N. Dak., commended Sen. Curtis and J. Leroy Welsh for their efforts in obtaining passage of legislation "to promote the greater industrial uses of farm surpluses." p. 14475

14. FOOD FOR PEACE. The report on S. 1711, the proposed International Food for Peace Act of 1959, as reported by the Foreign Relations Committee on Aug. 10, includes the following statements:

\*\*\*"The main changes in Public Law 480 made by S. 1711, as amended, \*\*\* are as follows: Extension of the authority of the President under title I to sell and to grant agricultural commodities for 3 years at an annual ceiling of \$2 billion; authority to make grants of food for building national food reserves in other countries; authority to establish bi-national foundations devoted to promoting educational, cultural, and scientific training and activities of mutual interest to the United States and the other country; authorization of additional uses for the foreign currency accruing to the United States from the sale of agricultural goods; and the establishment of an administrator for the program within the Department of Agriculture to implement more effectively the purposes of Public Law 480.

\*\*\*"The executive branch generally opposed adding new uses of currencies but the committee felt justified in adding some new permissive uses in view of the existence of the equivalent of several hundreds of millions of dollars in unused foreign currencies available from the sales under this title and also because of the need to utilize the available currencies more effectively for educational, developmental, and relief purposes, and for cooperating to a greater extent with programs of the United Nations and related agencies.

\*\*\*"The committee remains unconvinced \*\*\* that the appropriation process is necessary and desirable for the use of foreign currency for such purposes as exchange of persons, the exchange of educational materials, and the cooperation of the United States with international programs. The committee reluctantly submits all new uses of foreign currency excepting those with a dollar limitation, to the appropriation process because it does not wish to delay passage of this bill.



\*\*\*"The committee believes that the executive branch should put more emphasis on the use of foreign currencies for the erection of storage facilities for food reserves. Such facilities are desperately needed in many countries, and while they are authorized in more than one subsection of section 104, they are not being built except in one or two cases, insofar as the committee can determine, only in Portugal and Brazil.

"The committee also stresses the desirability of the President utilizing his authority to allow foreign currencies to be reallocated from strictly U. S. uses to other purposes of mutual interest to the United States and the recipient country."

15. LEGISLATIVE PROGRAM. On Mon., Aug. 17, the new housing bill is to be debated. pp. 14458-60

16. ADJOURNED until Mon., Aug. 17. p. 14481

HOUSE

17. FOREIGN TRADE; SURPLUS COMMODITIES; FOOD STAMPS. The Agriculture Committee was granted permission to file reports by midnight Sat. (Aug. 15) on H. R. 8609, to extend Public Law 480 until December 31, 1960; and H. R. 1359, to distribute surplus food commodities to needy persons in the U. S. through a food stamp system. p. 14520

18. DISASTER RELIEF. The Livestock and Feed Grains Subcommittee of the Agriculture Committee voted to report to the full committee with amendment H. R. 8578, to amend the Soil Bank Act so as to permit the harvesting of hay on conservation reserve acreage under disaster conditions. p. D763

19. FOOD INDUSTRY; MONOPOLIES. Rep. Roosevelt stated that "Vertical integration has overtaken the food industry," and that "Large food chains now control farms and cattle ranches, process and distribute the end products to their own retail stores," and that "temporarily low prices may be designed to eliminate competition. He stated that some of these problems, revealed in recent hearings before a subcommittee of the Small Business Committee, might be alleviated by various suggested solutions including strict enforcement of the Robinson-Patman Act, the granting of injunctive power to FTC, and the clarification of responsibility in administering the Clayton Act. He announced that further hearings would be held on the subject. pp. 14521-2

20. INFORMATION. The Rules Committee reported a resolution for the consideration of H. R. 8374, to authorize appropriations for Federal participation in the Century 21 Exposition to be held in Seattle, Wash., in 1961 (including USDA participation). pp. 14520, 14528

21. FORESTRY; INDIANS. The Interior and Insular Affairs Committee reported without amendment H. R. 8501, to amend the Klamath Indian Termination Act so as to change from Apr. 1, 1961 to Sept. 30, 1959, the date after which the U. S. may take title to the Klamath Marsh and make payments to the Klamath Indians for the land (H. Rept. 894). p. 14528

22. LAND ACQUISITION. Both Houses received from GSA a proposed bill "To authorize the head of any executive agency to reimburse owners and tenants of lands or interests in lands acquired for projects or activities under his jurisdiction for their moving expenses"; to House Public Works Committee and Senate Government Operations Committee. pp. 14528, 14404



and during the time it was being discussed some mention was made of Senator McCLELLAN. I thought it very important to him and to others to have his statement and position perfectly clear in this record, because he has devoted so much time and energy in the service he has rendered in the last 3 years. So I dropped him a letter and asked him to make a statement for the record. I read his reply:

AUGUST 13, 1959.

The Honorable GRAHAM A. BARDEN,  
Member of Congress,  
House Office Building,  
Washington, D.C.

DEAR CONGRESSMAN BARDEN: In your letter of August 12 you request my opinion as to which of the two House bills—the House Labor Committee bill by Representative ELLIOTT, or the substitute bill known as the Landrum-Griffin bill, “will serve most effectively to correct the boycott, hot cargo, blackmail picketing, and other abuses” which the Senate Select Committee’s investigation has exposed.

I have repeatedly stated, and am glad to say again, that there can be no question but what the provisions of the Landrum-Griffin bill are stronger and will be far more effective in eliminating and correcting the abuses and other improper practices about which you inquire. I made a similar statement publicly as early as July 28, 1959, when I addressed the National Press Club here in Washington.

Sincerely yours,

JOHN L. McCLELLAN.

The CHAIRMAN. All time has expired.

Mr. MACHROWICZ. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MACHROWICZ. Mr. Chairman, the parliamentary situation is such now that if the Landrum amendment is adopted, the Committee will then have completed its work and there will be no further amendments permitted; on the other hand, if the Landrum amendment is defeated, the committee bill will be subject to amendment, paragraph by paragraph. Is that the parliamentary situation?

The CHAIRMAN. That is the parliamentary situation.

The question is on the amendment offered by the gentleman from Georgia [Mr. LANDRUM].

Mr. LANDRUM. Mr. Chairman, I demand tellers.

Tellers were ordered, and the chairman appointed as tellers Mr. LANDRUM and Mr. UDALL.

The Committee divided, and the tellers reported that there were—ayes 215, noes 200.

So the amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WALTER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 8342) to provide for the reporting and disclosure of certain financial transactions and administrative practices of labor organizations and employers, to prevent abuses in the administration of trusteeships by labor organizations, to

provide standards with respect to the election of officers of labor organizations, and for other purposes pursuant to House Resolution 338, he reported the bill back to the House with an amendment adopted in the Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered.

The question is on agreeing to the amendment.

Mr. BARDEN. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. THOMPSON of New Jersey. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. THOMPSON of New Jersey. Is it my understanding that the vote about to be taken is on whether or not the substitute will be accepted, and that it is not a vote on final passage?

The SPEAKER. It will be a vote on the amendment adopted in the Committee of the Whole.

Mr. O’NEILL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. O’NEILL. Will a vote to recommend then be in order?

The SPEAKER. After the third reading.

Mr. O’NEILL. And then a vote would be in order on the final passage?

The SPEAKER. That is correct.

Mr. ROOSEVELT. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. ROOSEVELT. If the amendment is defeated, what is then the parliamentary situation?

The SPEAKER. Then the question is on the engrossment and third reading of the so-called committee bill.

Mr. HALLECK. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. HALLECK. At this juncture, then, if this substitute is voted down, no further amendments could be had to the so-called committee bill?

The SPEAKER. That is correct.

Mr. HOFFMAN of Michigan. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. HOFFMAN of Michigan. When will I get an opportunity to ask for the engrossment of the bill?

The SPEAKER. After it is ordered to be engrossed and read a third time.

The question was taken; and there were—yeas 229, nays 201, not voting 4, as follows:

[Roll No. 130]

YEAS—229

Abbitt	Baker	Bolton
Abernethy	Barden	Bonner
Adair	Barry	Bosch
Alexander	Bass, N.H.	Bow
Alger	Bates	Boykin
Allen	Baumhart	Breeding
Andersen,	Becker	Brewster
Minn.	Beckworth	Brock
Andrews	Belcher	Brooks, La.
Arends	Bennett, Fla.	Broomfield
Ashmore	Bentley	Brown, Ga.
Auchincloss	Berry	Brown, Ohio
Avery	Betts	Broyhill
Ayres	Blitch	Budge

Burleson	Herlong	Pelly
Bush	Hess	Plicher
Byrnes, Wis.	Hiestand	Pillion
Cannon	Hoeven	Pirnie
Casey	Hoffman, Ill.	Poage
Cederberg	Hoffman, Mich.	Poff
Chamberlain	Holt	Preston
Chenoweth	Horan	Quie
Chiperfield	Hosmer	Ray
Church	Huddleston	Reece, Tenn.
Collier	Hull	Rees, Kans.
Colmer	Ikard	Rhodes, Ariz.
Conte	Jackson	Riehlman
Cooley	Jarman	Riley
Cramer	Jensen	Rivers, S.C.
Curtin	Johansen	Roberts
Curtis, Mass.	Johnson, Md.	Robison
Curtis, Mo.	Jones	Rogers, Fla.
Dague	Jones, Mo.	Rogers, Tex.
Davis, Ga.	Judd	Rutherford
Davis, Tenn.	Kearns	St. George
Derounian	Keith	Schenck
Derwinski	Kilburn	Scherer
Devine	Kilday	Scott
Dixon	Kilgore	Selden
Dooley	Kitchin	Short
Dorn, N.Y.	Knox	Sikes
Dorn, S.C.	Lafore	Siler
Dowdy	Laird	Simpson, Ill.
Downing	Landrum	Simpson, Pa.
Durham	Langen	Smith, Calif.
Dwyer	Lankford	Smith, Kans.
Everett	Latta	Smith, Miss.
Evins	Lennon	Smith, Va.
Fallon	Lindsay	Springer
Fascell	Lipscomb	Taber
Fenton	Loser	Taylor
Fisher	McCulloch	Teague, Calif.
Flynt	McDonough	Teague, Tex.
Ford	McIntire	Thompson, La.
Forrester	McMillan	Thomson, Wyo.
Fountain	McSweeney	Thornberry
Frazier	Mack, Wash.	Tuck
Frelinghuysen	Mahon	Utt
Gary	Mailliard	Van Pelt
Gathings	Martin	Vinson
Gavin	Mason	Wainwright
Glenn	Matthews	Wallhauser
Goodell	May	Weaver
Grant	Meador	Weiss
Griffin	Michel	Westland
Gross	Miller, N.Y.	Wharton
Gubser	Milliken	Whitener
Haley	Mills	Whitten
Hall	Minshall	Widnall
Halleck	Morris, N. Mex.	Williams
Halpern	Mumma	Willis
Hardy	Murray	Wilson
Harris	Nelsen	Winstead
Harrison	Norblad	Wright
Hebert	Norrell	Young
Hemphill	Ostertag	Younger
Henderson	Passman	

NAYS—201

Addonizio	Corbett	Holifield
Albert	Cunningham	Holland
Alford	Daddario	Holtzman
Anderson,	Daniels	Irwin
Mont.	Dawson	Jennings
Anfuso	Delaney	Johnson, Calif.
Ashley	Dent	Johnson, Colo.
Aspinall	Denton	Johnson, Wis.
Bailey	Dingell	Jones, Ala.
Baldwin	Dollinger	Karsten
Baring	Donohue	Karth
Bart	Doyle	Kasem
Barrett	Dulski	Kastenmeier
Bass, Tenn.	Edmondson	Kee
Bennett, Mich.	Farbstein	Kelly
Blatnik	Feighan	Keogh
Boggs	Fino	King, Calif.
Boland	Flood	King, Utah
Bolling	Flynn	Kirwan
Bowles	Fogarty	Kluczynski
Boyle	Foley	Kowalski
Brademas	Forand	Lane
Bray	Friedel	Lesinski
Brooks, Tex.	Fulton	Levering
Brown, Mo.	Gallagher	Libonati
Buckley	Garmatz	McCormack
Burdick	George	McDowell
Burke, Ky.	Gialmo	McFall
Burke, Mass.	Granahan	McGinley
Byrne, Pa.	Gray	McGovern
Cahill	Green, Oreg.	Macdonald
Carnahan	Green, Pa.	Machrowicz
Carter	Griffiths	Mack, Ill.
Celler	Hagen	Madden
Chelf	Hargis	Magnuson
Clark	Harmon	Marshall
Coad	Hays	Merrow
Coffin	Healey	Metcalf
Cohelan	Hechler	Meyer
Cook	Hogan	Miller, Clem



Miller,	Philbin	Smith, Iowa
George P.	Porter	Spence
Mitchell	Powell	Staggers
Moehner	Price	Steed
Monahan	Prokop	Stratton
Montoya	Pucinski	Stubblefield
Moore	Quigley	Sullivan
Moorhead	Rabaut	Teller
Morgan	Rains	Thomas
Morris, Okla.	Randall	Thompson, N.J.
Morrison	Reuss	Thompson, Tex.
Moss	Rhodes, Pa.	Toll
Moulder	Rivers, Alaska	Tollefson
Multer	Rodino	Trimble
Murphy	Rogers, Colo.	Udall
Natcher	Rooney	Ullman
Nix	Roosevelt	Vanik
O'Brien, Ill.	Rostenkowski	Van Zandt
O'Brien, N.Y.	Roush	Walter
O'Hara, Ill.	Santangelo	Wampler
O'Hara, Mich.	Saund	Watts
O'Konski	Saylor	Wier
O'Neill	Schwengel	Withrow
Oliver	Shelley	Wolf
Osmer	Sheppard	Yates
Patman	Shipley	Zablocki
Perkins	Sisk	Zelenko
Pfost	Slack	

## NOT VOTING—4

Canfield	Elliott	Rogers, Mass.
Diggs		

So the amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time.

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask for a reading of the engrossed copy.

The SPEAKER. Of course, it is impossible to get an engrossed copy here today. The bill will go over until tomorrow.

## HON. CARL ELLIOTT

(Mr. LANDRUM asked and was given permission to address the House for 1 minute.)

Mr. LANDRUM. Mr. Speaker, on the eve of this debate, one of our very distinguished and able members of the Committee on Education and Labor, my very dear personal friend and neighbor from Alabama, Mr. ELLIOTT, and, I am sure, the friend of everyone here, was stricken. He had to go to the hospital and undergo surgery as we all know. I want to take this opportunity to express to him through this medium, and, I am sure that the membership of the House joins me, our very best wishes for a speedy recovery and our genuine regrets that he could not be here to participate in this debate.

## GENERAL LEAVE TO EXTEND

Mr. KEARNS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks on the labor bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

## THE REAL ISSUES IN LABOR-MANAGEMENT REFORM

(Mr. GIAIMO asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. GIAIMO. Mr. Speaker, New England has always been an area where

reasonable men in reasonable discussion work out reasonable solutions to community problems.

In the present emotionally charged atmosphere in which labor legislation is being considered, I deem the attitude as expressed in an editorial appearing in the New Haven Journal-Courier, one of Connecticut's oldest newspapers, a welcome breath of such reasonableness and composure.

There has been a concerted effort during the past few weeks to equate the term "strong" labor reform legislation with one particular bill, and "weak" with other proposals now before this body.

This effort is being carried on through the use of "advertisements and other types of promotion under the guise of promoting "fair" labor reform legislation.

There are, fortunately, many thoughtful people watching the actions of this body today, who want legislation passed which will correct the abuses of power, the racketeering, and gangsterism, and who do not wish to see labor reform used as a wedge to do serious harm to legitimate labor unions.

An example of thoughtfulness and reasonableness is an editorial which appeared in the August 11, 1959, edition of the New Haven Journal-Courier, which I wish to insert at this point in the RECORD.

The editorial follows:

## THE NATIVES ARE RESTLESS

As debate time approaches in the U.S. House on the issue of labor reform, a few things perhaps need to be kept in mind.

First, the country has shown strongly that it wants reform, without delay. There can be no excuse for Congress going home without having satisfied this general demand.

Second, the business of legislating does not now and never has consisted of getting the best bill imaginable or none at all. Those who assail the Senate-approved Kennedy bill appear to miss this point.

Getting the best bill possible, in the light of all the factors and forces at work, is what normally happens in the name of law-making. Those who expect perfection, 100 percent, the whole ball of wax, are doomed, in virtually every instance, to permanent disappointment.

The 1959 labor reform bill, to be useful, to serve as a big step along the way, does not have to incorporate within its bounds features to combat every conceivable transgression charged to racketeering labor. Congress is not going home for good, just for the fall.

Third, neither the country as a whole nor any fair-minded segment within it can sensibly believe that it is proper for any lawmaker to listen to the complaints against labor reform uttered by James Hoffa, president of the Teamsters Union, and his top lieutenants.

For some seasons now, the Nation has heard the Senate Rackets Committee build a case against Hoffa and a number of other labor unions, on the score of both racketeering and financial shenanigans.

Fortunately, these men constitute a minority in the Teamsters and in the labor movement as a whole. But Hoffa and others are extremely powerful. Plainly they regard themselves as above the law.

The entire point of labor reform is to make sure that new Hoffas cannot rise in the future to plague both union men and the general public which must pay tribute.

Are U.S. lawmakers really supposed to listen seriously to the hostile comments of

Hoffa on a labor reform bill, when it is his and others' wrongdoings that the measure is precisely designed to combat?

He has had endless opportunities, and has not done so. What congressional ear does he now deserve to have?

The people of this country expect action on reform. They would not like to read that it has failed to materialize. Most particularly they would not like to read that this has happened because of the lobbying pressures applied by James Hoffa and others of like kind.

## COMMITTEE ON RULES

Mr. TRIMBLE from the Committee on Rules reported the following privileged resolution (H. Res. 345, Rept. No. 896), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8374) to amend Public Law 85-880, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Science and Astronautics; the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

## PROGRAM FOR THE BALANCE OF THE WEEK

(Mr. HALLECK asked and was given permission to address the House for 1 minute.)

Mr. HALLECK. Mr. Speaker, I take this time for the purpose of inquiring of the majority leader as to the program for the balance of the week and any other information he might give us as to the program for next week.

Mr. McCORMACK. Tomorrow there will be final action on the pending labor bill. Then there are two conference reports: H.R. 7048, the independent offices appropriation bill, and H.R. 7509, public works appropriation bill. There will be no further legislation for this week after we dispose of this program tomorrow.

Mr. HALLECK. I thank the gentleman.

## COMMITTEE ON AGRICULTURE

Mr. COOLEY. Mr. Speaker, I ask unanimous consent that the House Committee on Agriculture may have until midnight Saturday night to file reports on H.R. 8609 and H.R. 1359.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

## BEWARE THE 15TH OF SEPTEMBER

(Mr. LANE asked and was given permission to extend his remarks at this point in the RECORD.)







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

## CONTENTS

Issued August 18, 1959  
For actions of August 17, 1959  
86th-1st, No. 140

Accounting.....	16,31		
Administrative law.....	18		
Appropriations.....	3,23,37		
Atomic energy.....	8		
Casein.....	24		
Coconut oil.....	13		
Conservation.....	34		
Cotton.....	27,36		
Disaster relief.....	1		
Electrification.....	5,38		
Farm housing research.....	2		
Farm program.....	32		
Federal insignia.....	17		
Feed.....	1		
Food additives.....	33		
Food distribution.....	7		
Food stamps.....	10		
Foreign affairs.....	7		
Foreign trade.....	11		
Forestry.....	19		
Freight forwarders.....	22		
Grain.....	30		
Hay.....	1		
Housing.....	2		
Income tax.....	35		
Interest rates.....	5		
Intergovernmental relations.....	12		
Lands.....	6,14,15		
Leasing.....	6,14		
Legislative program.....	24		
Livestock.....	30		
Migratory farmworkers.....	2		
Minerals.....	6,14		
Natural resources.....	34		
Personnel.....	16,35		
Public lands.....	6		
Public Law 480.....	11		
Reclamation.....	29		
Recreation.....	15		
Research.....	2,20		
Science.....	20		
Silk yarn.....	24		
Soil bank.....	1		
Soil conservation.....	28		
Surplus commodities.....	11,25		
Surplus food.....	4,10,25		
Surplus property.....	26		
Transportation.....	22		
TVA.....	5		
Water resources.....	5		
Wheat.....	9		
Wildlife.....	21		

**HIGHLIGHTS:** House committee reported (Aug. 15) bills to extend Public Law 480 and establish food stamp plan. Senate committee reported (Aug. 14) bills to authorize sale of CCC feed in emergency areas, and to permit harvesting of hay on conservation reserve acreage. House passed bill to extend International Wheat Agreement. Senate debated new housing bill. Senate agreed to conference report on public works appropriation bill. House passed bill to establish Advisory Commission on Intergovernmental Relations. Sen. Murray and others introduced and discussed bill to provide long-range planning for conservation development programs.

## SENATE

- 1. SOIL BANK; DISASTER RELIEF.** The Agriculture and Forestry Committee reported (on Aug. 14, during adjournment) without amendment S. 2323, to authorize the Secretary to permit the harvesting of hay on conservation reserve acreage in drought areas (S. Rept. 723), and S. 2504, to authorize the sale at market prices of CCC feed for livestock in areas determined to be emergency areas (S. Rept. 724). p. 14561
- 2. HOUSING.** Began debate on S. 2539, the new housing bill (pp. 14643-75). As reported by the Banking and Currency Committee the bill extends the farm housing research program for 2 additional years (until June 30, 1961) and authorizes appropriations of \$100,000 for each of these years. A provision in S. 57, which



was vetoed by the President, directing the Administrator of the Housing and Home Finance Agency to study the housing needs of migratory farmworkers was omitted by the Committee from S. 2539.

3. PUBLIC WORKS APPROPRIATION BILL, 1960. By a vote of 82 to 9, agreed to the conference report on this bill, H. R. 7509 (including funds for the Corps of Engineers, certain agencies of the Department of the Interior, and TVA) and acted on amendments in disagreement. This bill will now be sent to the President. pp. 14608-22
4. SURPLUS FOODS. Sen. Humphrey inserted an editorial, "Disposing of Surpluses," favoring enactment of legislation "for getting our food to have-not nations without ruining our foreign policy." p. 14676  
Sen. Humphrey inserted the text of a letter from the American Veterans Committee endorsing proposed legislation to provide for the use of surplus ships to furnish aid, including surplus food, to disaster areas abroad. p. 14642
5. ELECTRIFICATION. Sen. Gruening commended the Appropriations Committee for including funds in the public works appropriation bill for a study of hydro-electric possibilities of the Yukon River, Alaska. p. 14642  
The Interstate and Foreign Commerce Committee reported without amendment S. 2263, to authorize the Federal Power Commission to exempt small hydro-electric projects from certain licensing provisions of the Federal Power Act (S. Rept. 725). p. 14565  
Sen. Langer inserted resolutions adopted by the N. Dak. Assoc. of Rural Electric Cooperatives relating to REA interest rates, expansion of power generation and transmission facilities, TVA financing, water resource development, etc. pp. 14562-4
6. MINERALS; PUBLIC LANDS. Sen. Gruening criticized the President's action in vetoing H. R. 6940, to amend the Mineral Leasing Act of 1920 so as to increase the area of public lands in Alaska which may be held under oil and gas leases by any one person or firm, and inserted the text of his letter to the President urging him to sign the bill. pp. 14629-30
7. FOREIGN AFFAIRS. Sen. Wiley inserted a Whaley-Eaton Service letter, "Popular Delusions About Russia," discussing various aspects of the Russian economy, including the observation that the Russian farm worker produces much less than our farm workers and that Russia lacks any modern food distribution system. pp. 14635-7
8. ATOMIC ENERGY. Sen. Humphrey charged that the President's appointment of a Federal Radiation Council to correlate and coordinate the activities of Federal agencies concerned with radioactive fallout "is not adequate to cope with all the problems raised in the radiation field." p. 14676

#### HOUSE

9. WHEAT. Passed under suspension of the rules H. R. 8409, to implement the revised International Wheat Agreement, which is to expire July 31, 1962. pp. 14695-7
10. FOOD STAMPS. The Agriculture Committee reported with amendment/H. R. 1359, to provide for the establishment of a food stamp plan for the distribution of \$1 billion worth of surplus food commodities a year to needy persons and families in the U. S. (H. Rept. 907). p. 14745  
(on Aug. 15, during adjournment)



Aug 15, 1959

11. FOREIGN TRADE; SURPLUS COMMODITIES. The Agriculture Committee reported without amendment H. R. 8609, to extend Public Law 480 (Aug. 15, H. Rept. 908) (p. 14745). For excerpts from committee report and summary of bill see end of this Digest.
12. INTERGOVERNMENTAL RELATIONS. Passed, 335 to 31, under suspension of the rules H. R. 6904, to establish an Advisory Commission on Intergovernmental Relations (pp. 14697-709). Rep. Fountain stated that "The Commission would serve in an advisory capacity to the President, to the Congress, and to State and local government. Its function would be to provide information and to make recommendations for the purpose of facilitating sound governmental policies with respect to intergovernmental activities and problems. The Commission would have no administrative responsibilities." (p. 14699)
13. COCONUT OIL. Passed over, at the request of Rep. Pelly, H. J. Res. 441, to authorize the disposition of approximately 265 million pounds of coconut oil from the national stockpile. p. 14681
14. LANDS; LEASING; MINERALS. Received the President's veto message on H. R. 6940, to increase the number of acres in Alaska that may be held by any one individual or firm under oil and gas leases or options pursuant to the Mineral Leasing Act, stating that the bill "would tend to produce an excessive concentration of control over such potential resources" (H. Doc. 214); referred to the Interior and Insular Affairs Committee. pp. 14680-1  
Conferees were appointed on H. R. 6939, to increase the area of public lands in Alaska which may be held under coal lease by any one person or firm. Senate conferees have not yet been appointed. p. 14736
15. RECREATION; LANDS. Passed with amendment S. 1436 in lieu of H. R. 5412, to provide that lands conveyed under the Recreation Act of 1926 for State park purposes shall not be subject to the 640 acre limitation. The House previously passed as reported H. R. 5412, and then substituted the provisions of H. R. 5412 as passed for those in S. 1436. p. 14682
16. PERSONNEL; ACCOUNTING. Passed as reported H. R. 7529, to provide that the Comptroller General, upon the recommendation of department heads, may waive indebtedness growing out of erroneous payments to Federal employees, if such payment would be against equity. p. 14689  
Passed as reported H. R. 8241, to amend the Civil Service Retirement Act so as to set terms, conditions, and computation of annuities for retired Members of Congress who are reemployed by the Federal Government. p. 14690
17. FEDERAL INSIGNIA. Passed as reported S. 355, to amend title 18 of the U. S. Code so as to prohibit the misuse by collecting agencies or private detective agencies of names, emblems, and insignia to indicate a Federal agency. p. 14691
18. ADMINISTRATIVE LAW. Passed without amendment H. R. 7559, to provide for a reasonable notice of applications to the U. S. courts of appeals for interlocutory relief against the orders of certain administrative agencies. p. 14692
19. FORESTRY. Received from the Secretary of the Army and the Secretary of Agriculture "a notice of the intention of the Department of the Army and the Department of Agriculture to interchange jurisdiction of lands within the Lucky Peak Reservoir project, Idaho, and the Boise National Forest" as authorized by Public Law 804, 84th Congress. p. 14745



20. SCIENCE; RESEARCH. Passed over, at the request of Rep. Gross, H. R. 6288, to establish a National Order of Science to provide recognition for individuals who make outstanding contributions in science and engineering. p. 14688  
Passed with amendments H. R. 8284, to make various amendments to the National Science Foundation Act (pp. 14692-4). The bill includes provisions relating to the initiation, and support of, and granting of scholarships for, basic research in the physical, biological and other sciences. (pp. 14693-4).
21. WILDLIFE. Passed without amendment H. R. 2725, to prohibit the use of aircraft or motor vehicles to hunt certain wild horses or burros on land belonging to the U. S. pp. 14690-1  
Passed over, at the request of Rep. Rivers, H. R. 2565, to promote effectual planning, development, maintenance and coordination of wildlife, fish, and game conservation and rehabilitation in military reservations. Rep. Rivers, earlier in the day, objected to the consideration of this bill but later withdrew his objection. pp. 14684-5  
Passed over, at the request of Rep. Aspinall, H. R. 7045, to authorize the establishment of the Arctic Wildlife Range, Alaska. p. 14685
22. TRANSPORTATION. Passed without amendment H. R. 5067, to repeal section 217 of the Merchant Marine Act, 1936, which authorizes the Department of Commerce to coordinate foreign trade activities of the Federal agencies and private firms (p. 14685). The report on the bill states that war freight forwarders have taken the position that Government agencies must use their services even if such services are unnecessary (citing this section as justification for their position) and stated that the section to be repealed by this bill was enacted to assist the freight forwarding industry during World War II.  
Passed, under suspension of the rules, H. R. 5068, to amend the Shipping Act of 1916 to provide for licensing independent freight forwarders. pp. 14715-7, 14685
23. LEGISLATIVE BRANCH APPROPRIATIONS FOR 1960. Agreed to the further conference report on this bill, H. R. 7453. p. 14680
24. LEGISLATIVE PROGRAM. In addition to the bill listed in the legislative program in Digest 139, Rep. McCormack announced the following bills will also be considered today, Aug. 18: H. R. 2886, import duties on silk yarn, and H. R. 7456, import duty on casein. p. 14738

#### ITEMS IN APPENDIX

25. SURPLUS COMMODITIES. Extension of remarks of Rep. Irwin inserting excerpts from the testimony of the program director for the Save the Children Federation in behalf of a suggestion that the United Nations should assume a role of "great importance" with respect to the use of commodities. pp. A7053-4  
Extension of remarks of Sen. Neuberger in support of the proposal for a Great White Fleet to distribute surplus foods to the needy of the world and inserting an address, "From Mothballs to Mercy Missions." pp. A7063-5
26. SURPLUS PROPERTY. Extension of remarks of Rep. McCormack commending the surplus property disposal program and inserting a NEW press release including a State-by-State list of real and personal property distributed, April - June 1959. pp. A7055-6
27. COTTON. Rep. Roberts inserted an Ala. State Legislature resolution commending the Congress on the passage of the cotton acreage allotment bill. p. A7058



28. SOIL CONSERVATION. Extension of remarks of Sen. Johnson inserting an editorial describing the work of a soil scientist who is now engaged in a statewide project mapping the soils of Texas. pp. A7058-9
29. RECLAMATION. Extension of remarks of Rep. Evins expressing his approval of the additional reclamation projects included in the public works appropriation bill for 1960. p. A7061
30. GRAIN; LIVESTOCK. Extension of remarks of Rep. Coad inserting an editorial, "Ruinous Grain and Livestock Buildup." p. A7088
31. ACCOUNTING. Extension of remarks of Rep. Teague commending the General Accounting Office and inserting an article, "Found: A Federal Agency Whose Obsession is Thrift." pp. A7088-9
32. FARM PROGRAM. Extension of remarks of Rep. Robison inserting an editorial, "To Curtail Farm Surpluses -- Ending Subsidies With Economies Used to Cut Taxes Proposed." p. A7089
33. FOOD ADDITIVES. Extension of remarks of Rep. Wolf inserting a letter discussing "the dangers involved in the use of" food-additives and stating that "if we continue to use these agents in our foods we obviously stand to lose our overseas markets." pp. A7090-1

#### BILLS INTRODUCED

34. CONSERVATION. S. 2549, by Sen. Murray (for himself and others), to declare a national policy on conservation, development, and utilization of natural resources; to Interior and Insular Affairs Committee. Remarks of Sen. Murray. pp. 14622-7
35. PERSONNEL. S. 2551, by Sen. Clark (for himself and others), relating to withholding, for purposes of the income tax imposed by certain cities, on the compensation of Federal employees; to Finance Committee.
36. COTTON. H. R. 8699, by Rep. McCormack, to assist the U. S. cotton textile industry in regaining its equitable share of the world market; to Agriculture Committee.

#### BILLS APPROVED BY THE PRESIDENT

37. APPROPRIATIONS. H. R. 6769, the Labor-HEW appropriation bill for 1960. Includes appropriations for the Bureau of Labor Standards, Bureau of Employment Security, Bureau of Employees' Compensation, unemployment compensation for Federal employees, Mexican farm labor program, Bureau of Labor Statistics, Food and Drug Administration, Office of Education, Office of Vocational Rehabilitation, and Social Security Administration. Approved August 14, 1959 (Public Law 86-158, 86th Congress).
38. ELECTRIFICATION. S. 2471, to amend Public Law 86-137 so as to delete a provision which bars commitment for any TVA power construction until a proposal for such construction has been before Congress for 90 days without modifying action by the adoption of a concurrent resolution. Approved August 14, 1959 (Public Law 86-157, 86th Congress).



COMMITTEE HEARINGS ANNOUNCEMENTS:

Aug. 18: Extension of Public Law 480, H. Rules.

Establishment of food stamp plan, H. Rules.

Incentive payments for light-weight hogs, H. Agriculture.

Supplemental appropriation bill, conferees (exec).

Wilderness preservation bill, S. Interior (exec).

Mutual security appropriation bill, S. Appropriations (exec).

Employee health insurance bill, H. Civil Service (exec).

Establish Advisory Commission on Intergovernmental Relations, H. Rules

Aug. 20: Review of various watershed projects, H. Public Works (Brown, SCS, to answer questions).

EXCERPTS FROM COMMITTEE REPORT ON EXTENSION AND AMENDMENT OF PUBLIC LAW 480

"Following is a brief summary of the provisions of this bill, showing the sections in which each such provision appears:

"1. Extends (secs. 1 and 2) title I for 1 year to December 31, 1960, with an additional authorization of \$1.5 billion.

"2. Extends (secs. 10 and 11) title II for 1 year to December 31, 1960, with an increased authorization of \$300 million.

"3. Places (secs. 1 and 12) increased emphasis on barter by setting a goal of \$350 million per year for the program. In addition barter, up to such goal, will have priority over title I foreign currency sales, of the same commodities to the same countries. The list of materials eligible for barter is enlarged to include those required by the Atomic Energy Commission and the Office of Civilian and Defense Mobilization. It provides without reservation that no restrictions be placed on the countries of the free world into which surpluses may move under barter; and it authorizes the domestic processing of materials acquired under the program either from offshore or domestic sources.

"4. Authorizes (sec. 14) the President to enter into long-term commitments (up to 10 years) for the sale of U. S. surpluses in dollars to foreign nations. Loans will be repaid over a period of 20 years at an interest rate not more than the current cost of money to the U.S. Treasury.

"5. Amends (sec. 5) the Cooley amendment, to allow the reloaning of foreign currencies which have been repaid by business firms.

"6. Places (sec. 3) increased emphasis on developing markets for U. S. agricultural products by earmarking at least 5 percent of the foreign currencies for this purpose.

"7. Requires (sec. 13) that, as far as practical, agricultural commodities donated under the act be labeled in the language of the locality in which they are sent.

"8. Requires (sec. 6) that title I foreign currency agreements contain a maintenance of value clause whereby the repayments of loans will reflect the actual dollar value of the currencies lent by the United States.

"9. Authorizes (sec. 3) the establishment of national food stockpiles in foreign countries. This food would be available to underdeveloped countries either for sale in the local currency or for donation in the event of an extreme emergency. Storage and maintenance will be the sole responsibility of the recipient country.

"10. Authorizes (sec. 9) grants of commodities from CCC stocks for use in economic development work projects in foreign countries.

"11. Provides (sec. 7) up to \$2 million per country per year of foreign currencies to meet disaster or emergency relief requirements (other than requirements for surplus foods) in foreign nations.

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"12. Provides (sec. 16) that the national marketing quota in 1960 for extra-long staple cotton shall not be less than 90 percent of the 1959 quota."

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## EXTENSION AND AMENDMENT OF PUBLIC LAW 480

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AUGUST 15, 1959.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. COOLEY, from the Committee on Agriculture,  
submitted the following

### R E P O R T

[To accompany H.R. 8609]

The Committee on Agriculture, to whom was referred the bill (H.R. 8609) to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

#### GENERAL STATEMENT

#### HISTORY OF THE ACT

The Agricultural Trade Development and Assistance Act first became law on July 10, 1954, and has since become famous throughout the world as Public Law 480. It provides the legal basis for disposal abroad of U.S. agricultural surpluses other than those sold for cash and those financed (essentially on a grant basis) under the mutual security program. Table 1 in the appendix attached hereto is a summary, by commodities, of cumulative exports under the various programs authorized in Public Law 480 from the beginning of the program through March 31, 1959.

The act now consists of three titles. Title I authorizes the sale of surplus agricultural commodities into export for the local currency of the purchasing country and stipulates the uses to which such local currencies may be put, pursuant to agreements with the recipient countries entered into by the President. Starting with an original authorization of \$700 million in such transactions, the authority to negotiate and consummate such foreign currency sales has been increased from time to time (recently at the rate of \$1.5 billion per year) until the total costs cumulatively authorized through December 31,



1959, are \$6,250 million. Of this authorization, \$5,078.5 million had been committed in agreements signed through June 30, 1959, as is shown in the last column of table 3. This table also shows the commodities to be exported to the recipient countries under the agreements entered into through this date. Table 2 shows the total programming and shipments under title I from the beginning of the program through May 31, 1959. Table 4 shows in summary the planned uses of the foreign currencies to be received under agreements entered into in the 1959 fiscal year and the overall totals for the entire program. A detailed discussion of the uses to which foreign currency is being put under this program will be found on pages 5 through 25 of the President's 10th semiannual report to Congress on activities carried on under Public Law 480, submitted to Congress July 30, 1959, and printed as House Document 206, and in the President's supplemental budget message (pp. 9 through 31) printed as Senate Document 38.

Title II of the act authorizes donations of surplus agricultural commodities "on behalf of the people of the United States to friendly peoples in meeting famine or other urgent or extraordinary relief requirements." Starting with an original authorization of \$300 million the authority has gradually been increased to a cumulative total of \$800 million through December 31, 1959. Table 5 shows the donations which have been made under title II of the act. Since donations of surplus commodities are also authorized by section 416 of the Agricultural Act of 1949, as amended by title III of Public Law 480, table 6 is included to show the donations which have been made abroad under this authority.

Title III authorizes principally the barter of surplus agricultural commodities for strategic and other materials of value to the United States. Up to May 27, 1957, a total of approximately \$1 billion of agricultural surpluses had been disposed of in this manner. On that date the Department of Agriculture drastically curtailed this program and in the 2 years since that time a total of only approximately \$165 million in surpluses has been disposed of under this program. Table 7 shows a summary of barter contracts broken down as to the use of the materials acquired. Table 8 shows the agricultural commodities which have been exported under the barter program. Table 9 shows the countries from which the imported materials have been obtained. Table 10 shows the volume of barter business which has been done year by year since 1950. Of special significance are the totals in the last column of the table which show (1) that the materials acquired under barter are worth more today than the price the United States paid for them in surplus commodities and (2) that the annual cost of storing these materials is \$105 million less than the annual cost of storing the surpluses given in exchange.

#### PROVISIONS OF THE BILL

Following is a brief summary of the provisions of this bill, showing the sections in which each such provision appears:

1. Extends (secs. 1 and 2) title I for 1 year to December 31, 1960, with an additional authorization of \$1.5 billion.
2. Extends (secs. 10 and 11) title II for 1 year to December 31, 1960, with an increased authorization of \$300 million.

3. Places (secs. 1 and 12) increased emphasis on barter by setting a goal of \$350 million per year for the program. In addition barter, up to such goal, will have priority over title I foreign currency sales, of the same commodities to the same countries. The list of materials eligible for barter is enlarged to include those required by the Atomic Energy Commission and the Office of Civilian and Defense Mobilization. It provides without reservation that no restrictions be placed on the countries of the free world into which surpluses may move under barter; and it authorizes the domestic processing of materials acquired under the program either from offshore or domestic sources.

4. Authorizes (sec. 14) the President to enter into long-term commitments (up to 10 years) for the sale of U.S. surpluses in dollars to foreign nations. Loans will be repaid over a period of 20 years at an interest rate not more than the current cost of money to the U.S. Treasury.

5. Amends (sec. 5) the Cooley amendment, to allow the reloaning of foreign currencies which have been repaid by business firms.

6. Places (sec. 3) increased emphasis on developing markets for U.S. agricultural products by earmarking at least 5 percent of the foreign currencies for this purpose.

7. Requires (sec. 13) that, as far as practical, agricultural commodities donated under the act be labeled in the language of the locality to which they are sent.

8. Requires (sec. 6) that title I foreign currency agreements contain a maintenance of value clause whereby the repayments of loans will reflect the actual dollar value of the currencies lent by the United States.

9. Authorizes (sec. 8) the establishment of national food stockpiles in foreign countries. This food would be available to underdeveloped countries either for sale in the local currency or for donation in the event of an extreme emergency. Storage and maintenance will be the sole responsibility of the recipient country.

10. Authorizes (sec. 9) grants of commodities from CCC stocks for use in economic development work projects in foreign countries.

11. Provides (sec. 7) up to \$2 million per country per year of foreign currencies to meet disaster or emergency relief requirements (other than requirements for surplus foods) in foreign nations.

12. Provides (sec. 16) that the national marketing quota in 1960 for extra-long staple cotton shall not be less than 90 percent of the 1959 quota.

#### TOTAL EXPORTS

As might be assumed, under the impetus of the various Public Law 480 programs, total U.S. exports of agricultural commodities have shown a substantial increase since 1954 over the immediately preceding years. Table 11 shows total agricultural exports for the calendar years 1953-58 and shows also the various programs under which the commodities have been exported. Whether this program is actually developing new export markets for agricultural commodities appears questionable, however, in view of the fact that exports for the calendar year 1958 were 14 percent below the calendar year 1957 (see table 12) and exports for the fiscal year 1959 were 6 percent below the fiscal year 1958 (see table 13). Table 14 compares exports



in the calendar years 1957 and 1958 to the countries which are normally major purchasers of our agricultural commodities. The significant fact indicated by this table is that 70 percent of our loss in agricultural exports in 1958 occurred in six major hard currency countries where Russian imports of competing commodities are increasing, and where our surplus commodities are virtually prohibited from moving, either under title I or under the barter program. For a listing of trade agreements to purchase agricultural commodities from the Soviet bloc, entered into by free world countries in recent years, see pages 80 to 88 of the committee hearings on extension of Public Law 480.

A comparison of exports in the years before and after enactment of Public Law 480 for two of our major surplus commodities—cotton and wheat—is interesting. In the case of cotton: In the 5 years preceding the enactment of Public Law 480, the United States exported 22,207,000 bales of cotton principally on a cash basis in the normal commercial channels of international trade. In the 5 years since the enactment of Public Law 480, the United States has exported only 21,771,000 bales of cotton—436,000 bales less than during the preceding 5 years—in spite of some donations, the substantial incentive to export which has been provided by foreign currency sales under title I of the act, and the large increment afforded by the competitive sales program.

In the case of wheat, all of the incentives provided by Public Law 480 have resulted in the export of only 339 million bushels of wheat more during the past 5 years than in the 5 years immediately preceding the enactment of this law. Total wheat exports in the marketing years 1949–50 through 1953–54 were 1,672 million bushels and during the 5 marketing years since the enactment of Public Law 480, 2,011 million bushels. This slight net increase in total wheat exports (including sales for foreign currency and donations) has been substantially offset by a sharp decrease in cash exports for dollars. Table 15 shows that commercial exports for dollars totaled 953,212,000 bushels during the 5 years preceding enactment of Public Law 480 and have fallen to a total of 687,409,000 bushels in the 5 years during which the act has been in effect, a decrease of 266 million bushels.

It is the committee's firm belief, which has been expressed several times heretofore, that in administering Public Law 480 more emphasis should be placed on the development of new markets for American agricultural commodities and that we must utilize every program possible to compete with the Soviet bloc for agricultural markets throughout the world, and particularly in the hard currency nations. For these reasons the committee has included in this bill a provision requiring that 5 percent of the local currencies accruing hereafter under Public Law 480 be set aside for market development purposes and that restrictions be removed from the barter program so that surplus commodities moving under barter may be sold in the hard currency countries.

#### HEARINGS

The hearings held by the committee in connection with this bill were the most thorough the committee has ever conducted in review of Public Law 480 and its programs. In opening the hearings the chairman said: "If there are any complaints from any source, we

want to afford an opportunity to every person to make his complaint or criticism and submit it to this committee before we report this extension."

Approximately 50 witnesses were heard in the course of hearings, which extended over more than 2 weeks and continued both morning and afternoon on most days. The hearing record comprises 774 printed pages. Every witness was heard who requested to be heard.

In spite of the chairman's invitation for criticism, very little criticism of the act or of its administration was voiced. Not a single witness appeared in opposition to extension of the act.

#### CRITICISM OF PROCEDURES UNDER TITLE I

Criticism of CCC procedures in handling commodity exports under title I of the act were voiced by witnesses for the General Accounting Office and by Hon. L. H. Fountain, chairman of the Intergovernmental Relations Subcommittee of the Committee on Government Operations. Both of these witnesses were sharply critical of the procedures and policies followed by the CCC and the Department of Agriculture in checking prices and quality of commodities exported under title I in order to prevent excessive cost in redemption of foreign currencies by the Government.

In the case of cotton, said the GAO: "Our audit disclosed that CCC price review procedures for cotton were not adequate to prevent excessive financing cost to the Government. Procedures in effect permitted financing of exporters' contract prices up to the comparable domestic market price, although cotton could be purchased from CCC for export at 6 to 7 cents a pound or \$30 to \$35 a bale below the domestic market price. In addition, CCC had not established procedures for determining whether the class of cotton exported is the same class of cotton the exporter represents is being shipped."

Congressman Fountain, speaking only as an individual Member of Congress since his subcommittee has not yet completed its investigations, stated that those investigations thus far substantiate findings of the General Accounting Office as to loose procedures in verifying and checking shipments under title I. With respect to grains he added: "The subcommittee found that personnel making grain price reviews had instructions not to file claims even where they determined that prices were excessive, unless the price exceeded the average market price by a specified tolerance of as much as 4 cents per bushel. This tolerance was made known to the grain trade, and the subcommittee has evidence that the trade took advantage of this knowledge."

The committee takes a most serious view of this testimony from the General Accounting Office (which will be found beginning on p. 253 of printed hearings) and of the chairman of the Subcommittee on Intergovernmental Relations (p. 343 of the printed hearings). The committee expects that steps will be taken to correct the shortcomings in the handling of title I operations and cash sales pointed out in this testimony.

#### CRITICISM OF THE BARTER PROGRAM

Three witnesses appeared in criticism of the barter program as spokesmen for three organizations: The National Cotton Council, the American Cotton Shippers Association and the Grain Marketing



Committee. In connection with the statements of the cotton organizations, the committee noted that their position is precisely that taken by the cotton firm which has done the largest volume of business under title I of Public Law 480 and which also has extensive holdings of cotton in other countries competing with U.S. cotton for world markets. In contrast, one of the largest individual exporters of cotton in the United States appeared in strong support of an unlimited barter program.

The testimony for the grain committee was presented by the vice president of the grain company which in 1958 received the fourth largest payment from CCC for storing surplus grain. The barter program is the only export program (other than donations) under which the commodities exported must come from CCC stocks.

The condition complained of by these witnesses was primarily interference with normal world trade movements, resulting from price-cutting taking place under the present barter program as conducted by the Department of Agriculture. There is no doubt that this situation is taking place under the present program as those exporting surpluses under barter seek to dispose of the surpluses in the limited market available to them. The situation results from the restrictions of the Department of Agriculture which prevent commodities exported via barter being sold in the major hard currency countries of the world. The conditions complained of will be eliminated by enactment of the provisions of the committee bill. These provisions would remove the present restrictions on the program and permit bartered commodities to move through normal trade channels with no price-cutting or other upsetting effect on world trade.

#### SURPLUS DISPOSAL POLICY

The central issue developed at the hearings was whether the disposal of agricultural surpluses under Public Law 480 should tend more and more in the direction of donations and semidonations as a tool of foreign policy, or whether the emphasis should be on the export of agricultural surpluses on as nearly a businesslike basis as possible. As exemplified in the provisions of the bill herewith reported, the committee believes that it is entirely possible to move along both these roads at once. It has liberalized provisions providing for outright donation of surplus commodities abroad and at the same time it is insisting that those export operations which are conducted on a sales basis be carried out in such manner as to bring the largest possible return to the American taxpayer. It has included: (1) a provision requiring "maintenance of value" in repayment of foreign currency loans made under title I; (2) an entirely new provision authorizing sales of surplus commodities on long-term credit to be repaid in dollars, which will replace some sales for foreign currencies and substantially expand market possibilities; and (3) the requirement that where a country's needs for surplus commodities can be met by barter, under which the United States receives full value for its surplus, rather than under a title I sale for which it receives only depreciable foreign currency, the requirements shall be filled through barter.

Our agricultural abundance is indeed a tremendous weapon for peace, stability, and development throughout the world, but it can be used for such purposes only so long as the American taxpayer is willing

to foot the bill. All other reasons aside, and there are many of them including the dignity and national independence of recipient countries, the committee believes that the long-range benefit of programs such as those authorized by Public Law 480 will best be served by carrying out those programs which are designated as sales or commercial transactions in a manner calculated to keep them on a business-like basis and return the greatest possible value to the American taxpayer.

#### LONG-TERM SUPPLY CONTRACTS

One of the major steps in the direction the committee believes our Government export programs should go is represented by the provisions of this bill authorizing long-term supply contracts with foreign nations.

Under the provision of this new title which would be added to Public Law 480, the President would be authorized to make agreements with foreign nations under which the United States would undertake to finance the export of surplus commodities over periods of up to 10 years and to accept from the country payment in dollars over periods of up to 20 years at an interest equivalent to the cost of money to the United States Treasury. The committee believes that such a program will fill a major gap in our existing export operations and result in a substantial increase in our agricultural exports.

It has been the committee's observation in studying Public Law 480 operations and agricultural exports in many parts of the world that as a nation concentrates its efforts on industrial and economic development, its demands for food and agricultural products almost always overload the ability of its domestic agriculture to produce. This is for two major reasons: (1) increased individual purchasing power from commercial and industrial development creates a greater demand for food and agricultural products and (2) capital, labor, and management, are drawn from agriculture into industry and commerce, and in many instances agricultural production actually declines, at least for a temporary period.

In numerous instances, officials of countries which are experiencing these "growing pains" of economic and industrial development have expressed to the committee and to committee members their urgent need for some long-term assurance of adequate agricultural supplies during their development period. These nations expect to be able to pay for these commodities, and they are willing to pay in dollars, but they need all their existing resources, and particularly their foreign exchange, to carry out the industrial and commercial development programs they have planned. It is with this type of situation particularly in mind that the Committee has included the provisions for long-term supply contracts in this bill.

In addition, this new program will open up markets that are not now available on other than a strictly cash or or short-term credit basis because the countries are considered "hard currency" nations and are, therefore, essentially ineligible either for a title I sales agreement or for a barter transaction. Reference to table 3 in the appendix will show the relatively few nations of the world with which title I agreements, covering sales for foreign currency, were made in the fiscal year 1959. Many of the countries not on that list were considered ineligible primarily because of the soundness of their currency.



To them our policy has been to say "Buy for us for cash dollars, or don't buy at all."

The committee believes also that some of the nations which are now large recipients of surplus commodities under title I would prefer to take advantage of the extended dollar credit authorized in the new title IV, proposed by this bill, rather than to enter into further agreements under title I.

The agreements entered into between the President and the foreign country would not commit either the United States to deliver, nor the foreign country to buy, any stipulated quantity of commodities. It would merely be an agreement that the United States would undertake to extend dollar credit for the purchase of surplus commodities up to stipulated limits for the period of time covered by the agreement. Purchase authorizations would be issued under such agreement from year to year, the commodities shipped in the normal course of commerce, and the notes of the government of the purchasing country agreeing to pay in dollars over an extended period of time would be accepted by the United States. The financing agreement would be operative only if the commodities to be exported are actually in surplus in the United States at the time of the proposed delivery.

#### BARTER

The committee, after thorough hearings, has reemphasized its belief that the various disposal programs of Public Law 480 should be carried out on as sound and businesslike a basis as possible and with the greatest possible return to the American taxpayer. Accordingly, after the most careful consideration of all phases of the problem a restatement of the laws pertaining to barter was deemed to be necessary in order to assure that the intent of Congress be carried out by the Department of Agriculture. In the past, through strained interpretations of the law and through the development of administrative regulations and procedures which were contrary to the expressed intent of the Congress, the Department has successfully reduced the effectiveness of this part of the disposal program. The committee is convinced that the barter program is the cleanest and most businesslike of all of the Public Law 480 disposal programs, and is the one instance where the American taxpayer receives full value for the agricultural commodities disposed of by taking in payment needed metals and minerals as well as acquiring equipment, supplies, and services for various security and economic programs.

Under the barter program as Congress intends it to work, the CCC acquires strategic materials and other materials, supplies, and equipment essential to our economy and security programs and which are not produced in adequate quantity in the United States, at prices at or below world market prices as determined by the experts of the General Services Administration in charge of all our stockpile procurement. It exchanges for these materials surplus commodities from CCC stocks which are transferred to the importer at established CCC export sales price, or purchased by him from CCC in open competition with other bidders. There is no "payment in kind" or other subsidy to the exporter involved. The ocean freight of the incoming materials is paid by the importer and the ocean freight of the outgoing materials by the exporter. There are none of the opportunities

for loose practices resulting in unnecessary costs to the taxpayer such as were criticized by the GAO in connection with title I programs.

Under the barter program as intended by Congress, a barter exchange is in all respects similar to a cash sale for dollars except that in the case of barter the CCC accepts in payment for the surplus commodities strategic and other materials, supplies, and equipment which have been designated as eligible for barter by the Secretary of Agriculture. He is guided in his decisions by the experts in the various governmental departments.

While there has been considerable objection on the part of the executive branch to carrying out the intent of Congress as expressed in earlier laws or to amending them in this bill, their arguments have not persuaded the committee that its position should be changed. Broadly speaking, the main objection to the barter program has been that transactions through barter may have displaced cash sales. The committee has repeatedly requested that evidence be given to support this position and so far this evidence has not been forthcoming. It is conceded that it is possible in a particular instance that there might be a displacement of a cash sale, although to date no competent evidence has been received on this point. However, the record of 5 years' experience with barter shows clearly that as barter sales increased so did cash sales and total exports from CCC stocks, and conversely, as barter sales are reduced our cash sales fell off even more sharply, and so did our volume of total exports.

The committee believes that there is no substance to the arguments advanced by departmental witnesses. Rather, from the testimony adduced by the committee in hearings resulting in this bill, it appears that much of the objection to the barter program has been sponsored by those concerns interested in protecting their investments in storage facilities which are rented to the Commodity Credit Corporation or in protecting large export operations under title I.

It is also clear from the evidence submitted during these hearings that much of the objection to the program has stemmed from the State Department which, under present procedures, advises the Department of Agriculture as to whether or not particular transactions should be approved, in those instances where the so-called hard-currency countries are involved, or with respect to any transaction where bilateral or multilateral arrangements are involved. Instances have been reported to the committee where proposed barterers have been turned down based on advice from the State Department merely because it feared the United States would exceed its "share" of the other country's imports of the commodity. The position of Canada in regard to wheat and Mexico in regard to cotton is too well known to need restatement here. The committee simply feels that these considerations are not persuasive in the light of the overall value of this program, and accordingly has expressed its position in the language contained in this bill.

Furthermore, general objections have been raised that this program is too mandatory in character. The language contained in this bill is not mandatory. The Secretary is not required to accept any particular transaction if he deems that it is not in the interest of the United States to do so, nor under any circumstances is he required to accept any transaction where in his judgment the prices, terms, and conditions are not in accordance with the standards which the Gov-



ernment itself will establish, nor is he required to take any material offered, because the bill gives him broad leeway in this respect. Therefore, the objection that this bill is mandatory or permits unrestricted barter, is not correct and is in the judgment of the committee merely argumentative to persuade the Congress that it should leave the Department of Agriculture to continue to operate the program as it sees fit, even though its operations are not in accord with the policy and intent of Congress as expressed not only in Public Law 480 but in the Mutual Security Act and the CCC Charter Act.

Contrary to the position expressed by the Department, that sales through barter replace cash sales, in many important respects a barter transaction is superior to a cash sale for dollars:

1. Commodities exported through barter must come from CCC stocks, thereby directly reducing CCC storage and carrying charges. Cash sales, on the other hand, may be made by the exporter from his own stocks or from those purchased elsewhere and do not reduce CCC storage costs by a proportionate amount.

2. Barter transactions always involve an outright sale by CCC of its own stocks for a fixed price. There is no additional subsidy and no subsequent responsibility on the part of the CCC. Cash sales, on the other hand, are now made generally out of private stocks or from open market purchases with a "payment in kind" then being made from CCC stocks to the exporter to subsidize the difference between the domestic market price and the export price. This operation is subject to many of the loose fiscal practices criticized by GAO and open to the possibility of overpayment by the Government to the exporter.

3. Barter is an effective form of foreign aid carried out without one cent of cost to the American taxpayer. Table 9 of the appendix shows the countries of the world from which materials have been brought in under the barter program. In many instances these materials may be almost the only thing of value these countries have to sell, and their purchase by the United States under the barter program gives them much-needed financial assistance in an economic area where it does them the most good—directly into their commercial and industrial economy. Following are some of the countries which have received this type of trade assistance and the value of our acquisitions under the barter program through the calendar year 1958: Africa (generally) \$94.9 million; Bolivia, \$1 million; Canada, \$77.5 million; Ghana, \$2.9 million; India, \$18 million; Jamaica, \$25.2 million; Mexico, \$54.4 million; Northern Rhodesia, \$14 million; Peru, \$12.1 million; South Africa, \$113.4 million; and Turkey, \$71.3 million.

4. In many instances, the United States gets double value for the money invested in bartered materials. Frequently, agricultural surpluses bartered for strategic and other materials do not go to the country where the material originated but are sold into other countries. In these instances, the United States gets double value of its money. It receives, in exchange for the surplus commodities materials of permanent value to the economy of the United States which (as shown by table 10) actually appreciate in value as time goes on. These materials are normally purchased for dollars by the importer in the countries of origin, thus giving this country that additional amount of dollars to spend on imports from the United States. The

record is clear that these dollars are almost immediately returned to the United States for other dollar purchases from this nation.

5. The barter program is an effective deterrent to Soviet economic penetration of the underdeveloped countries of the world. Much of the material eligible for barter for surplus commodities comes from the underdeveloped areas of the world. In many instances these materials are among the few items those areas have for export. Recently the State Department and the Foreign Agricultural Service have warned the Nation about Soviet efforts at economic penetration of these underdeveloped areas. The carrying out of an effective barter program is one of the strongest means of resisting this economic penetration by the Soviets. Most of these nations, if they can find a market in the United States for their materials will gladly continue and expand their trade relations with us. If they cannot find a market here for these materials so essential to their own economies, they will try to find it elsewhere and in many instances this "elsewhere" may be the Soviet bloc. Resumption and continuation of an effective barter program is one of our strongest weapons against this type of Soviet economic penetration.

6. Barter enables U.S. surplus commodities to compete in the important "hard-currency" markets of the world. Under the restrictions with which the Department of Agriculture and the Department of State have surrounded Public Law 480 disposal programs (including barter), it is virtually impossible for U.S. surplus commodities to compete on even terms with similar commodities from the Soviet bloc and other areas in the important hard-currency countries, such as Western Europe and Japan. Because their currencies are stable they are virtually ineligible for a local currency transaction under title I. For this same reason, our traders are not permitted to export freely to them surplus commodities exchanged by CCC under the barter program. The technique is to set up a "usual marketing quota" of commodity exports from the United States to each country and until this usual marketing quota has been filled, our officials will not permit bartered commodities to move into that country.

In many of the important hard-currency countries, particularly in Western Europe, our agricultural exports are off sharply (see table 14) but it is in these very countries that the restrictions on the barter program prevent it being used to help offset declining sales and to meet the inroads from other countries. It is significant that the Foreign Agricultural Service of the Department of Agriculture has recently issued a bulletin warning against increased Soviet exports of wheat into the countries of Western Europe, yet most of the countries it names are those into which it will not permit U.S. surplus wheat to move under the barter program.

Rather than using every available tool to meet Soviet competition in this area, the present policies of the Department of Agriculture and the Department of State prevent the use of the tools provided by Public Law 480. There can be little wonder that these countries are decreasing their agricultural imports from the United States and turning more and more to the Soviet bloc as a source for these commodities. While the volume of most agricultural commodities moving from the Soviet into these West European nations is not yet substantial, the long list of trade agreements recently entered into between these nations and the Soviet bloc (see pp. 80-88 of the printed hear-



ings) does not augur well for the future of our agricultural exports into these countries.

In carrying out this absurd policy of "usual marketings" the Department of Agriculture has rejected, during the fiscal year 1959, 90 firm offers to barter \$137.5 million worth of agricultural surpluses into six major hard-currency countries. Following are the countries with respect to which these offers have been rejected and the amount of surplus commodities it was proposed to move under this program: United Kingdom, 22 offers, \$25.4 million; Belgium, 25 offers, \$14.6 million; West Germany, 13 offers, \$39.2 million; Netherlands, 11 offers, \$9.7 million; Japan, 12 offers, \$27.0 million; and Italy, 7 offers, \$21.6 million.

7. The barter program is superior to a cash sale because it provides an incentive for the export of American surpluses, instead of those from other nations.

Under the barter program as intended by Congress (and as it was operated successfully by the Department of Agriculture up to May 1957) barter contractors normally handled the exporting of the surplus commodities through grain or cotton exporters or other specialists in this trade. Before the establishment of the restrictions by the Department of Agriculture, they paid a slight brokerage fee of 1 to 2 percent for this service. The importance of this procedure in obtaining the export of U.S. commodities, rather than those from other countries, has been generally overlooked. Many of these exporting companies, particularly the larger ones, are international firms who do business in practically every country of the world. Two out of the five largest grain exporters under Public Law 480 programs are foreign firms and most of the largest exporters are so international in character that they would just as soon export grain or cotton from another country as from the United States. The barter program, where they received small brokerage fee for handling surplus commodities was not only an assurance that those particular commodities would be exported from the United States but, was an incentive to these companies to export U.S. agricultural products, rather than those from other countries.

As an example of how American surpluses are *not* being exported due to the restrictive policies imposed by the Department of Agriculture, cotton exports from the United States were 51 percent lower in the fiscal year 1959 than they were in the previous fiscal year, but during the 1959 fiscal year, the Department of Agriculture rejected 76 offers to barter more than \$111 million worth of cotton (approximately 800,000 bales) and many of these offers were rejected for the absurd reason that the importing countries *were not buying* their expected quota of American cotton.

#### FILLED MILK

During the course of its hearings, the committee received testimony on H.R. 7146 by Mr. Marshall which would add a new section to Public Law 480 prohibiting any dairy commodity produced in the United States being sold or disposed of under Public Law 480 for use outside the United States in the manufacture of filled milk or filled cheese.

Testimony indicated that nonfat dry milk exported under Public Law 480 has been used in the recipient country for the manufacture of filled milk, movement of which in interstate commerce is prohibited in the United States, which has in turn been manufactured into an evaporated filled milk product sold in the recipient country in competition with evaporated whole milk imported from the United States. The condition complained of exists particularly in the Philippines where, it was indicated, sales of an evaporated filled milk product have sharply reduced imports of evaporated milk from the United States.

While the operations complained of are not prohibited by law, it is repugnant to the whole intent and purpose of Public Law 480 that commodities exported to another country under the subsidies provided in title I should be used in such country in such a manner as to compete with and reduce exports from the United States to the same country of similar commodities on a commercial basis. The committee believes it is the clear intent of the law that the Department of Agriculture in making its "usual marketings" determinations (which are used as a guide in determining eligibility of a country to receive products under title I) the "usual marketings" not only of the particular products (in this case nonfat dry milk) but of similar or related products (such as evaporated whole milk) should be taken into consideration.

While the committee did not include this bill in its amendments to Public Law 480, it is in full accord with the objectives of the proposal and has omitted it because it believes this reminder to the Department will accomplish the purpose.

## ANALYSIS OF THE BILL

### EXTENSION OF TITLE I

Sections 1 and 2 extend title I of the act for 1 additional year (through December 31, 1960) and provide an additional authorization of \$1.5 billion for title I operations during this extended period. The authorization is in terms of reimbursement of CCC for its operations under title I. Such reimbursement is based on the total cost of the transferred commodities to CCC, not on the amount of foreign currency CCC receives in return for these commodities. These costs, other than the redemption of foreign currencies, include CCC's original investment in the commodity, storage, handling, and interest charges while in inventory, selling costs, and ocean transportation to the extent that this is not included in foreign currency receipts. Table 3 in the appendix gives an indication of the relationship between the total cost figure and the value of commodities actually exported.

### EXTENSION OF TITLE II

Sections 10 and 11 extend for 1 year (through December 31, 1960, the authority conferred in title II of the act on the President to donate surplus agricultural commodities abroad under certain circumstances and for certain purposes. Section 10 also increases by \$300 million the amount of funds (based on CCC costs) which the President may commit for this purpose.



## MARKET DEVELOPMENT

Section 3 of the bill is designed to make certain that greater emphasis will be given to the development of new and expanded markets for U.S. agricultural products—one of the major objectives of the act—in both hard currency and underdeveloped areas. Despite the clear intent of Congress, adequate foreign currencies are not being made available in the principal commercial market areas for this important work. To insure that sufficient amounts of these foreign currencies are used for market development as authorized under section 104(a) of title I, this section directs that the equivalent of not less than 5 percent of the total sales under title I be made available for this purpose. This will eliminate the delays and difficulties which have been involved in the process of allocation by making this minimum amount available to the Secretary of Agriculture for this activity. It is not intended that a sum equivalent to 5 percent be set aside in each country but that an amount equivalent to 5 percent of the total sales be made available in the currency of the countries in which market development activity is to be conducted.

The committee recognizes that the introduction of U.S. agricultural products into new market areas, the removal of trade barriers, the changing of consumer desires, habits, diets, and customs—the things that are necessary to be done to expand markets—requires patience, persistence, and continuity of programs over a reasonable number of years. Section 3 authorizes the Secretary to enter into agreements with cooperating trade groups to carry out market development activities over such periods of time as will most effectively accomplish the purposes and objectives of section 104(a).

Inasmuch as the most immediate opportunities for the development of dollar markets for agricultural products are in the commercial hard currency areas, the section directs that special effort be made in entering into agreements for the sale of surplus agricultural commodities; and in the making of loan agreements, to provide for sufficient convertibility to obtain the currencies needed for use in the countries where market development work can most profitably be carried out. The Secretary of Agriculture is further authorized by this section to enter into agreements with any friendly country without regard to other provisions of law, for the sale of such amounts of surplus agricultural commodities as he determines necessary to carry out the purposes of this subsection and to use the foreign currencies derived therefrom for such purposes. The extent to which the Secretary will need to use this authority will depend upon the extent to which convertibility is not obtained of other foreign currencies into the currency of the countries where market development activities are to be carried out.

## PURCHASE OF VITAL MATERIALS

Section 4 of the bill revises section 104(b) of Public Law 480 to authorize the acquisition with foreign currencies of materials and products which should be stockpiled as essential to the survival of the civilian population in the event of nuclear attack on this country. In its present form the section authorizes the use of foreign currencies accruing from the sale of surplus agricultural commodities for the

acquisition only of "strategic and critical materials" within the applicable terms of the Strategic and Critical Materials Stockpiling Act. Survival items required for civil defense stockpiling do not qualify within the meaning of this language.

The Office of Civil and Defense Mobilization has the responsibility under the Federal Civil Defense Act of 1950 for stockpiling items of this type. To the limited extent which this responsibility has been carried out, it has involved the expenditure of dollars appropriated by the Congress. To the extent that foreign currencies owned by the Government could be used for this purpose, the proposed amendment of section 104(b) of the act contained in section 4 of the bill will provide such authority.

#### LOANS TO PRIVATE INDUSTRY

One of the most successful aspects of the Public Law 480 operation has been the provision for using local currencies for loans to private industry for commercial development and trade expansion in foreign countries. Known as the Cooley amendment, this provision was added to section 104(e) in the 1957 extension of the act. It provides that not more than 25 percent of the currencies received under title I sales shall be made available to the Export-Import Bank for loans (a) "to U.S. business firms and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries" and (b) "for loans to domestic or foreign firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, U.S. agricultural products."

Table 16 shows by countries the foreign currencies which have been set aside for this purpose and the commitments which have been made by the Export-Import Bank through July 15, 1959. It will be noted that in some countries commitments are already up to the maximum (shown in the last column on the table), while in others there are substantial amounts of local currencies against which no commitments have been made. In general, this program has proved to be an acceptable and constructive part of the 480 program. In eight countries, eligible applications for the funds exceed the maximum amount of funds expected to be available. These countries are shown in table 17.

Section 104(e) makes no provision as to the disposition of the Cooley amendment funds when they are repaid and the amendment to that subsection made by section 5 of this bill will provide that such funds shall remain with and be available to the Export-Import Bank for additional loans under the subsection.

#### MAINTENANCE OF VALUE ON LOAN REPAYMENTS

Section 6 requires that foreign currency loans made back to purchasing countries under the provisions of section 104(g) shall have a maintenance-of-value provision which will require that repayments be on an equivalent dollar basis. Most of these loans have been made on this basis up to April 1959, when a reversal of the policy was announced. In accordance with the new policy, there will be no maintenance-of-value provision in loans made after July 1, 1958.



One of the major uses of the foreign currency accruing to the United States under title I agreements is for "loans to promote multilateral trade and economic development" in the purchasing country. As will be noted by reference to table 4 of the appendix, 47.7 percent of the money scheduled to be received under existing agreements is planned to be used for such loans. Table 18 shows the dollar value and repayment period of the loans which have thus far been made.

This amendment, requiring maintenance of value in the repayment of these loans, is another action by the committee to place the 480 programs on a more businesslike basis. The importance of the provision is seen particularly in reference to the whole matter of currency valuation as employed in sales for foreign currency under title I. In many instances, the original loan agreement places a value on the foreign currency substantially higher than its actual value in commerce. The General Accounting Office made a study of this matter and reported in some detail to the committee on it during the course of hearings. The discussion by GAO will be found beginning on page 282 of the printed hearings.

A table prepared by GAO showing the exchange rate at which various title I agreements were signed, the exchange rate of the same currency in December 1958, and the depreciation, due to exchange rate differences in the currency actually on hand in the Treasury, will be found in the committee printed hearings beginning after page 70. Taking as an example the first 1958 agreement appearing on that list, the agreement with China which was signed on April 18, 1958: the exchange rate stipulated in the sales agreement, is 27.23 Chinese dollars for 1 U.S. dollar. The market rate of exchange in December 1958 was 36.08 Chinese dollars to 1 U.S. dollar. Because of this difference between the exchange rate agreed upon in making the sale and the actual market rate of the foreign currency, the same table shows that Chinese dollars which have been received under this agreement and which are carried in the Treasury balances at the equivalent of \$7,127,438 in U.S. currency were actually worth in December only \$5,379,446 in our currency. In summing up the difference between the market value of foreign currencies received under title I agreements and the value of those currencies as stipulated in the agreements (and as carried on the books of the Treasury Department), the GAO found that the Treasury balance of foreign currencies on December 31, 1958, is carried on Treasury books as worth \$1,357,568,055.41 whereas the exchange value of those currencies on the market on that date was \$1,106,297,137.24.

It is likely that in the up to 40 years in which many of these foreign currency loans are repayable, the currencies involved will suffer even further depreciation. The amendment made in section 6 will automatically offset that depreciation and require that the amount of currencies repaid on these loans shall be the equivalent of the obligation expressed in dollars, regardless of the then current exchange value of the foreign currency.

#### USE OF FOREIGN CURRENCY FOR EMERGENCY RELIEF PURPOSES

Section 7 adds a new subsection to section 104 of the act which will authorize, where the agreement with the country permits such action, the use of not to exceed \$2 million per year to be used in such

countries to procure locally ~~food or other~~ emergency supplies not available under our own surplus distribution programs. It is understood that this authority will be exercised only on the direct authorization of the President and will be used only under emergency relief conditions which would warrant donation of our own surplus commodities under title II of this act.

As proposed to the committee by the Department of Agriculture, this new provision would have authorized a total of only \$2 million of foreign currencies to be used for this purpose throughout the world in any fiscal year. To the committee, it seemed that this is a good and proper use which may be made of foreign currencies accruing under the act and that the limitations suggested by the Department might be such as to make it virtually ineffective. It has, therefore, liberalized the Department's proposal to provide that the \$2 million limit shall apply only to any one country.

#### FOREIGN STOCKPILES

Section 8 of the bill was also proposed by the Department of Agriculture in its testimony. It will authorize the inclusion in title I agreements of provisions for a relatively small stockpile of surplus commodities to be established in recipient countries, under the ownership and control of the recipient country, to be later used either for emergency relief donations or for sale under the regular provisions of Public Law 480. The phrase beginning on page 5, line 7 "and that the recipient country shall assume full responsibility for the storage, preservation, and delivery of such commodities" was added to the Department language by the committee to make it clear that full responsibility for the condition of the commodities, and for handling and storage charges, shall be assumed by the recipient country upon transfer of title and the placing of the commodities in storage. In this phrase the word "delivery" means the delivery of the commodity from its storage in the foreign country and the domestic distribution thereof.

Since the testimony of the Department on this proposal in its appearance before the committee was of a general nature and quite brief, the committee requested a further explanation of the Department's intention in connection with this provision and the letter from the Department is included herewith in explanation of its intended operations under this provision.

DEPARTMENT OF AGRICULTURE,  
*Washington, D.C., August 7, 1959.*

HON. HAROLD D. COOLEY,  
*Chairman, Committee on Agriculture,  
House of Representatives.*

DEAR CONGRESSMAN COOLEY: In accordance with your request there is set out below an explanation of the provision for national reserves contained in the Department's proposed new section 110 of title I, Public Law 480. It is our intention through this requested new section to make it possible for underdeveloped countries to carry reserve stocks of commodities, such as wheat, to meet (a) temporary shortages resulting from crop failures or delays in the implementation of import plans, and (b) emergency needs resulting from natural



disasters or other causes for which assistance may be made available under section 201 of title II of the act.

It has been a recurring experience in times of crop shortage in such countries that consumption has been substantially cut back over a period of 1 to 3 months while import programs were being negotiated and purchases made and shipments received in the country. Under these circumstances, a 2 or 3 months reserve supply would bridge the gap until regular imports begin to arrive. Also, in the case of disaster such as floods, where the need for food is immediate, even the promptest action in making shipments from the United States will not meet such need in time. The availability of such reserve stocks would do so.

The existing method of effecting exports of surplus commodities under title I through regular trade channels is, we believe, the most practicable means of providing reserve stocks to be available for either of the two purposes described above. Taking into account that this method moves the bulk of the commodities out of private stocks, thus avoiding the expense of acquisition, storage, and handling under the price support program, we believe it is also the most economical.

The title I agreement providing for the establishment of reserve stocks under section 110 would include provisions governing: (1) The quantity of the reserve to be established; (2) the length of time the reserve would be maintained; (3) the methods of protecting the reserve stocks, including the basis of settlement in case of damage requiring salvage operations; (4) the use of such reserve stocks for agreed purposes authorized in section 201 of Public Law 480 without any payment being made by the recipient country; (5) use of such reserve stocks for other than section 201 purposes with payment being made for the commodity by the recipient country; and (6) compliance with other requirements of title I, including safeguards against use of the commodities for speculative purposes.

The purchase authorizations providing for procurement of the commodity under such an agreement would be substantially the same as purchase authorizations providing for procurement for immediate consumption. The exporters sales price would be financed in the same way and would be subject to price analysis and reclaim, if excessive. The foreign currency equivalent of such sales price would be determined in the same manner but the recipient country would not be required to deposit such foreign currency to U.S. account at that time, as is required in the case of procurement for immediate consumption. If the commodity were later used for regular consumption purposes, the deposit would then be made. If the commodity were used to meet emergency needs agreed by the United States, the deposit would not be required and the transaction would then constitute a grant rather than a sale.

In most underdeveloped countries there is not now sufficient storage over and above that required for working stocks to carry adequate reserves against disaster and crop failures. For this reason, emphasis will be placed on measures that will result in recipient countries utilizing available grant and loan funds from title I, Public Law 480 programs and other sources to increase their storage facilities. The furnishing of assistance in expanding storage facilities through loans or grants out of title I, Public Law 480 sales proceeds would be an inherent part of the regular programs for sales of commodities for foreign currencies. It does not mean that the United States would

have responsibility for storage of the reserve stocks or for costs of carrying out the storage operations. The commodities would be owned by the recipient country from the time of shipment from the United States and further storage and handling would be the responsibility of that country.

Under the proposed amendatory language, considerable flexibility would be permitted in program operations to adapt to operating problems which might arise. We will be pleased to keep the committee informed regarding actual operating procedures developed and progress made under this authority, if enacted.

Sincerely yours,

CLARENCE L. MILLER,  
*Assistant Secretary.*

#### USE OF DONATED COMMODITIES FOR ECONOMIC DEVELOPMENT

Section 9 of the bill was also proposed by the Department of Agriculture in its testimony. It would amend title II of the act to permit agricultural commodities donated by Presidential order to foreign countries to be used "in meeting the requirements of needy peoples and in order to promote economic development in underdeveloped areas". Following is the statement made by the Department of Agriculture witness in support of this proposal:

We also recommend an amendment to title II to authorize grants of CCC commodities to countries for use in economic development work projects. We believe that considerable expansion is possible in the use of commodities for funding work projects. In Tunisia, for example, U.S. wheat is being used to pay part of the wages of workers on public works projects to relieve severe unemployment and famine conditions. About 40,000 workers have been employed to construct and renovate earth dams, fire breakes, cisterns, wells, and for other projects. Workers are paid in a combination of U.S. wheat and cash supplied by the Tunisian Government.

#### BARTER

Section 12, section 15, and the proviso in section 1, reexpress the policy of Congress that the CCC should accept strategic and other valuable materials in exchange for surplus agricultural commodities, that this method of surplus disposal should be given a preference second only to cash sale for dollars, and that no greater restrictions should be placed on the disposal of surpluses exchanged in this manner than on surpluses sold by CCC for dollars.

While authority for barter existed prior to 1954, it was not until the enactment of Public Law 480 that the Congress gave a clear legislative directive to the Secretary of Agriculture to carry on such a program. The language of the law was clear, and the committee report said "establishes barter as a priority disposal method."

Until May 1957, this program was carried out by the Department of Agriculture in accordance with the policy enunciated by Congress and on a highly successful basis. Almost \$1 billion worth of surpluses were exchanged for strategic and other materials which are today worth more than we paid for them. In describing the program as it



was then administered, the spokesman for the Department of Agriculture frankly admitted its successful operation in his testimony before the committee:

In the days of unrestricted barter \* \* \* the U.S. exporter of agricultural commodities had his regular export outlets. When he was offered a million bushels of wheat delivered shipside by CCC as a result of a barter transaction, he was willing to accept that wheat and dispose of it in the normal course of his business for a very nominal brokerage fee. This brokerage fee was a discount but since it merely covered services rendered and did not become a factor in the export price, no one complained. It has been reported to us that on occasion, when free stocks of U.S. agricultural commodities were temporarily in short supply, exporters of agricultural commodities actually competed for bartered commodities because of the ready access it gave to Government stocks \* \* \*. The foreign importer bought his U.S. agricultural commodity needs as usual and in many instances was completely unaware that they had ever been a part of a barter transaction.

Starting in 1957, when the program was virtually killed by administrative regulations, the Congress initiated steps to reestablish the program on the basis set out in Public Law 480. The Department of Agriculture opposed any changes being made to reestablish the program and actively worked against any change being made in the law, but in 1958 it was amended to reestablish a program of the type carried out before 1957. Under the impact of this new legislation, the volume of barter business increased from below \$50 million annually to approximately \$150 million annually, but it is still far below the level envisioned and intended by the Congress.

It has been held to this low volume by restrictions on the disposal of the surplus commodities exchanged for the bartered materials. These restrictions have limited the countries of the world into which surpluses moving under the barter program may be disposed of, chiefly blocking off the major hard currency markets of the world and preventing the free movement of bartered surpluses into these markets. This has been done although the legislation itself and the statement of managers on the part of the House which accompanied the conference report appeared to be clear in directing that "no restrictions should be placed on the countries of the free world into which surplus agricultural commodities may be sold" under barter. These restrictions have not only drastically curtailed the export of surpluses under the barter program but have created the conditions which are disturbing to world markets and were complained of in testimony before the committee. The spokesman for the Department of Agriculture, in his testimony, best described this situation in the following words:

(Under the barter program as now administered) the U.S. exporter of agricultural commodities finds his usual sales outlet at least partially closed to bartered commodities. He has to expend energy, time, and money to find other outlets which he can convince the CCC give hope of being additional. \* \* \* So the U.S. exporter exacts from the

materials importer not a nominal brokerage fee as he did (under the old program), but that plus compensation for finding a market that is over and above normal movement, and an amount necessary to permit him to cut the price enough to create that market. So there you have the discounts that are deplored so much.

It is apparent, therefore, that if our disposal program is to compete successfully with Soviet trade expansion in the hard-currency areas of the world and the United States is to get an equivalent return for surplus commodities in the form of materials needed in our future economy or during national emergency, the philosophy existing in certain parts of the Department of Agriculture must be changed and the regulations implementing that philosophy set aside.

Every effort has been made by the Committee on Agriculture and by others in the Congress to accomplish this without legislation. Those representations have been ineffective in improving this situation and the Department of Agriculture has served notice on the Congress during the recent hearings that it contemplates making these restrictions even more stringent. Therefore, legislation is necessary and the present law is amended in several significant parts by the proviso to section 1, section 12, and section 15.

Following are the major changes made by the committee bill:

First. The new language is not mandatory. The Secretary is not required to make any specific barter transactions and he is directed by the provisions of the bill not to enter into barter or exchange agreements which are not in the best interest of the United States. Everything else in the amendments to existing law must be considered in the light of this latitude given the Secretary.

Second. The proviso in section 1 does not require the Secretary to carry out a barter program of the size envisioned in section 12 before he can enter into any title I agreements to sell surpluses for local currency. This proviso merely requires that where the Secretary has a choice between disposing of surpluses into a country under the barter program or by sales for foreign currency, with respect to that country and to the extent the choice exists, he shall give a clear preference to disposals by the barter method rather than by sales for local currency.

Third. In order to break the logjam having to do with the designation of materials which can be taken through barter, where the objection or failure to act of one member of an interdepartmental committee can prevent a material from being designated, the bill provides that any of the materials of the type presently in the strategic stockpile shall be taken if they are cheaper to store and do not deteriorate. No further studies of these particular materials need to be made.

Other materials that can be taken in payment for surplus commodities include raw materials of which the United States does not produce its requirements (not processed materials), and strategic and other materials, goods, or equipment that are important to the economy of the United States, such as high-temperature metals needed for the missile program, or the various security programs of the United States. In these instances, the Secretary of Agriculture has the authority and the duty to determine which materials, goods, or equipment will be taken.



By interpretation, under the present law the Atomic Energy Commission cannot secure through the barter program certain needed materials even though they are prepared to pay the CCC dollars for them. Nor can the Department of Defense secure needed materials or services through barter, nor can end items for survival purposes be acquired by the Office of Civil and Defense Mobilization to be held in the supplemental stockpile. Therefore, the amendments concerning materials are designed to make it possible for the Secretary, if he determines that it is not against the best interests of the United States to do so and that the items should be included among those eligible for barter, to include materials and items required by these agencies.

Fourth. The next significant change in the present law is absolutely essential if any reasonable barter program is to be carried out. It removes the restrictions on the movement of bartered surplus agricultural commodities into the countries of the free world. It would permit the Secretary to make the same restrictions with respect to surplus commodities which CCC sells for strategic and other materials that it places on surplus commodities sold for cash—this much and no more. It is these administrative restrictions which have been so disruptive to normal marketings and which are preventing the United States from using the device of barter as a means of competing with Soviet bloc exports in the hard-currency countries of the free world. Without this prohibition against such restrictions, the disposal program through barter can never approach its optimum; such disposals as will be made will continue to disrupt normal trade, and the other amendments made by this bill will be meaningless.

Fifth. The next significant change is that within the discretion given the Secretary to reject transactions not in the best interests of the United States, a goal of \$350 million is established for each fiscal year. This is not a mandatory goal but merely an objective which the bill says the Secretary "shall endeavor" to reach. This rate, if achieved is approximately one-fifth of the volume authorized for each fiscal year for foreign-currency sales under title I and is less than one-eleventh of our normal agricultural exports of about \$4 billion annually.

Sixth. Another significant change requires the encouragement of barter for materials on the barter list processed in the United States, whether the raw materials are of foreign or domestic origin, providing that the agricultural commodities exchanged for such materials are exported to friendly countries. Although the Secretary has had the authority to permit the domestic processing of materials accepted in barter, he has been reluctant to do so. The committee can see no reason why domestic processors and domestic producers of materials eligible for barter should not be permitted to compete on even terms with foreign processors and raw materials of foreign origin. This provision does not change the basic eligibility requirements and would not serve to make eligible for barter any material of which the United States does produce from indigenous sources adequate quantities to meet its needs.

#### IDENTIFICATION OF DONATIONS

Section 13 of the bill amends section 305 of the act to require that, in addition to a mark of identification (such as the American flag), each package or container of surplus commodities donated under the

authority of this act or of section 416 of the Agricultural Act of 1949 be identified also insofar as practicable by a statement in the language of the locality where the stocks are to be distributed that the commodity is being furnished by the people of the United States. The section also provides, for the first time, that where available, funds accruing from sales for foreign currency under title I of this act shall be used for the purpose of applying such identifying language.

#### LONG-TERM SUPPLY CONTRACTS

Section 14 adds to Public Law 480 a new title IV authorizing the Secretary to enter into long-term supply contracts. This new authorization has been discussed generally earlier in this report. Its purpose is to increase the sale of surplus agricultural commodities for dollars to friendly nations through long-term supply agreements and through the extension of credit. This credit will serve to assist in the economic development of such friendly nations. Under this title, surplus agricultural commodities may be sold through supply agreements over periods not to exceed 10 years. Payment for such commodities may be made over periods not to exceed 20 years in approximately equal installments. Payment would be in dollars. Therefore, sales may be made to any friendly country and will make possible greater sales into commercial market areas as well as into the so-called underdeveloped areas. Since sales of surplus agricultural commodities under this title will return dollars to the United States the sales are not subject to the limitations applicable to title I sales for local currencies.

Interest would be paid on the unpaid balances. The rate of interest could not exceed the cost of money to the United States as determined by the Secretary of the Treasury. The rate of interest to be paid would actually be determined by the Secretary of Agriculture through negotiations for the sale of the commodities with the purchasers. The rate of interest is of secondary importance. The objective is to increase sales of surplus agricultural commodities for dollars and to encourage sales for dollars into hard currency markets where exports have been declining. Not only will these sales return dollars but they will also return many indirect benefits such as savings on storage costs where the commodities are owned or controlled by the Commodity Credit Corporation, removal of surpluses which depress domestic market prices, and assist in increasing consumption and in the development of markets.

Section 402 authorizes the President to enter into agreements to carry out the purposes of this title. Under such agreements the U.S. Government would not undertake the physical delivery of any agricultural commodities but would merely agree to finance exports of such commodities, in stipulated amounts and providing the commodities are actually in surplus at the time they are to be delivered, by accepting notes of the recipient country to pay for such commodities in dollars in periods of not to exceed 20 years.

Section 404 of this title makes it clear that the Secretary is to endeavor to maximize sales under this title, but in so doing reasonable precautions are to be taken to avoid replacing sales which the Secretary finds and determines would otherwise be made for cash dollars. It is intended that such precautions established shall be reasonable and not arbitrary. It is intended that the Secretary should have a



substantial basis to support a finding and determination that sales would otherwise be made for cash. Sales under this title should be made upon such terms and rates of interest as may be necessary to the end that maximum quantities of surplus agricultural commodities will be sold for dollars.

Section 405 authorizes the Secretary of Agriculture to permit other exporting nations to participate in the sales agreements entered into under this title on a proportionate and equitable basis if other historic supplying nations are willing to make sales on the same terms. This provision gives ample protection to other friendly nations. It is intended by this section to assure other friendly exporting nations of equitable treatment and at the same time, however, not permit sales to be delayed or market opportunities to be lost.

Section 406 provides that certain provisions of title I shall be applicable to operations under the new title IV including: The carrying out of such operations through private trade channels, the authority for the CCC to finance operations under the title, the definition of "surplus agricultural commodity," the definition of "friendly nation," and the requirement for the President to report to Congress on the program each 6 months.

#### LONG-STAPLE COTTON

Section 16 provides that the national marketing quota for the 1960 crop of long-staple cotton shall be not less than 90 percent of the 1959 marketing quota, which amounts to approximately 70,000 acres. This country produces only about 50 percent of its requirements for long-staple cotton but the producers thereof are nevertheless faced at this time with a serious and peculiar problem. In recent years, Egypt, the world's largest producer of this type of cotton, has been selling the major portion of its crop to the Soviet bloc. Within the past year or so, however, Egyptian imports have been coming into the United States in increasing quantity until they have now taken over approximately 85 percent of our domestic market at prices with which domestic producers cannot compete, although at their own request the support level for this cotton has been reduced to 65 percent of parity. With the administration understandably reluctant to take any restrictive action with respect to imports of Egyptian cotton at this time, producers of this crop in the United States appeared to be the victims of a diplomatic situation over which they have no control. Under the marketing quota law, their acreage allotment for 1960 would probably be reduced, because of the large Egyptian supplies in this country, from approximately 70,000 acres in 1959 to less than 40,000 acres in 1960.

The producers proposed an amendment to Public Law 480 which they believed would improve their situation but that proposed amendment was rejected by the committee in favor of the provision appearing in section 16. This is, admittedly, a temporary palliative but it will at least keep the long-staple cotton producers of the United States from being put out of business until further consideration of their problems can work out a more permanent solution.

## CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

**AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE  
ACT OF 1954, AS AMENDED**

Public Law 480—83d Congress

AN ACT To increase the consumption of United States agricultural commodities in foreign countries, to improve the foreign relations of the United States, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Agricultural Trade Development and Assistance Act of 1954".

SEC. 2. It is hereby declared to be the policy of Congress to expand international trade among the United States and friendly nations, to facilitate the convertibility of currency, to promote the economic stability of American agriculture and the national welfare, to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment therefor. It is further the policy to use foreign currencies which accrue to the United States under this Act to expand international trade, to encourage economic development, to purchase strategic materials, to pay United States obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the United States.

**TITLE I—SALES FOR FOREIGN CURRENCY**

SEC. 101. In furtherance of this policy, the President is authorized to negotiate and carry out agreements with friendly nations or organizations of friendly nations to provide for the sale of surplus agricultural commodities for foreign currencies. In negotiating such agreements the President shall—

(a) take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this Act will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

(b) take appropriate steps to assure that private trade channels are used to the maximum extent practicable both with respect to sales from privately owned stocks and from stocks owned by the Commodity Credit Corporation;



(c) give special consideration to utilizing the authority and funds provided by this Act, in order to develop and expand continuous market demand abroad for agricultural commodities, with appropriate emphasis on underdeveloped and new market areas;

(d) seek and secure commitments from participating countries that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of surplus agricultural commodities purchased under this Act, without specific approval of the President; and

(e) afford any friendly nation the maximum opportunity to purchase surplus agricultural commodities from the United States, taking into consideration the opportunities to achieve the declared policy of this Act and to make effective use of the foreign currencies received to carry out the purposes of this Act.

SEC. 102. (a) For the purpose of carrying out agreements concluded by the President hereunder, the Commodity Credit Corporation, in accordance with regulations issued by the President pursuant to subsection (b) of this section, (1) shall make available for sale hereunder to domestic exporters *or for grant* surplus agricultural commodities heretofore or hereafter acquired by the Corporation in the administration of its price-support operations, and (2) shall make funds available to finance the sale *or grant* and exportation of surplus agricultural commodities, whether from private stocks or from stocks of the Commodity Credit Corporation. In supplying such commodities to exporters under this subsection the Commodity Credit Corporation shall not be subject to the sales price restrictions in section 407 of the Agricultural Act of 1949, as amended. The commodity set-aside established for any commodity under section 101 of the Agricultural Act of 1954 (68 Stat. 897) shall be reduced by a quantity equal to the quantity of such commodity financed hereunder which is exported from private stocks.

(b) In order to facilitate and maximize the use of private channels of trade in carrying out agreements entered into pursuant to this Act, the President may, under such regulations and subject to such safeguards as he deems appropriate, provide for the issuance of letters of commitment against funds or guaranties of funds supplied by the Commodity Credit Corporation and for this purpose accounts may be established on the books of any department, agency, or establishment of the Government, or on terms and conditions approved by the Secretary of the Treasury in banking institutions in the United States. Such letters of commitment, when issued, shall constitute obligations of the United States and moneys due or to become due thereunder shall be assignable under the Assignment of Claims Act of 1940. Expenditures of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditures of Government funds.

SEC. 103. (a) For the purpose of making payment to the Commodity Credit Corporation to the extent the Commodity Credit Corporation is not reimbursed under section 105 for commodities disposed of and costs incurred under titles I and II of this Act, there are hereby authorized to be appropriated such sums as are equal to (1) the Corporation's investment in commodities made available for

export under this title and title II of this Act, including processing, packaging, transportation, and handling costs, (2) all costs incurred by the Corporation in making funds available to finance the exportation of surplus agricultural commodities pursuant to this title and, (3) all Commodity Credit Corporation funds expended for ocean freight costs authorized under title II hereof for purposes of section 416 of the Agricultural Act of 1949, as amended. Any funds or other assets available to the Commodity Credit Corporation may be used in advance of such appropriation or payments, for carrying out the purposes of this Act.

[(b) Agreements shall not be entered into under this title during the period beginning July 1, 1958, and ending December 31, 1959, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$2,250,000,000, plus any amount by which agreements entered into in prior fiscal years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior fiscal years by this Act as in effect during such fiscal years.]

*(b) Agreements shall not be entered into under this title during the period beginning January 1, 1960, and ending December 31, 1960, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$1,500,000,000, plus any amount by which agreements entered into in prior fiscal years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior fiscal years by this Act as in effect during such fiscal years: Provided, however, That it is specifically directed that disposals resulting from transactions authorized by section 303 of this Act shall have priority over disposals under this title and that agreements under this title shall be entered into only in those cases and to the extent that the Secretary shall determine that countries requesting assistance under the provisions of this title are unable to meet their requirements through commodities made available for export under section 303 of this Act.*

SEC. 104. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use the foreign currencies which accrue under this title for one or more of the following purposes:

(a) To help develop new markets for United States agricultural commodities on a mutually benefiting basis[;]. From sale proceeds and loan repayments under this title not less than the equivalent of 5 per centum of the total sales made under this title after the date of this amendment shall be made available in advance for use over such period of years as the Secretary of Agriculture determines will most effectively carry out the purpose of this subsection and particular regard shall be given to provide in sale and loan agreements for the convertibility of such amount of the proceeds thereof as may be needed to carry out the purpose of this subsection in those countries which are or offer reasonable potential of becoming dollar markets for United States agricultural commodities. Notwithstanding any other provision of law, if sufficient foreign currencies for carrying out the purpose of this subsection in such countries are not otherwise available, agreements may be entered into with such countries for



*the sale of surplus agricultural commodities in such amounts as the Secretary of Agriculture determines to be adequate and for the use of the proceeds to carry out the purpose of this subsection;*

[(b) To purchase or contract to purchase strategic and critical materials, within the applicable terms of the Strategic and Critical Materials Stockpile Act, for a supplemental United States stockpile of such materials as the President may determine from time to time under contracts, including advance payment contracts, for supply extending over periods up to ten years. All strategic and critical materials acquired under authority of this title shall be placed in the above named supplemental stockpile and may be additional to the amounts acquired under authority of the Strategic and Critical Materials Stockpile Act. Materials so acquired shall be released from the supplemental stockpile only under the provisions of section 3 of the Strategic and Critical Materials Stockpile Act;]

*(b) To purchase or contract to purchase strategic or other materials for a supplemental United States stockpile of such materials as the President may determine from time to time. Such strategic or other materials acquired under this subsection shall be placed in the above named supplemental stockpile and shall be released therefrom only under the provisions of section 3 of the Strategic and Critical Materials Stock Piling Act;*

(c) To procure military equipment, materials, facilities, and services for the common defense;

(d) For financing the purchase of goods or services for other friendly countries;

(e) For promoting balanced economic development and trade among nations, for which purposes not more than 25 per centum of the currencies received pursuant to each such agreement shall be available through and under the procedures established by the Export-Import Bank for loans mutually agreeable to said bank and the country with which the agreement is made to United States business firms and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries and for loans to domestic or foreign firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products: *Provided, however, That no such loans shall be made for the manufacture of any products to be exported to the United States in competition with products produced in the United States or for the manufacture or production of any commodity to be marketed in competition with United States agricultural commodities or the products thereof. Foreign currencies may be accepted in repayment of such loans[;]. Interest and principal payments received on such loans shall remain with and be available to the Export-Import Bank for additional loans under this subsection;*

(f) To pay United States obligations abroad;

(g) For loans to promote multilateral trade and economic development, made through established banking facilities of the friendly nation from which the foreign currency was obtained or in any other manner which the President may deem to be appropriate. Strategic materials, services, or foreign currencies

may be accepted in payment of such loans[;]: *Provided, That such loans shall be denominated in United States dollars and payments in foreign currencies shall be in amounts calculated at the time of payment to be equivalent to the United States dollar obligation in accordance with the applicable rate of exchange;*

(h) For the financing of international educational exchange activities under the programs authorized by section 32(b)(2) of the Surplus Property Act of 1944, as amended (50 U.S.C. App. 1641(b)) and for the financing in such amounts as may be specified from time to time in appropriation acts of programs for the interchange of persons under title II of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1446). In the allocation of funds as among the various purposes set forth in this section, a special effort shall be made to provide for the purposes of this subsection, including a particular effort with regard to: (1) countries where adequate funds are not available from other sources for such purposes, and (2) countries where agreements can be negotiated to establish a fund with the interest and principal available over a period of years for such purposes, such special and particular effort to include the setting aside of such amounts from sale proceeds and loan repayments under this title, not in excess of \$1,000,000 a year in any one country for a period of not more than five years in advance, as may be determined by the Secretary of State to be required for the purposes of this subsection;

(i) For financing the translation, publication, and distribution of books and periodicals, including Government publications, abroad: *Provided, That not more than \$5,000,000 may be allocated for this purpose during any fiscal year;*

(j) For providing assistance to activities and projects authorized by section 203 of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1448), but no foreign currencies which are available under the terms of any agreement for appropriation for the general use of the United States shall be used for the purposes of this subsection (j) without appropriation therefor;

(k) To collect, collate, translate, abstract, and disseminate scientific and technological information and to conduct and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, but no foreign currencies shall be used for the purposes of this subsection (k) unless specific appropriations be made therefor;

(l) For the acquisition by purchase, lease, rental or otherwise of sites and buildings and grounds abroad, for United States Government use including offices, residence quarters, community and other facilities, and for construction, repair, alteration and furnishing of such buildings and facilities: *Provided, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) in such amounts as may be specified from time to time in appropriation acts;*



(m) For financing in such amounts as may be specified from time to time in appropriation acts (A) trade fair participation and related activities authorized by section 3 of the International Cultural Exchange and Trade Fair Participation Act of 1956 (22 U.S.C. 1992), and (B) agricultural and horticultural fair participation and related activities;

(n) For financing under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, in such amounts as may be specified from time to time in appropriation acts, (1) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance; (2) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (3) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;

(o) For providing assistance, in such amounts as may be specified from time to time in appropriation acts, by grant or otherwise, in the expansion or operation in foreign countries of established schools, colleges, or universities founded or sponsored by citizens of the United States, for the purpose of enabling such educational institutions to carry on programs of vocational, professional, scientific, technological, or general education; and in the supporting of workshops in American studies or American educational techniques, and supporting chairs in American studies: *Provided, however,* That section 1415 of the Supplemental Appropriations Act, 1953, shall apply to all foreign currencies used for grants under subsections (d) and (e) and for payment of United States obligations involving grants under subsection (f) and to not less than 10 per centum of the foreign currencies which accrue under this title: *Provided, however,* That the President is authorized to waive such applicability of section 1415 in any case where he determines that it would be inappropriate or inconsistent with the purposes of this title.

(p) *where such agreements permit such action, for assistance to meet emergency relief requirements other than requirements for surplus food commodities: Provided, That not more than an amount equivalent to \$2,000,000 may be made available in any one country for this purpose during any fiscal year.*

SEC. 105. Foreign currencies received pursuant to this title shall be deposited in a special account to the credit of the United States and shall be used only pursuant to section 104 of this title, and any department or agency of the government using any of such currencies for a purpose for which funds have been appropriated shall reimburse the Commodity Credit Corporation in an amount equivalent to the dollar value of the currencies used.

SEC. 106. As used in this Act, "surplus agricultural commodity" shall mean any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United

States, either privately or publicly owned, which is or may be reasonably expected to be in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture. The Secretary of Agriculture is also authorized to determine the nations with whom agreements shall be negotiated, and to determine the commodities and quantities thereof which may be included in the negotiations with each country after advising with other agencies of Government affected and within broad policies laid down by the President for implementing this Act.

SEC. 107. As used in this Act, "friendly nation" means any country other than (1) the U.S.S.R., or (2) any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement.

SEC. 108. The President shall make a report to Congress with respect to the activities carried on under this Act at least once each six months and at such other times as may be appropriate and such reports shall include the dollar value, at the exchange rates in effect at the time of the sale, of the foreign currency for which commodities exported pursuant to section 102(a) hereof are sold.

SEC. 109. No transactions shall be undertaken under authority of this title after [December 31, 1959] *December 31, 1960*, except as required pursuant to agreements theretofore entered into pursuant to this title.

SEC. 110. *In order to facilitate the establishment of national food reserves in underdeveloped countries, surplus agricultural commodities may be made available by the President on a grant basis for such reserve purposes pursuant to an agreement with the recipient country requiring that payment shall be made when such commodities are withdrawn from the reserve and that the recipient country shall assume full responsibility for the storage, preservation, and delivery of such commodities: Provided, That no payment shall be required for any quantities of such commodities which are used by agreement of the President and the government of the recipient country for purposes provided for in section 201 of this Act. Agreements under which commodities are provided pursuant to this section shall specify whether any payment made thereunder shall be in foreign currency or in dollars, and the purposes authorized under section 104 of this Act for which any such foreign currency payments may be used. In negotiating agreements under this section the President shall give to the requirements prescribed in section 101 for agreements entered into under that section.*

## TITLE II—FAMINE RELIEF AND OTHER ASSISTANCE

SEC. 201. In order to enable the President to furnish emergency assistance on behalf of the people of the United States to friendly peoples in meeting famine or other urgent or extraordinary relief requirements, the Commodity Credit Corporation shall make available to the President out of its stocks such surplus agricultural commodities (as defined in section 106 of title I) as he may request, for transfer (1) to any nation friendly to the United States in order to meet famine or other urgent or extraordinary relief requirements of such nation, and (2) to friendly but needy populations without regard to the friendliness of their government.



SEC. 202. [The] *In order to facilitate the utilization of surplus agricultural commodities in meeting the requirements of needy peoples, and in order to promote economic development in underdeveloped areas in addition to that which can be accomplished under title I of this Act, the President may authorize the transfer on a grant basis of surplus agricultural commodities from Commodity Credit Corporation stocks to assist programs undertaken with friendly governments or through voluntary relief agencies: Provided, That the President shall take reasonable precaution that such transfers will not displace or interfere with sales which might otherwise be made.*

SEC. 203. Not more than [\$800,000,000] \$1,100,000,000 (including the Corporation's investment in the commodities) shall be expended for all such transfers and for other costs authorized by this title. The President may make such transfers through such agencies including intergovernmental organizations, in such manner, and upon such terms and conditions as he deems appropriate; he shall make use of the facilities of voluntary relief agencies to the extent practicable. Such transfers may include delivery f.o.b. vessels in United States ports and, upon a determination by the President that it is necessary to accomplish the purposes of this title or of section 416 of the Agricultural Act of 1949, as amended, ocean freight charges from United States ports to designated ports of entry abroad may be paid from funds available to carry out this title on commodities transferred pursuant hereto or donated under said section 416 *and charges for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto, may be paid from such funds.* Funds required for ocean freight costs authorized under this title may be transferred by the Commodity Credit Corporation to such other Federal agency as may be designated by the President.

SEC. 204. No programs of assistance shall be undertaken under the authority of this title after December 31, [1959] 1960.

### TITLE III—GENERAL PROVISIONS

SEC. 301. This section contains an amendment to section 407 of the Agricultural Act of 1949, authorizing Commodity Credit Corporation to make commodities available to relieve distress.

SEC. 302. This section contains a revision of section 416 of the Agricultural Act of 1949, which authorizes various methods of disposition by Commodity Credit Corporation of commodities in surplus supply.

[SEC. 303. The Secretary shall, whenever he determines that such action is in the best interest of the United States, and to the maximum extent practicable, barter or exchange agricultural commodities owned by the Commodity Credit Corporation for (a) such strategic or other materials of which the United States does not domestically produce its requirements and which entail less risk of loss through deterioration or substantially less storage charges as the President may designate, or (b) materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, or (c) materials or equipment required in substantial quantities for offshore construction programs. He is hereby directed to use ever practicable means, in cooperation with other Government agencies, to arrange and make, through private chan-

nels, such barter or exchanges or to utilize the authority conferred on him by section 4(h) of the Commodity Credit Corporation Charter Act, as amended, to make such barter or exchanges. In carrying out barter or exchanges authorized by this section, no restrictions shall be placed on the countries of the free world into which surplus agricultural commodities may be sold, except to the extent that the Secretary shall find necessary in order to take reasonable precautions of safeguard usual marketings of the United States and to assure that barter or exchanges under this Act will not unduly disrupt world prices of agricultural commodities or replace cash sales for dollars. The Secretary may permit the domestic processing of raw materials of foreign origin. The Secretary shall endeavor to cooperate with other exporting countries in preserving normal patterns of commercial trade with respect to commodities covered by formal multilateral international marketing agreements to which the United States is a party. Agencies of the United States Government procuring such materials, goods, or equipment are hereby directed to cooperate with the Secretary in the disposal of surplus agricultural commodities by means of barter or exchange. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchange of agricultural commodities in their possession for strategic materials.】

*SEC. 303. The Secretary shall, unless he determines that any such action is not in the best interest of the United States, barter or exchange agricultural commodities owned by the Commodity Credit Corporation for (a) any materials included within the national stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98-98h) which entail less risk of loss through deterioration or substantially less storage charges, or (b) raw materials of which the United States does not produce its requirements and strategic and other materials, goods, or equipment important to the economy or the security programs of the United States, as designated by the Secretary, including but not limited to those requested by the Atomic Energy Commission, the Department of Defense, and the Office of Civil and Defense Mobilization, or (c) materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, or (d) materials or equipment required in substantial quantities for offshore construction programs. He is hereby directed to use every practicable means, in cooperation with other Government agencies, to arrange and make, through private channels, such barter or exchanges or to utilize the authority conferred on him by section 4(h) of the Commodity Credit Corporation Charter Act, as amended, to make such barter or exchanges. In carrying out barter or exchanges authorized by this section, no restrictions shall be placed on the countries of the free world into which surplus agricultural commodities may be exported. The Secretary shall endeavor to consummate agreements for disposals authorized herein at a rate of \$350,000,000 for each fiscal year. The Secretary shall permit and encourage the barter for materials processed in the United States providing the agricultural commodities to be bartered for such materials be exported to friendly foreign countries. Agencies of the United States Government procuring such materials, goods, or equipment contemplated herein are hereby directed to endeavor to obtain such materials, goods, or equipment through the Commodity Credit Corporation by means of barter or exchanges as directed by this section. The Secretary is also directed to*



*assist, through such means as are available to him, farmers' cooperatives in effecting exchanges of agricultural commodities in their possession for such materials, goods, or equipment.*

SEC. 304. (a) The President shall exercise the authority contained in title I of this Act (1) to assist friendly nations to be independent of trade with the Union of Soviet Socialist Republics and with nations dominated or controlled by the Union of Soviet Socialist Republics and (2) to assure that agricultural commodities sold or transferred thereunder do not result in increased availability of those or like commodities to unfriendly nations.

(b) Nothing in this Act shall be construed as authorizing transactions under title I or title III with the Union of Soviet Socialist Republics or any of the areas dominated or controlled by the Communist regime in China.

SEC. 305. **[All Commodity Credit Corporation stocks disposed of under title II of this Act and section 416 of the Agricultural Act of 1949, as amended, shall be clearly identified by, as far as practical, appropriate marking on each package or container as being furnished by the people of the United States of America.]** *All Commodity Credit Corporation stocks disposed of under title II of this Act and section 416 of the Agricultural Act of 1949, as amended, shall be clearly identified by appropriate marking on each package or container and insofar as practical in the language of the locality where such stocks are distributed as being furnished by the people of the United States of America and where available funds accruing under title I shall be used for this purpose.*

#### TITLE IV—LONG-TERM SUPPLY CONTRACTS

SEC. 401. *The purpose of this title is to utilize surplus agricultural commodities and the products thereof produced in the United States to assist the economic development of friendly nations by assuring such nations a stable supply of agricultural commodities on long-term credit for domestic consumption during periods of economic development so that the resources and manpower of such nations may be utilized more effectively for industrial and other domestic economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use.*

SEC. 402. *In furtherance of this purpose, the President is authorized to enter into agreements with friendly nations under which the United States shall undertake to provide for delivery annually of certain quantities of such surplus agricultural commodities for periods of not to exceed ten years, pursuant to the terms and conditions set out in this title, providing such commodities are in surplus at the time delivery is to be made.*

SEC. 403. *Payment for such commodities shall be in dollars with interest at such rate as the Secretary may determine but not more than the cost of the funds to the United States Treasury as determined by the Secretary of the Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States having maturity comparable to the maturities of loans made by the President under this section. Payment may be made in approximately equal annual amounts over periods of not to exceed twenty years from the date of the last delivery of commodities in each calendar year under the agreement and interest shall be computed from the date of such last delivery.*

*SEC. 404. In carrying out the provisions of this title, the Secretary of Agriculture shall endeavor to maximize the sale of United States agricultural commodities taking such reasonable precautions as he determines necessary to avoid replacing any sales which the Secretary finds and determines would otherwise be made for cash dollars.*

*SEC. 405. In entering into such agreements, the Secretary shall endeavor to reach agreement with other exporting nations of such commodities for their participation in the supply and assistance program herein authorized on a proportionate and equitable basis.*

*SEC. 406. In carrying out this title, the provisions of sections 102, 103(a), 106, 107, and 108 of this Act shall be applicable to the extent not inconsistent with this title.*

## AGRICULTURAL ACT OF 1956, AS AMENDED

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### TRANSFER OF BARTERED MATERIALS TO SUPPLEMENTAL STOCKPILE

SEC. 206. (a) Strategic and other materials acquired by the Commodity Credit Corporation as a result of barter or exchange of agricultural commodities or products, unless acquired for the national stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98-98h), or for other purposes shall be transferred to the supplemental stockpile established by section 104(b) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1704); but no strategic or critical material shall be acquired by the Commodity Credit Corporation as a result of such barter or exchange, except for such national stockpile, for such supplemental stockpile, for foreign economic or military aid or assistance programs, or for offshore construction programs; *or strategic or other materials required by other Government agencies.*

(b) Strategic materials acquired by the Commodity Credit Corporation as a result of barter or exchange of agricultural commodities or products may be entered, or withdrawn from warehouse, free of duty.

(c) In order to reimburse the Commodity Credit Corporation for materials transferred to the supplemental stockpile there are hereby authorized to be appropriated amounts equal to the value of any materials so transferred. The value of any such material for the purpose of this subsection, shall be the lower of the domestic market price or the Commodity Credit Corporation's investment therein as of the date of such transfer, as determined by the Secretary of Agriculture.

## AGRICULTURAL ADJUSTMENT ACT OF 1938, AS AMENDED

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### LONG STAPLE COTTON

SEC. 347. (a) Except as otherwise provided by this section, the provisions of the Part shall not apply to extra long staple cotton which is produced from pure strain varieties of the Barbadosense species, or any hybrid thereof, or other similar types of extra long staple cotton designated by the Secretary having characteristics needed for various



end uses for which American upland cotton is not suitable, and grown in irrigated cotton-growing regions of the United States designated by the Secretary or other areas designated by the Secretary as suitable for the production of such varieties or types.

(b) Whenever during any calendar year, not later than October 15, the Secretary determines that the total supply of cotton described in subsection (a) for the marketing year beginning in such calendar year will exceed the normal supply thereof for such marketing year by more than 8 per centum, the Secretary shall proclaim such fact and a national marketing quota shall be in effect for the crop of such cotton produced in the next calendar year. The Secretary shall also determine and specify in such proclamation the amount of the national marketing quota in terms of the quantity of cotton described in subsection (a) adequate to make available a normal supply of cotton, taking into account (1) the estimated carry-over at the beginning of the marketing year which begins in the next calendar year, and (2) the estimated imports during such marketing year: *Provided*, That beginning with the 1961 crop of extra long staple cotton, such national marketing quota shall be an amount equal to (1) the estimated domestic consumption plus exports for the marketing year which begins in the next calendar year, less (2) the estimated imports, plus (3) such additional number of bales, if any, as the Secretary determines is necessary to assure adequate working stocks in trade channels until cotton from the next crop becomes readily available without resort to Commodity Credit Corporation stocks. The national marketing quota for cotton described in subsection (a) for any year shall not be less than the larger of thirty thousand bales or a number of bales equal to 30 per centum of the estimated domestic consumption plus exports of such cotton for the marketing year beginning in the calendar year in which such quota is proclaimed[.]: *Provided, however, That the national marketing quota for the 1960 crop of such cotton shall not be less than 90 per centum of the 1959 marketing quota for such cotton.*

(c) All provisions of this Act, except section 342, subsection (h), (k), and (l) of section 344, the parenthetical provisions relating to acreages regarded as having been planted to cotton, and the provisions relating to minimum small farm allotments, shall, insofar as applicable, apply to marketing quotas and acreage allotments authorized by this section: *Provided*, That the applicable penalty rate for such cotton under section 346 shall be the higher of 50 per centum of the parity price or 50 per centum of the support price for extra long staple cotton as of the date specified therein.

(d) Unless marketing quotas are in effect under subsection (b) of this section, the penalty provisions of section 346 shall not apply to any cotton the staple of which is one and one-half inches or more in length.

(e) The exemptions authorized by subsections (a) and (d) of this section shall not apply unless (1) the cotton is ginned on a roller-type gin or (2) the Secretary authorizes the cotton to be ginned on another type gin for experimental purposes or to prevent loss of the cotton due to frost or other adverse condition.

## APPENDIX

TABLE 1.—*Public Law 480: Exports by commodity, July 1, 1954, through Mar. 31, 1959*

[In thousands]

Commodity	Unit	Title I	Title II	Title III		Total, Public Law 480 <sup>1</sup>
				Barter	Foreign dona- tions	
Wheat.....	Bushel.....	657,500	54,000	219,000	5,800	936,300
Wheat flour (in wheat equivalent).....	do.....	6,900	7,400	-----	45,800	60,100
Corn.....	do.....	67,200	13,900	126,400	3,700	211,200
Barley.....	do.....	62,400	1,800	64,700	-----	128,900
Grain sorghums.....	do.....	22,100	1,500	73,300	-----	96,900
Oats.....	do.....	6,800	-----	39,000	-----	45,800
Rye.....	do.....	4,700	<sup>2</sup> 24	11,800	-----	16,500
Rice (milled).....	Hundred- weight.....	28,100	3,300	2,600	<sup>3</sup> 4,100	38,100
Cotton (including linters).....	Bale.....	3,200	65	1,800	-----	5,000
Tobacco.....	Pound.....	199,700	-----	500	-----	200,200
Lard.....	do.....	180,100	-----	-----	-----	180,100
Tallow.....	do.....	185,000	-----	-----	-----	185,000
Soybean oil.....	do.....	1,646,100	-----	-----	-----	1,646,100
Cottonseed oil.....	do.....	561,300	40,800	34,700	73,300	710,100
Linseed oil.....	do.....	7,500	-----	-----	-----	7,500
Milk (evaporated and condensed).....	do.....	33,900	-----	-----	-----	33,900
Milk (nonfat dry).....	do.....	97,900	136,900	15,900	2,055,100	2,305,800
Milk (dry whole).....	do.....	3,000	-----	-----	-----	3,000
Cheese.....	do.....	18,600	65,400	2,900	576,800	663,700
Butter.....	do.....	29,000	30,200	1,200	177,000	237,400
Butter oil, anhydrous milk fat and ghee.....	do.....	10,800	2,400	-----	122,800	136,000
Dairy products (other).....	do.....	2,000	-----	-----	-----	2,000
Beef.....	do.....	93,200	-----	-----	-----	93,200
Pork products.....	do.....	20,000	-----	-----	-----	20,000
Poultry.....	do.....	10,600	-----	-----	-----	10,600
Fruit, fresh, dried, and juices.....	do.....	113,700	-----	-----	-----	113,700
Dry edible beans.....	Hundred- weight.....	300	400	570	1,170	2,440
Seeds.....	do.....	10	-----	-----	-----	10
Potatoes.....	Pound.....	50,900	-----	-----	-----	50,900
Cornmeal.....	do.....	-----	15,500	-----	749,200	764,700
Wool.....	do.....	-----	-----	12,000	-----	12,000

<sup>1</sup> Included but not listed are exports through barter of small quantities of flaxseed, dried skim milk, linseed oil, cottonseed meal, soybeans, tobacco, peanuts, grain sorghums, and rye.

<sup>2</sup> Rye equivalent of 11,000 hundredweight of flour.

<sup>3</sup> Rough and milled.



TABLE 2.—*Title I, Public Law 480: Amount programed under agreements signed through May 31, 1959, and estimated market value of commodities shipped from beginning of program through May 31, 1959*

Country	Amount programed (export market value excluding ocean transportation)	Estimated market value of shipments <sup>1</sup>	Country	Amount programed (export market value excluding ocean transportation)	Estimated market value of shipments <sup>1</sup>
Argentina.....	\$28,681,000	\$28,681,000	Korea.....	\$116,458,000	\$115,102,000
Austria.....	40,155,000	38,489,000	Mexico.....	26,600,000	24,644,000
Brazil.....	155,381,000	89,055,000	Netherlands.....	247,000	247,000
Burma.....	38,752,000	22,388,000	Pakistan.....	242,646,000	194,580,000
Ceylon.....	17,799,000	6,775,000	Paraguay.....	2,598,000	2,598,000
Chile.....	36,723,000	36,723,000	Peru.....	20,312,000	20,280,000
China (Taiwan).....	19,911,000	19,654,000	Philippines.....	13,097,000	12,586,000
Colombia.....	35,019,000	29,559,000	Poland.....	128,631,000	128,818,000
Ecuador.....	8,549,000	7,396,000	Portugal.....	6,282,000	6,282,000
Finland.....	36,242,000	31,776,000	Spain.....	367,730,000	316,913,000
France.....	57,148,000	30,323,000	Thailand.....	4,394,000	4,083,000
Germany.....	1,197,000	1,197,000	Turkey.....	175,350,000	145,055,000
Greece.....	59,258,000	58,467,000	United Arab Re- public.....	60,341,000	33,953,000
Iceland.....	7,763,000	5,155,000	United Kingdom.....	48,150,000	48,067,000
India.....	544,039,000	493,482,000	Uruguay.....	11,800,000	3,726,000
Indonesia.....	128,149,000	89,844,000	Vietnam.....	5,800,000	5,330,000
Iran.....	9,963,000	9,963,000	Yugoslavia.....	343,005,000	313,433,000
Israel.....	117,055,000	103,222,000			
Italy.....	146,825,000	131,814,600			
Japan.....	135,064,000	135,064,000	Total.....	3,197,114,000	2,744,724,000

<sup>1</sup> Value is estimated export market value, f.o.b. U.S. ports, of tonnage shown on ocean bills of lading. Estimates are revised to reflect actual amounts financed when this information is obtained for completed authorizations.

TABLE 3.—Commodity composition of programs under title I, Public Law 480 agreements signed through June 30, 1959

[In millions of dollars]

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Total				
									Market value	Ocean transportation <sup>1</sup>	Market value including ocean transportation	Estimated CCC cost including ocean transportation	
FISCAL YEAR 1959													
Argentina.....			4.6				25.6		30.2	2.8	33.0	35.6	
Ceylon.....	4.2		8.3						12.5	2.2	14.7	21.8	
China (Taiwan).....	7.6					1.0	.7		11.9	1.5	13.4	17.5	
Finland.....				1.0	2.6			0.1	3.9	.1	4.0	4.2	
France.....				24.0	3.5				27.5	.8	28.3	44.3	
Iceland.....	6	0.5	.1	.4			.1		2.1		2.3	2.8	
India.....	191.3	4.1							195.4	2.2	240.6	336.7	
Indonesia.....	5.0		7.2	23.0		2.0			37.2	3.1	40.3	58.3	
Israel.....	11.5	15.7	.5	1.0	.2	1.5	2.4	.3	33.1	5.2	38.3	49.5	
Korea.....	20.3	.5		7.5					28.3	4.7	33.0	48.3	
Pakistan.....	53.7			1.7		.2	10.4		73.2	12.7	85.9	117.2	
Poland.....	14.1	11.6	7.2	8.8		.8	4.7		40.0	4.0	44.0	58.3	
Spain.....		11.5		17.0	8.8	.5	62.7	2.0	102.5	6.5	109.0	115.3	
Turkey.....			7			.4	30.2	.5	31.8	2.9	34.7	35.6	
United Arab Republic.....	21.5	3.3	5.3		9.0	.5	3.2		43.3	5.0	48.3	62.3	
Uruguay.....		2.2		3.5	6.1				11.8	.7	12.5	13.5	
Yugoslavia.....	55.8			18.2			9.9	1.8	85.7	10.6	96.3	134.7	
Total agreements July 1, 1953, to June 30, 1959.....													
Total agreements through June 30, 1959.....													

<sup>1</sup> Includes only ocean transportation to be financed by CCC.<sup>2</sup> Extra-long staple.<sup>3</sup> See the following:

Corn.....

Grain sorghums.....

Barley.....

Total.....

<sup>4</sup> See the following:

Dry whole milk.....

Nonfat dry milk.....

Butter oil.....

Total.....

<sup>5</sup> Cottonseed and/or soybean oil.<sup>6</sup> See the following:

Finland: Fresh lemons.....

Israel, Turkey, and Yugoslavia: Dry edible beans.....

Spain:.....

Dry edible beans.....

Poultry.....

United Arab Republic: Poultry.....

Total.....

Million dollars

16.6

10.8

22.0

49.4

Million dollars

0.4

5.2

1.3

6.9

Million dollars

0.1

2.6

1.5

.5

.5

5.2



TABLE 4.—*Planned uses of foreign currency under title I, Public Law 480 agreements signed through June 30, 1959*<sup>1</sup>

[Amounts are in millions of dollar equivalents at the deposit rate of exchange]

	104(a)	104(b)	104(c)	104(d)	104(e)	104(f)	104(g)	104(h)	104(i)	104(j)	
Total in agreements (market value including ocean transportation)	Market development	Purchase of strategic materials	Military procurement	Purchase of goods for other countries	Grants for multiple trade and economic development	Loans to private enterprise	Payment of U.S. obligations <sup>2</sup>	Loans to foreign governments	International educational exchange	Translation and publication	Information and education
FISCAL YEAR 1959											
Argentina.....	33.0					8.2	8.3	16.5			
Ceylon.....	14.7				2.2	3.8	2.9	5.8			
China (Taiwan).....	13.4		7.0			3.0	2.4	1.0			
Finland.....	4.0					1.0	3.0				
France.....	28.2			6.2		7.0	15.0				
Iceland.....	2.2										
India.....	238.8				35.8	59.7	26.7	114.6			
Indonesia.....	40.3				14.2	10.0	5.4	10.0			2.0
Israel.....	38.3					9.5	9.6	19.2			.7
Korea.....	33.0		28.0		12.9	12.9	23.4	36.2			.5
Pakistan.....	86.9						44.0				
Poland.....	44.0										
Spain.....	109.0						59.7	49.1			.2
Turkey.....	34.7					5.2	12.2	17.0			.3
United Arab Republic.....	48.3					12.0	23.6	11.7	.5		.5
Uruguay.....	12.4					3.0	2.6	6.3			
Yugoslavia.....	94.8				14.2		11.4	69.2			
Total agreements July 1, 1958-June 30, 1959.....	3 875.0		35.0	6.2	79.3	135.3	255.6	358.4	0.5		4.7
Total agreements through June 30, 1959.....	3,703.3		308.2	44.3	233.4	223.8	1,013.2	1,766.3	29.1	6.5	26.4
Uses as percent of total.....	100.0	1.4	8.3	1.2	6.3	6.0	27.4	47.7	.8	.2	.7

<sup>1</sup> Amounts shown are subject to adjustment when actual purchases and allocations have been made.<sup>2</sup> In order to provide flexibility in the use of funds, agreements concluded July 1958-June 1959 provide that a specified amount of foreign currency proceeds may be used under various U.S. use categories including the new currency uses which are limited

to amounts as may be specified in appropriation acts. Distribution among these uses will be made when allocations have been completed.

<sup>3</sup> Amounts shown in this column may differ from amounts on table 1, which reflects purchase authorization transactions.

TABLE 5.—Transfer authorizations issued under title II, Public Law 480, July 1, 1954, to June 30, 1959

[In thousands of dollars]

Area and country	Total	Bread grains	Coarse grains	Fats and oils	Dry beans	Milk and milk products	Rice	Raw cotton
<b>Europe (total)</b> .....	166,584	73,644	31,146	14,818	1,592	35,733	730	8,921
Austria.....	22,337	500	21,787			50		
Czechoslovakia.....	1,995		1,995					
Germany, Federal Republic.....	3,420	236	686	911		367	171	1,049
Germany, Soviet occupied.....	758	236	380	81			61	
Hungary.....	12,648	4,043	1,907	2,088	437	3,759	414	
Italy.....	74,245	23,251	4,391	10,306	1,155	31,456		3,686
Spain.....	4,186							4,186
Yugoslavia.....	46,995	45,378		1,432		101	84	
<b>Africa (total)</b> .....	51,015	41,163	5,655			2,117	2,080	
Ethiopia.....	2,700	1,650	1,050					
Ghana.....	605		605					
Guinea.....	2,000	450					1,550	
Libya.....	16,560	12,560	4,000					
Malagache Republic.....	30						30	
Morocco.....	8,193	7,668				25	500	
Tunisia.....	20,927	18,835				2,092		
<b>Near East and south Asia (total)</b> .....	133,641	89,904	3,721	9,691		5,301	20,550	4,474
Afghanistan.....	19,269	19,269						
Ceylon.....	8,166	4,821					3,345	
India.....	4,665	1,017				1,165	2,483	
Iran.....	2,748	2,748						
Jordan.....	17,464	14,554	2,910					
Lebanon.....	12,750	12,000	750			4		
Nepal.....	3,270	3,205	61			253	14,681	4,474
Pakistan.....	47,717	22,160		6,149		12		
Sudan.....	12					3,867	41	
Turkey.....	12,180	4,730		3,542				
Yemen.....	5,400	5,400						
<b>Far East and Pacific (total)</b> .....	43,764	28,807				8,118	6,712	127
Cambodia.....	2,343						2,343	
China (Taiwan).....	29							29
Japan.....	36,199	28,081				8,118		
Korea.....	78							78
Laos.....								
Ryukyu Islands.....	839						839	
Vietnam.....	3,530						3,530	
	746	726						20



TABLE 5.—*Transfer authorizations issued under title II, Public Law 480, July 1, 1954, to June 30, 1959—Continued*

[In thousands of dollars]

Area and country	Total	Bread grains	Coarse grains	Fats and oils	Dry beans	Milk and milk products	Rice	Raw cotton
Latin America (total)	37,501	15,406	9,995	1,491	1,377	1,861	4,843	2,528
Bolivia	17,182	10,102	25	1,137	46	391	3,024	2,528
British Honduras	273	22	37	106	51	44	30	
Costa Rica	212			68			56	
Guatemala	3,238		3,238					
Haiti	3,409	207	133	180	1,210	43	1,636	
Honduras	211		59		70		82	
Mexico	216		216					
Peru	12,738	5,073	6,287			1,378	15	
Uruguay	22	2				5		
Christmas holiday	16,688	2,306		5,973	1,005	4,206	3,198	
Total commodity programs	449,193	251,230	50,517	31,973	3,974	57,336	38,113	16,050
Ocean freight:								
Title II shipments	121,329							
Title III foreign donations	75,616							
Grand total	1,546,138							

<sup>1</sup> Excludes approximately \$22,000,000 ocean freight for fiscal years 1955 and 1956 financed under the Mutual Security Act.

TABLE 6.—Title III, Public Law 480—Authorizations for foreign donations, fiscal years 1955–59

[In thousands]

Country	1955		1956		1957		1958		1959	
	Pounds	Cost	Pounds	Cost	Pounds	Cost	Pounds	Cost	Pounds	Cost
Aden.....					36	\$7	84	\$16	48	\$8
Afghanistan.....			229	\$42	250	51	346	64	444	77
Africa, West French.....			110	20	1,070	219				
Algeria.....			124	31	7,737	860	530	62	5,967	689
Antigua.....	500	\$62	415	76			315	58	316	55
Austria.....	7,564	3,360	23,521	10,667	11,856	3,203	14,856	3,003	8,785	766
Bahama Islands.....			255	107	247	78	326	94		
Belgian Congo.....										
Belgium.....	85	35	195	89	250	59	253	11		44
Bolivia.....	3,994	1,412	9,062	2,723	6,453	1,175	1,745		1,745	356
Brazil.....	12,282	2,542	25,912	6,369	11,117	1,942	19,380	3,581	17,917	2,895
Burma.....	498	91	1,639	302	1,816	356	2,981		3,055	527
Cambodia.....					126	26	83	15		
Canary Islands.....			480	18						
Ceylon.....	449	82	477	88	40,267	5,305	32,620	3,421	40,820	3,770
Chile.....	1,065	195	1,122	238	8,481	1,082	81,113	15,011	96,385	11,636
Colombia.....	4,381	946	13,982	3,164	16,860	2,872	39,816	7,378	34,424	4,013
Costa Rica.....			132	52	1,086	359	1,086		228	94
Cuba.....									500	33
Dahomey.....									1,043	92
Dominica.....			866	159			229	43	381	62
Ecuador.....	874	160	688	176	1,437	242	2,038	452	7,397	780
Egypt.....	57,758	23,544	35,960	17,514	2,694	274	4,864	557	101,308	8,829
England.....	90	49	149	56	54	18				
Ethiopia.....			144	26	36	7	246	45		
Finland.....	1,000	737	2,200	1,423					1,281	211
Formosa.....	9,720	2,603	48,636	9,612	91,064	10,529	52,879	5,299	100,040	9,279
France.....	6,124	2,840	12,182	6,413	2,773	568	1,701	304	1,044	151
French Equatorial Africa.....									80	5
French West Indies.....									436	57
Gambia.....			236	48	351	72	378	70		
Gaza.....					882	181	8,577	1,523	3,527	609
Germany.....	44,611	18,530	85,915	33,108	72,373	15,407	75,625	16,068	61,581	8,165
Goa.....	499	314	400	207	62	350	100	18		
Gold Coast.....	10	5	875	371	215	79	138	32	353	61
Greece.....					98,682	14,902	149,102	20,570	106,572	11,061
Grenada.....	29,526	12,787	62,063	22,084	338	69			90	16
Guadeloupe.....			338	62						
Guatemala.....			135	39			314	59		
Gulana, British.....	1,385	254			1,594	327	1,260	233	1,770	306
Gulana, French.....			667	171	72	15	517	96	319	55
			241	44	241	49				



TABLE 6.—Title III, Public Law 480—Authorizations for foreign donations, fiscal years 1955-59—Continued

[In thousands]

Country	1955		1956		1957		1958		1959	
	Pounds	Cost	Pounds	Cost	Pounds	Cost	Pounds	Cost	Pounds	Cost
Haiti.....	2,460	\$463	1,792	\$595	2,008	\$240	3,561	\$491	13,615	\$1,264
Holland.....	1,482	543	470	86	3,340	738	1,824	549	1,073	172
Honduras.....	2,689	631	650	120	325	67	754	139	558	97
Honduras, British.....	60,041	27,880	21,060	3,460	52,868	6,625	31,722	2,925	32,786	2,677
Hong Kong.....	999	202	76,898	29,318	86,902	17,841	142,394	17,647	135,901	17,737
Indonesia.....	2,739	949	3,924	691	6,334	1,260	5,464	967	8,154	1,292
Iran.....	902	378	2,643	927	5,584	883	2,899	536	7,431	867
Iraq.....	85,843	35,649	3,575	658	1,925	395	1,727	319	7,666	115
Israel.....	6,281	1,623	4,237	1,646	13,308	2,291	15,985	2,253	13,737	1,749
Italy.....	60	11	290,668	44,442	307,161	27,098	394,241	36,471	230,399	17,685
Jamaica.....	3,646	1,573	4,420	1,215	3,625	3,867	3,867	3,838	6,795	565
Japan.....	50,041	10,597	24,797	4,460	31,386	4,809	28,451	3,680	35,905	3,946
Jawa.....	537	139	1,792	598	5,567	929	9,769	1,150	22,902	2,003
Jordan.....	99	18	510	130	520	107	892	165	255	44
Kenya.....	537	99	91,209	16,790	236,331	27,249	234,112	22,310	175,051	16,115
Korea.....	537	99	1,384	255	1,150	236	1,234	228	7,273	633
Laos.....	971	337	1,850	473	3,359	1,116	10,021	1,661	2,956	252
Lebanon.....	396	160	3,015	1,609	1,257	136	218	40	9,301	956
Liberia.....	537	99	200	37	1,796	359	648	79	1,215	94
Libya.....	537	99	200	37	3,086	563	5,468	1,062	2,209	236
Macau.....	537	99	200	37	200	41	200	37	2,332	199
Malay States.....	537	99	200	37	3,163	426	36	7	22	4
Malta.....	537	99	200	37	1,42	29	17,020	1,121	16,181	1,084
Martinique.....	537	99	200	37	12,475	2,342	58	11	112	19
Mauritius.....	537	99	200	37	24		24,198	3,998	17,620	1,629
Mexico.....	537	99	200	37	85	17	132	24	131	23
Montserrat.....	537	99	200	37	120	25	203	38	149	26
Morocco, French.....	537	99	200	37	36	7	140	26	111	19
New Guinea, Netherland.....	537	99	200	37	36	7	36	7	15	3
New Guinea, West.....	537	99	200	37	36	7	36	7	15	3
Nigeria.....	537	99	200	37	36	7	36	7	15	3
North Borneo.....	537	99	200	37	36	7	36	7	15	3
Nyasaland.....	537	99	200	37	36	7	36	7	15	3
Okinawa.....	537	99	200	37	36	7	36	7	15	3
Pakistan.....	537	99	200	37	36	7	36	7	15	3
Panama.....	537	99	200	37	36	7	36	7	15	3
Paraguay.....	537	99	200	37	36	7	36	7	15	3
Peru.....	537	99	200	37	36	7	36	7	15	3
Philippine Islands.....	537	99	200	37	36	7	36	7	15	3
Poland.....	537	99	200	37	36	7	36	7	15	3

Portugal.....	17,543	4,825	24,309	4,415	20,434	3,472	23,500	2,048
Ryukyu Islands.....	1,880	416	4,960	739	11,090	1,467	8,999	915
Somaliand, Italian.....	514	95	514	105	366	68	150	26
St. Kitts.....			110	23	300	55	40	7
St. Helena.....							64	11
St. Lucia.....							185	32
St. Vincent.....							703	121
El Salvador.....	386	71	386	79			671	116
Sarawak.....	1,119	206	2,475	601	548	101	185	32
Sierra Leone.....	1,225	225	900	185	1,170	216	703	121
Spain.....	36	7	36	7			671	116
Singapore.....	276	51					538	63
Sudan.....	129,089	33,814	74,452	17,845	484	78	1,137	109
Surinam.....	36	7			146,001	38,901	61,804	11,578
Syria.....	681	125	681	140	50	9	319	55
Tanganyika.....	655	120	1,020	209			1,104	190
Thailand.....					1,152	213	274	48
Togo.....	200	37	371	67	224	42	330	57
Trieste.....					569	105	1,110	101
Trinidad and Tobago.....	2,255	848	7,900	1,440	10,190	1,040	7,569	620
Tunisia.....	680	125	301	62			539	93
Turks and Caicos Islands.....	394	104	2,561	378	1,914	249	2,151	229
Turkey.....							5	1
Uganda.....	1,250	297	3,509	712	2,574	469	3,603	622
Virgin Islands, British.....					108	20	465	8
Vietnam.....	91	17	85	17	40	7	39	7
Yugoslavia.....	96,124	14,323	178,517	22,780	61,675	5,151	77,725	6,065
	29,141	8,724	182,191	31,369	197,858	28,789	235,228	27,049
Total.....	1,200,678	302,488	1,727,877	253,719	1,972,943	272,472	1,867,599	199,258
Number of countries.....	84		85		85		91	

<sup>1</sup> Less than \$500.



TABLE 7.—*Summary of barter contracts entered into in specified periods* <sup>1</sup>

[In millions of dollars]

Materials	1949-50 through 1953-54	1954-55 through 1957-58	July- December 1958
Strategic:			
Strategic stockpile.....	71.8	409.6	-----
Supplemental stockpile <sup>2</sup> .....	-----	<sup>3</sup> 423.3	34.5
Total strategic.....	71.8	832.9	34.5
Supply: <sup>4</sup>			
International Cooperation Administration.....	28.4	31.0	-----
Atomic Energy Commission.....	-----	13.3	-----
Defense.....	7.4	54.1	-----
Total supply.....	35.8	98.4	-----
Grand total.....	107.6	931.3	34.5

<sup>1</sup> Years beginning July. December 1958 preliminary.<sup>2</sup> Materials transferred or to be transferred to supplemental stockpile with reimbursement as provided by sec. 206 of the Agricultural Act of 1956.<sup>3</sup> Adjustments have been made to reflect transfers of \$7,100,000 to strategic stockpile.<sup>4</sup> Strategic and other materials, goods, and equipment for other Government agencies.TABLE 8.—*Agricultural commodities exported under barter contracts in specified periods* <sup>1</sup>

Commodity	Unit	1949-50 through 1953-54	1954-55 through 1957-58	July-December 1958 <sup>2</sup>		
				Under all con- tracts	1954-55 through 1957-58 contracts	1958-59 contracts
		Thousand units				
Wheat.....	Bushel.....	33, 445	209, 679	3, 353	3, 082	271
Corn.....	do.....	9, 338	117, 344	8, 162	8, 121	41
Barley.....	do.....		63, 779	272	272	
Oats.....	do.....		38, 154	10	10	
Rye.....	do.....		11, 651	118		118
Grain sorghums.....	Hundredweight.....	990	39, 380	325	140	185
Rice.....	do.....		866	1, 363	1, 363	
Cottonseed oil.....	Pound.....	4, 630	34, 731			
Wool.....	do.....		11, 976			
Cotton.....	Bale.....	56	1, 487	<sup>3</sup> 151	114	37
Others <sup>4</sup> .....	Metric ton.....	20	91	22	3	19
Total quantity.....	do.....	1, 227	13, 619	441	393	48
		Millions of dollars				
Total value.....	.....	107. 6	923. 3	44. 3	36. 6	7. 7

<sup>1</sup> Years beginning July 1.<sup>2</sup> Includes partial estimate for December.<sup>3</sup> Includes sales with exportation to be made by July 31, 1959, under cotton export sales program announcement CN-EX-5 dated Apr. 23, 1958.<sup>4</sup> Includes flaxseed, dry edible beans, linseed oil, peanuts, soybeans, dry milk, tobacco, butter, cheese, and cottonseed meal.

TABLE 9.—Value of materials delivered under the barter program by country of origin for calendar years 1954 through 1958 (based on program operating records)

[Value in millions of dollars]

Country of origin	Calendar years					
	1954	1955	1956	1957	1958	Total
Africa <sup>1</sup>	\$11.0	\$49.5	\$34.4			\$94.9
Argentina		.1	.3	\$0.5	\$0.8	1.7
Australia			6.0	10.9	1.6	18.5
Belgian Congo			3.0	4.4	.6	8.0
Belgium		.3	6.1	5.8	.5	12.7
Bolivia			1.0	1.1		2.1
Brazil		.2	.5	1.5	1.6	3.8
Canada	2.7	6.7	21.2	30.8	16.1	77.5
Ceylon			.1	.2		.3
Chile		.2		1.3	.5	2.0
Colombia	.6	.6	.2			1.4
Cuba			.3			.3
Formosa		.1				.1
France	.5	2.0	9.2	7.8	5.8	25.3
Ghana				2.7	.2	2.9
Germany, West	.2	2.0	14.2	13.5	4.4	34.3
Greece			.4	.4	1.2	2.0
India		2.0	4.6	4.1	7.3	18.0
Italy		2.3	5.2	3.0	.7	11.2
Jamaica				1.0	24.2	25.2
Japan	3.1	19.7	15.1	12.2	12.9	63.0
Madagascar			.1		.2	.3
Mexico		2.1	16.1	27.4	8.8	54.4
Morocco					.3	.3
Netherlands		2.4	1.1	.5		4.0
New Caledonia		1.7	1.7	.1		3.5
Northern Rhodesia			.2	7.8	6.0	14.0
Norway		.9	.7		.1	1.7
Pakistan					.1	.1
Peru			2.4	9.0	.7	12.1
Philippine Islands		6.9	6.6	3.7	5.6	22.8
Portugal			.2			.2
Portugese East Africa		8.5	6.3	1.1		15.9
South Africa		4.8	21.1	49.8	37.7	113.4
South-West Africa				1.0	.6	1.6
South Korea			.4			.4
Southern Rhodesia	.1	.3	7.3	3.7	4.6	16.0
Spain			.2			.2
Sweden		.3	.1		.4	.8
Tasmania			.6			.6
Trieste	.6	.7				1.3
Turkey		9.8	18.3	23.0	20.2	71.3
United Kingdom		2.5	1.7	1.5	1.2	6.9
Yugoslavia		.4	.5	4.8	4.1	9.8
Total	18.8	127.0	207.4	234.6	169.0	756.8

<sup>1</sup> Represents diamond deliveries for which individual countries are not available.



TABLE 10.—*Barter transactions, by calendar years from 1950 through December 1958 (based on program operating records)*

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1954-58, total
Number of firm offers received <sup>1</sup> .....	10	28	27	48	93	268	388	221	384	-----
Number of contracts made.....	8	16	12	16	68	88	170	49	72	-----
Value of materials contracted for (in millions of dollars):										
A. Contract value.....	12.1	37.0	15.7	30.2	111.3	218.8	432.8	121.3	95.4	979.6
B. World value at time of contract.....	12.2	37.0	15.7	34.1	115.0	235.5	455.6	124.6	107.1	1,037.8
C. Present world value.....	11.7	23.7	13.4	41.2	118.9	260.8	437.3	111.3	106.9	1,035.2
Export selling price of commodities (in millions of dollars): Given in exchange.....	14.3	36.3	16.1	24.5	38.4	261.5	371.6	243.9	65.0	-----
Annual cost of storage of commodities (in thousands of dollars): Given in exchange.....	833.7	3,373.9	1,100.0	1,995.4	3,660.5	33,072.2	45,946.7	20,061.2	6,287.1	109,127.7
Annual cost of storage of material taken (in thousands of dollars) <sup>2</sup> .....	3.2	17.8	8.7	234.1	58.0	342.6	853.8	1,795.1	1,377.0	4,426.5

<sup>1</sup> Partially estimated.<sup>2</sup> Storage charges on materials acquired for immediate consumption by other Government agencies not included.<sup>3</sup> Includes interest at 3½ percent on investment for construction of French housing.TABLE 11.—*Export of agricultural commodities*

(In millions of dollars)

Exports as a result of—	Calendar year 1953	Calendar year 1954	Calendar year 1955	Calendar year 1956	Calendar year 1957	Calendar year 1958
I. Dollar sales:						
A. Other than CCC stocks.....	2,289.1	2,112.2	1,588.7	1,314.6	2,023.3	1,942.7
B. CCC stocks:						
1. Cash.....	147.9	344.2	349.1	1,071.7	555.7	384.3
2. Credit.....				4.0	15.2	25.1
3. Payments-in-kind.....					82.9	93.8
II. Barter sales.....	14.0	29.9	224.1	349.6	269.0	58.1
III. Foreign currency sales under title I, Public Law 480.....			266.0	604.5	925.5	806.6
IV. Sales financed by ICA programs.....	350.6	497.0	362.0	434.5	317.9	214.0
V. Other programs, including donations.....	42.2	60.0	404.7	378.8	314.9	329.4
Total exports.....	2,843.8	3,043.3	3,194.6	4,157.7	4,507.4	3,854.0

TABLE 12.—*U.S. agricultural exports, calendar years 1957 and 1958*

Commodity	1957	1958	Change, increase (+) or decrease (-)
	Millions	Millions	Percent
Cotton.....	\$1,049	\$656	-37
Grains and feeds <sup>1</sup> .....	1,485	1,412	-5
Wheat and flour <sup>1</sup> .....	888	733	-17
Feed grains <sup>1,2</sup> .....	389	501	+29
Rice, milled <sup>1</sup> .....	131	99	-24
Tobacco, unmanufactured.....	359	354	-1
Vegetable oils, seeds <sup>1</sup> .....	452	390	-14
Fruits and vegetables <sup>1</sup> .....	360	381	+5
Animals and products <sup>1</sup> .....	667	549	-18
Other <sup>1</sup> .....	134	112	-16
Total.....	4,506	3,854	-14

<sup>1</sup> Includes private shipments for relief and charity, mostly CCC surpluses donated to welfare agencies under sec. 416 of the Agricultural Act of 1949, as amended, and other legislation.<sup>2</sup> Including major products.

TABLE 13.—U.S. agricultural exports

Commodity	Fiscal year 1957-58 <sup>1</sup>	Fiscal year 1958-59 <sup>2</sup>	Change, increase (+) or decrease (-)
	Millions	Millions	Percent
Cotton.....	\$841	\$410	-51
Grains and feeds <sup>3</sup> .....	1,256	1,470	+17
Wheat and flour <sup>3</sup> .....	681	730	+7
Feed grains <sup>3,4</sup> .....	392	535	+36
Rice, milled <sup>3</sup> .....	91	95	+4
Tobacco, unmanufactured.....	343	350	+2
Vegetable oils and seeds <sup>3</sup> .....	413	435	+5
Soybeans.....	214	240	+12
Edible vegetable oils <sup>3,5</sup> .....	141	145	+3
Fruits and preparations <sup>3</sup> .....	262	225	-14
Vegetables and preparations <sup>3</sup> .....	120	135	+13
Animals and products <sup>3</sup> .....	483	480	-1
Fats and oils.....	161	158	-2
Meats and products.....	82	94	+15
Hides and skins.....	64	56	-12
Dairy products <sup>3</sup> .....	114	86	-25
Private relief <sup>6</sup> .....	166	130	-22
Other <sup>3</sup> .....	118	110	-7
Total.....	4,002	3,745	-6

<sup>1</sup> Partly revised.<sup>2</sup> Partly estimated.<sup>3</sup> Excludes private relief.<sup>4</sup> Excludes products.<sup>5</sup> Cottonseed and soybean.<sup>6</sup> Mostly CCC donations.

TABLE 14.—U.S. agricultural exports by country of destination, calendar years 1957 and 1958

Country	1957	1958	Change, in- crease (+) or decrease (-)
	Millions	Millions	Percent
United Kingdom.....	\$501	\$409	-18
Japan.....	454	361	-20
Canada.....	355	344	-3
West Germany.....	411	285	-31
Netherlands.....	238	205	-14
India.....	253	175	-30
Cuba.....	147	145	-1
Spain.....	100	144	+44
Italy.....	214	142	-34
Republic of Korea.....	123	111	-10
Mexico.....	104	106	+2
Belgium.....	145	103	-29
Yugoslavia.....	129	95	-26
France.....	85	87	+2
Venezuela.....	82	84	+2
Other.....	1,165	1,057	-9
Total.....	4,506	3,854	-14





TABLE 16.—Public Law 480 commodity sales agreement programs, Aug. 13, 1957–July 15, 1959, showing currencies available for loans under sec. 104(e)

[Money amounts in millions]

Country and unit of currency	Market value of commodity sales agreements in dollars	Maximum Export-Import Bank share for sec. 104(e) loan funds			Credits authorized—foreign currency
		Percent of sales proceeds	Dollar equivalent <sup>1</sup>	Foreign currency	
Countries where 104 (e) loan funds were provided:					
Applications being accepted:					
Argentina (peso).....	33.0	25	8.3	660.8	-----
Ceylon (rupee).....	21.0	25	5.3	25.0	-----
China (Taiwan) (N.T.D.).....	25.5	24	6.0	190.9	-----
Ecuador (sucre).....	1.8	25	.5	7.0	-----
Finland (markka).....	13.1	16	2.1	660.3	340.0
France (franc).....	55.9	25	13.9	6,370.1	2,845.0
Greece (drachma).....	19.8	15	2.9	87.3	15.0
Iceland (króna).....	5.3	15	.8	19.4	-----
India (rupee).....	295.8	25	73.9	352.5	1.0
Indonesia (rupiah).....	40.3	25	10.0	378.5	-----
Korea (hwan).....	83.0	2	2.0	1,000.0	-----
Pakistan (rupee).....	151.3	19	29.3	139.6	1.0
Philippines (peso).....	4.1	25	1.0	2.0	.5
Turkey (lira).....	86.7	15	13.0	90.5	19.3
United Arab Republic (Egyptian pound).....	48.3	25	12.1	5.0	-----
Uruguay (peso).....	12.4	25	3.1	12.5	-----
Vietnam (piaster).....	6.0	25	1.5	52.5	-----
Total.....	\$ 903.1	21	\$ 185.4	-----	-----
Receipt of applications terminated:					
Colombia (peso).....	13.7	25	3.4	24.2	23.3
Israel (pound).....	79.3	25	19.8	35.7	16.5
Italy (lira).....	25.0	25	6.3	3,902.3	1,825.0
Mexico (peso).....	28.2	25	7.1	88.7	88.0
Peru (sol).....	7.8	25	2.0	48.0	41.0
Total.....	154.0	25	\$ 38.5	-----	-----
Countries where no provision was made for 104(e) loans:					
Burma.....	18.0	-----	-----	-----	-----
Poland.....	163.1	-----	-----	-----	-----
Spain.....	208.0	-----	-----	-----	-----
United Kingdom.....	13.0	-----	-----	-----	-----
Yugoslavia.....	167.8	-----	-----	-----	-----
Total.....	569.9	-----	-----	-----	-----
Grand total.....	1,627.0	14	223.9	-----	-----

<sup>1</sup> Amounts specified in the sales agreements; not necessarily the equivalents at present rates of exchange of the foreign currency amounts shown.<sup>2</sup> Column does not add due to rounding.



TABLE 17.—Countries in which eligible applications for sec. 104(e) loan funds have exceeded maximum funds expected, July 17, 1959

[Millions of U.S. dollars]

Country	Maximum funds expected	Credits authorized and proposed	Balance	Active applications and applications refused for lack of funds
Argentina	\$8.3	(1)	\$8.3	\$30.0
Colombia	3.4	\$3.2	.2	6.3
France	13.9	<sup>2</sup> 6.8	7.1	20.6
Israel	19.8	10.6	9.2	17.1
Italy	6.3	3.0	3.3	6.8
Mexico	7.1	7.0	.1	11.5
Peru	2.0	1.7	.3	7.6
Philippines	1.0	.2	.8	3.8
Uruguay	3.1	(1)	3.1	4.0
Total	64.9	32.5	32.4	107.7

<sup>1</sup> Funds not yet available.<sup>2</sup> \$5,800,000 at the current exchange rate.TABLE 18.—Repayment periods—Loan agreements concluded under sec. 104(g) of Public Law 480 as amended <sup>1</sup>[Million dollars equivalent <sup>2</sup>]

Country	Total	Repayable in—				
		40 years	30 years	25 years	20 years	15 years or less
Argentina	20.0		20.0			
Austria	26.3	24.8			1.5	
Brazil	149.2	149.2				
Burma	17.3	17.3				
Ceylon	2.2		2.2			
Chile	31.7		27.7			4.0
Colombia	25.4			25.4		
Ecuador	7.2					7.2
Finland	<sup>3</sup> 19.0	14.0	5.0			
Greece	37.4	33.2	4.2			
Iceland	5.7				5.7	
India	383.8	383.8				
Indonesia	<sup>4</sup> 73.2	70.8				2.4
Iran	2.5		2.5			
Israel	<sup>4</sup> 93.8	2.5	91.3			
Italy	81.2	81.2				
Japan	108.9	108.9				
Mexico	13.6				13.6	
Pakistan	89.1	89.1				
Paraguay	2.2			2.2		
Peru	16.1			8.3	7.8	
Philippines	5.2				5.2	
Portugal	3.4	3.4				
Spain	<sup>4</sup> 198.4	104.8	50.2	43.4		
Thailand	1.0				1.0	
United Arab Republic	25.3		25.3			
Uruguay	6.3			6.3		
Yugoslavia	204.5	88.4	116.1			
Total	1,649.9	1,171.4	344.5	85.6	34.8	13.6
Percent of total	100	71	21	5	2	1

<sup>1</sup> Loan agreements provide for establishment of lines of credit in foreign currencies up to the amount stated. Shortfalls in deliveries of commodities and thus in the amount of foreign currencies deposited may result in a decrease in the amounts which will become available.<sup>2</sup> Unless otherwise noted, the dollar equivalent value assigned to foreign currencies covered by agreements reflects deposit rates agreed upon at the time the sale agreements were negotiated.<sup>3</sup> Excludes an exchange loss of about \$5.1 million equivalent resulting from the devaluation of the finmark.<sup>4</sup> Includes agreements signed pursuant to sec. 104(d) transactions.

NOTE.—Interest rates applicable to loans of local currencies resulting from sales made prior to fiscal year 1958 are 3 percent for repayment in dollars and 4 percent if repayment is made in local currencies. The rates applicable to loans in connection with sales concluded during fiscal year 1958 were 4 and 5 percent, respectively. For fiscal year 1959 sales, a uniform rate of 3½ percent was established. This was raised to 4 percent in April 1959, but the rate may vary to the extent that loans are made to private enterprises, publicly owned profit-earning types of projects, or to development banks.

## MINORITY REPORT

We would like to make it clear at the outset of this report that we favor and support most of the provisions of H.R. 8609. However, we are not in accord with the provisions of this legislation which change the barter program.

Public Law 480 has been a useful and successful method of disposing of our agricultural surpluses and, in the face of our farm abundance, it should be continued. A substantial part of this disposal activity has been under the barter program. It is not the purpose of the minority or of the Department of Agriculture to eliminate the barter program. It is our considered opinion that this program should be carried on in a reasonable and sensible manner designed to be of maximum benefits to our farmers, our taxpayers, and our national interest. We feel that the present barter program under which some \$160 million of agricultural commodities per year are now being disposed of provides the minimum safeguards to the Nation. The barter provisions of H.R. 8609 would place the program on an uncontrolled, unrestricted, and unsound basis.

The provisions of H.R. 8609 which deal with barter would, if enacted into law, make four major changes in the present barter provisions of Public Law 480. We believe all of these changes are undesirable.

1. Barter would have specific priority over sales for foreign currencies, and sales for foreign currencies would only be made after a determination by the Secretary of Agriculture that the country could not meet its requirements through barter.

This change completely ignores the basic purpose of the Agricultural Trade Development and Assistance Act which is to *expand trade and increase exports* of U.S. surplus agricultural commodities. The problem today is to find countries willing to buy additional agricultural surpluses even for their foreign currencies. There is no long waiting line of countries clamoring for our surpluses on any terms. This provision can have only one effect, and that is to prolong and make more difficult, if not impossible, the development of title I agreements and thereby reduce the total amount of agricultural exports.

2. H.R. 8609 greatly expands the list of materials eligible for acceptance under barter, and places on the Secretary of Agriculture rather than the President of the United States responsibility for determination of acceptable materials.

Other committees of Congress which have made a much more exhaustive study and analysis of our stockpiling program than has the Committee on Agriculture have indicated that the present level of stockpiled materials is excessive. We frankly do not believe that our committee should attempt to legislate on materials for the stockpile nor do we believe the Secretary of Agriculture should be authorized to determine what materials are in the best interests of the United States to stockpile.



3. H.R. 8609 removes any authority to place restrictions on the free countries of the world into which surplus agricultural commodities may be exported under the barter program.

This is contrary to the declared policy of the Congress in enacting the basic legislation. Section 2 of the basic act states as its objective—

\* \* \* providing a means whereby surplus agricultural commodities *in excess of the usual marketings* may be sold \* \* \*

The present provisions of the law, with respect to barter authorize the Secretary of Agriculture to restrict the movement of bartered agricultural commodities so as to—

- (a) Safeguard usual marketings of the United States;
- (b) Assure that barter will not unduly disrupt world prices of agricultural commodities;
- (c) Assure that cash sales for dollars will not be replaced;
- (d) Cooperate with other exporting countries in preserving normal patterns of commercial trade with respect to commodities covered by formal multilateral international marketing agreements to which the United States is a party.

We believe these reasons for restricting the movement of bartered agricultural commodities are sound and certainly consistent with the stated policy of Congress concerning sales for foreign currency. Their repeal would be inconsistent.

We fail to see any benefit to be gained by their repeal except to provide an unhampered opportunity for a few importers of metals and minerals to convert U.S. agricultural commodities into dollars for their benefit rather than for the benefit of the American taxpayer.

4. H.R. 8609 also directs the Secretary of Agriculture to endeavor to barter at a rate of \$350 million each fiscal year.

Even if there was any assurance that the movement of agricultural commodities under barter was in addition to the quantity that would be exported without barter we doubt if the Congress should attempt to place a dollar minimum on the amount of barter to be accomplished. The total amount of barter transactions consummated in any fiscal year should be the result of an analysis of the merits of the individual proposals offered in the light of broad policy directives by the Congress.

Under this bill, however, there can be no assurance that agriculture commodities exported under barter would be in addition to those that would move anyway. To the contrary, with no restrictions on where the commodities could be sold, it is axiomatic that they would be sold in the easiest dollar market in replacement of usual marketings and in lieu of dollar sales.

We believe this proposed legislation would not provide an additional market for U.S. agricultural surpluses.

We believe the true effect would be to assure an additional \$350 million market for foreign produced metals and minerals which are surplus to world demand without reducing the surplus of U.S. agricultural commodities. This would be done at the expense of the American taxpayer and the benefit would accrue to the foreign producers of those metals and minerals and the few vigorous proponents of this legislation who are engaged in international trading in and importation of those metals and minerals. We would, in effect, be using the stockpiles as a price support device for surplus metals.

The recent developments in coconut-oil prices illustrate that the value of any surplus material in a stockpile is maintained only as long as that material remains insulated from the market. The release of such materials also dramatically affects the current market. To illustrate this point, during the hearings the Department furnished for the record the following information on coconut oil:

Information received from the General Services Administration indicates that the price of coconut oil in New York City fell from 21 cents a pound to 17 cents a pound after information became available as to possible release of the coconut oil from the stockpile.

When viewed in this light, the argument that stockpiled materials are now more valuable than when acquired is subject to considerable doubt.

In the light of widespread opposition to the barter provisions of this legislation by responsible leaders in the export trade, and on the basis of our own analysis of the issues involved, we believe these provisions would jeopardize the entire agricultural surplus disposal program, normal cash sales as well as other governmental programs. During the hearings the following organizations appeared in opposition to the wide-open barter provisions incorporated in H.R. 8609: The National Cotton Council, the American Cotton Shippers Association, the National Grain Trade Council, the Grain Marketing Committee, the American Farm Bureau Federation, and the National Council of Farm Cooperatives.

We particularly urge the reading of the testimony given by Mr. Clarence D. Palmby on July 21 and on July 28, 1959. Mr. Palmby is a Vice President of the Commodity Credit Corporation and appearing on behalf of the Department of Agriculture put the Department on record as being unequivocally opposed to the provisions of H.R. 8609 which would change the barter program. Mr. Palmby aptly summed up the effect of an unrestricted barter program envisioned by this legislation when he said:

The reason your committee had no complaints concerning the operations of the barter program then was because no one suffered except the taxpayer and he didn't know what was going on. \* \* \*

\* \* \* If I may speak very frankly, gentlemen, the Congress gave the minerals importers a blank appropriation account and guaranteed them complete immunity of any price-depressing effect on their cash market. This, in simple unvarnished terms, is what unrestricted barter means when it is stripped of all the romantic and exotic propaganda about trading something we have in surplus for something of lasting value.

#### CONCLUSION

The provisions of this bill, which establish a priority for barter over title I sales for foreign currencies and amend section 303 of the Agricultural Trade Development and Assistance Act of 1954, to greatly expand barter operations are not only unnecessary but would operate to the detriment of the U.S. farmer and the U.S. taxpayer. The beneficiaries of this legislation would be the foreign producers of



surplus metals and minerals and a small powerful group of international traders for whom an additional U.S. market for those materials would be provided.

We have studied carefully the testimony presented during the hearings on this bill. Without exception, the witnesses who had the greatest interest in furthering the exports of U.S. *agricultural* commodities and were directly concerned with the export of *agricultural* commodities were opposed to the barter provisions of this bill. Their testimony cast serious doubts as to the wisdom of an expansion of the program in accordance with the legislative direction proposed in this bill.

#### RECOMMENDATION

We recommend that H.R. 8609 be amended by striking those sections of the bill which would interfere with cash sales for dollars and usual U.S. marketings, disrupt world prices, and restrict oversea markets for American agricultural commodities. This recommended amendment would continue the present barter program on a sound and reasonable basis.

#### GRAPHIC MATERIALS

The following graphic material is included for the information of the House. We particularly allude to chart No. 2 which shows the value of the strategic and supplemental stockpiles, and chart No. 5 which clearly illustrates that there is no automatic interlocking relationship between barter and cash sales whereby cash sales are increased when barter is increased. On the contrary, world marketing conditions and weather continue to play the prominent roles even in countries where cash sales *increase* while barter *decreases*.

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DON L. SHORT.  
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ALEXANDER PIRNIE.  
DELBERT L. LATTA.

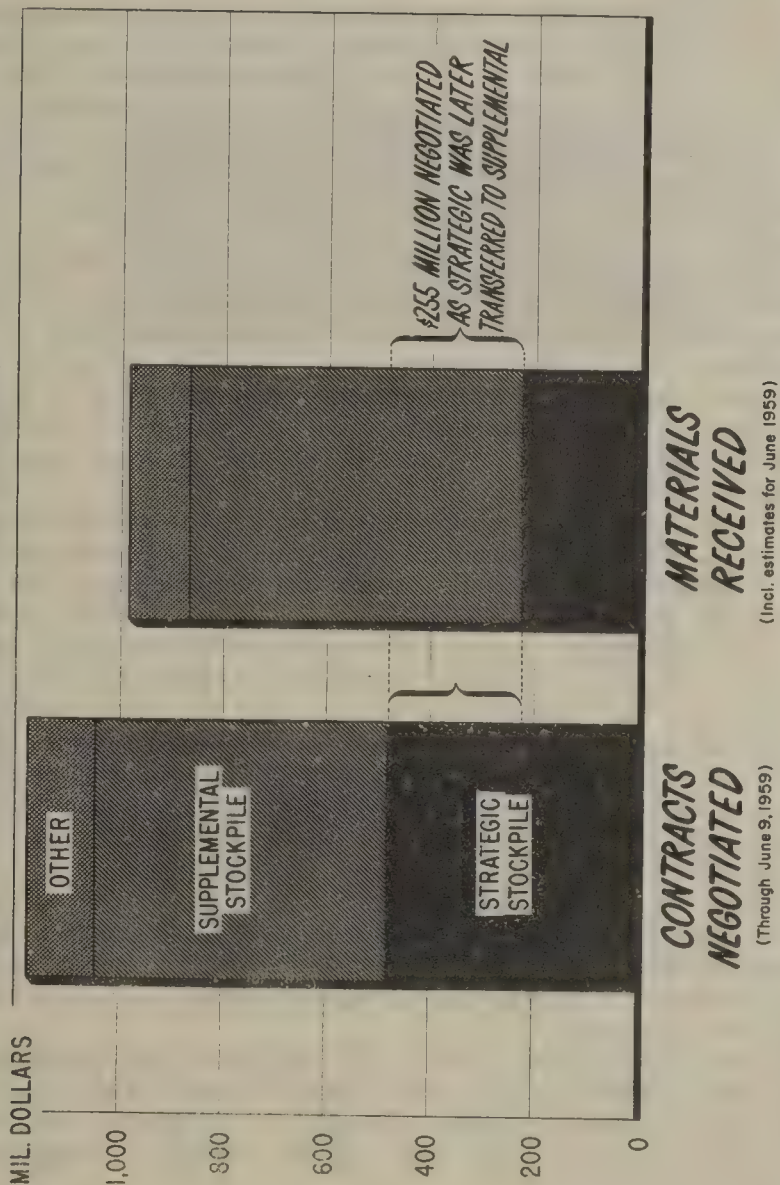
Chart No. 1 shows the amount of materials received under the barter program since its inception through June 9 of this year. The first bar indicates the amount of materials for which contracts have been negotiated and the second bar indicates materials which have actually been delivered.

Contracts have been negotiated for somewhat more than a billion dollars worth of materials. A billion one hundred and eighty-two million to be exact. Of this amount \$478 million was for the strategic stockpile; \$568 million was negotiated for the supplemental stockpile. The remainder, approximately \$136 million was for needs of other agencies, Defense, ICA, and Atomic Energy Commission.

# MATERIALS RECEIVED UNDER BARTER CONTRACTS

CHART NO. 1

MARCH 1950 THROUGH JUNE 1959





The second bar shows actual deliveries under the contracts through June 30 of this year of \$983 million worth of materials. Deliveries to the supplemental stockpile total \$645 million whereas the contracts negotiated for the supplemental stockpile totaled only \$568 million. Conversely, whereas contracts negotiated for the strategic stockpile totaled \$478 million, deliveries to the strategic stockpile have only been \$223 million. This reflects a downward adjustment in our estimated actual needs and requirements for a strategic stockpile as a result of the most recent reappraisal. As a result, \$225 million worth of materials originally contracted for delivery to the strategic stockpile was actually put in the supplemental stockpile after delivery because either the objectives of the strategic stockpile had been reduced or funds had not been made available to effect the transfer to the strategic stockpile. This, we believe is a significant point to keep in mind in connection with the future designation of materials to be accepted. The need for the materials for strategic purposes is a minor consideration.

It is true that there are several materials for which the strategic stockpile objective is not filled. This is because they are in scarce supply and not readily available. The barter program is of no help in acquiring these scarce materials. The U.S. dollar is still a more attractive medium of exchange than a bushel of U.S. wheat for procurement of scarce materials. By and large the materials readily available through barter are as surplus as our agricultural commodities.

This is a basic fact which should be kept in mind in evaluating the barter program. We are exchanging surplus agricultural commodities for surplus materials. The main problems created by barter arise out of the fact that the surplus materials we receive are isolated from the market, locked up in the supplemental stockpile, and can only become a factor in the current materials market by an act of Congress or in case of a national emergency. On the other hand, the surplus agricultural commodities we give in exchange are not isolated from the market become an integral part of the world movement of those commodities, and have an immediate tendency to replace sales that would otherwise have been made for dollars, depress world prices or replace outlets for other exporting countries.

Chart No. 2 shows the contribution acquisition of materials by barter has made to the March 31, 1959, level of the strategic and supplemental stockpiles. Of the \$6.2 billion worth of materials in the strategic stockpile \$223 million worth, or 4 percent, has been acquired by barter.

Of the \$628 million worth of material in the supplemental stockpile, \$600 million, or 96 percent, was the result of barter.

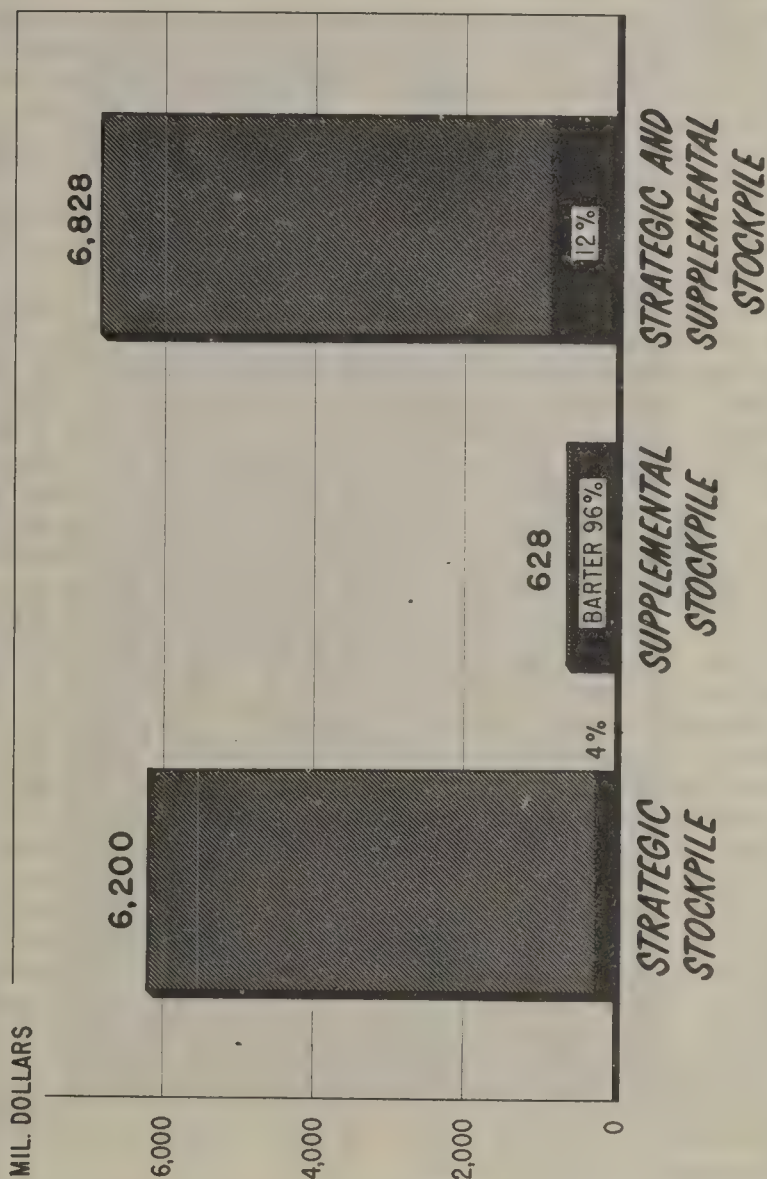
Of the combined totals of both the strategic and supplemental stockpiles of \$6.8 billion, \$823 million worth, or 12 percent, has been acquired by barter.

A word of explanation may be in order as to the difference between the \$6.8 billion as the combined total of the strategic and supplemental stockpiles and the \$8.1 billion figure quoted in the press as the Government's stockpiling investment. The difference of \$1.3 billion is made up primarily of domestically produced materials acquired under the Domestic Production Act and Government investment in production plants financed under that act.

CHART NO. 2

# STRATEGIC AND SUPPLEMENTAL STOCKPILE

TOTAL VALUE MATERIALS RECEIVED, PERCENT BARTER, MARCH 31, 1959





The remainder of the charts deal with the agricultural commodities which have moved into export through the barter program during the last 5 fiscal years. They represent the best efforts of the Department of Agriculture to objectively appraise and evaluate the extent to which the barter program is accomplishing the objective of increasing exports of surplus agricultural commodities. This objective is, in our opinion, its only justification for existence.

Chart No. 3 shows what has caused our agricultural commodities to move into export in each of the past 5 years. Since the total movement each year is considered as 100 percent this chart is not significant as to dollar volume for each year. It does, however, put into perspective the extent to which barter, other Government programs and cash sales have accounted for the total movement.

Barter has varied from 2.5 to 8.5 percent of the total value of all agricultural exports each year.

Other Government programs include export sales for foreign currencies, economic aid programs, and foreign donations which represent from 23 to 33 percent of total exports.

The cash category includes all exports through commercial channels and presumably consists primarily of sales for dollars. These exports represent from 58 to 72 percent of the total.

Chart No. 4-A also deals in percentages. It shows where the bartered agricultural commodities moved each year. A brief explanation should be made of what is meant by "A" countries and by "B" and "C" countries. Under our current operating procedure we have, with the aid and concurrence of the State Department, divided the free countries of the world into three categories with respect to their eligibility to receive bartered agricultural commodities. The so-called "A" countries are in either a good dollar-exchange position and able to buy their full needs of U.S. agricultural commodities or have traditionally purchased a major portion of their requirements of agricultural commodities from the United States. This group of countries represent the portion of the world market where the movement of bartered agricultural commodities presents the greatest danger of displacing dollar sales or disrupting world prices.

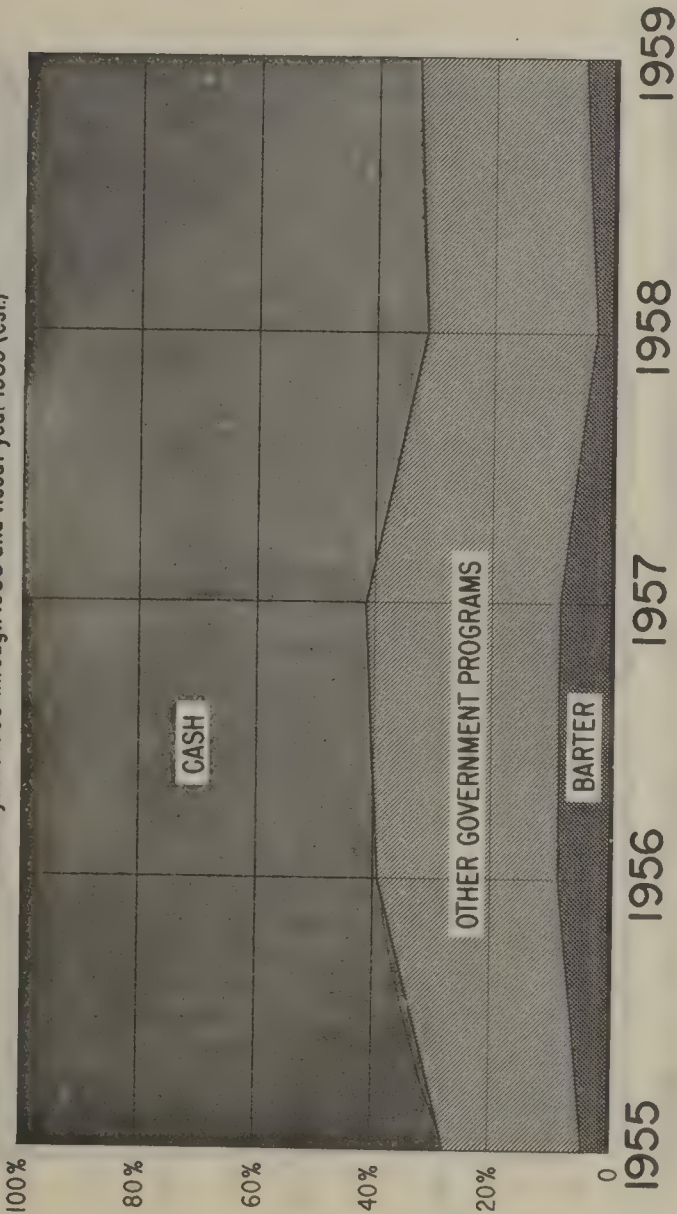
The "B" and "C" countries are in less favorable exchange position or have not historically been major buyers of U.S. agricultural commodities. The difference between "B" and "C" are further refinements within this broad category for program purposes.

Chart 4-A shows that for 1956 and 1957, which were the 2 highest years of barter activity from a dollar-value standpoint, over 80 percent of the agricultural commodities exported through barter moved into our good traditional dollar markets. If we had not concluded one or two large transactions in 1955 involving exports of agricultural commodities to Turkey the line would have stayed below 20 percent for that year also.

To put it another way, up until 1958 when action was taken to control the movement of bartered agricultural commodities, less than 20 percent of the commodities exported through barter went to the countries offering a prospect for additional U.S. markets.

Chart No. 4 covers the same ground but from the standpoint of the dollar value of the U.S. agricultural exports bartered during 1955-59.

Chart No. 3  
**EXPORTS OF TOTAL U.S. AGRICULTURAL COMMODITIES**  
*Percent of total value under barter, other Government programs & cash*  
Fiscal years 1955 through 1958 and fiscal year 1959 (est.)



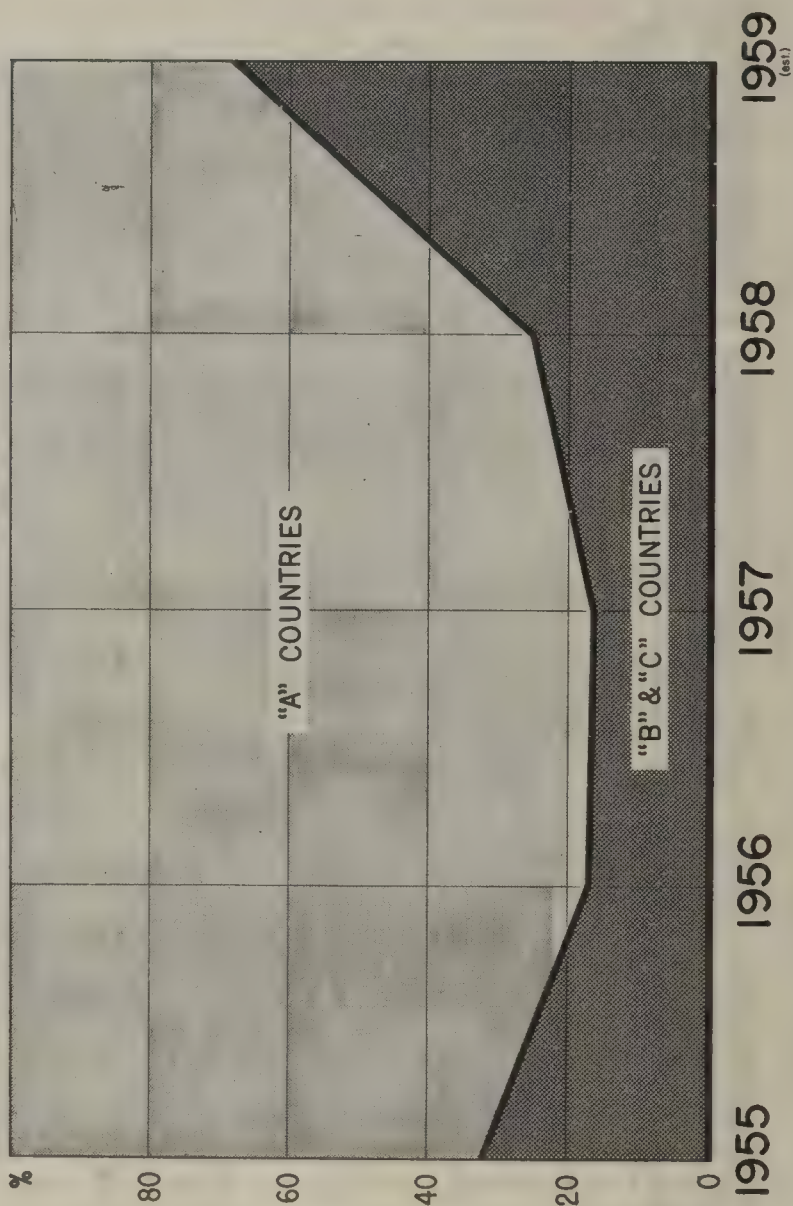
June 1959



CHART 4-A

**EXPORTS OF U.S. AGRICULTURAL COMMODITIES BARTERED**

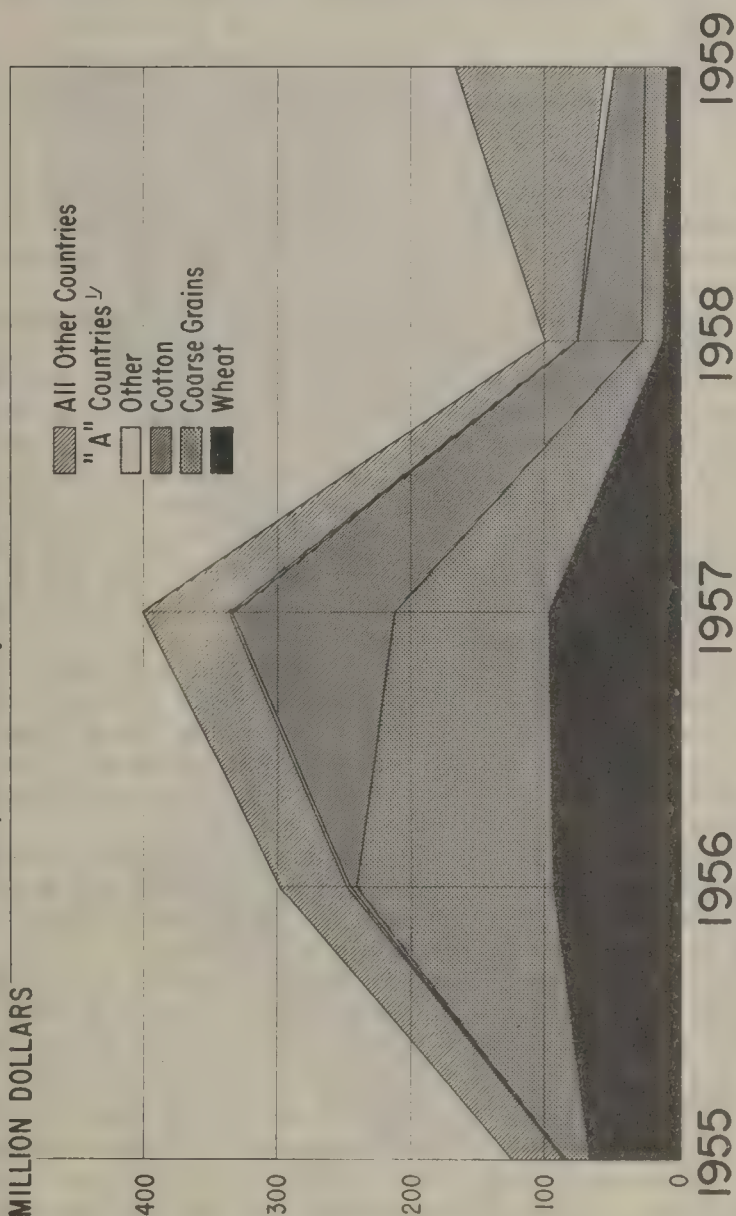
PERCENT OF VALUE BY TYPE OF COUNTRIES



# Chart No. 4

## VALUE OF U.S. AGRICULTURAL EXPORTS BARTERED

Fiscal years 1955 through 1958 and fiscal 1959 (est.)



Countries in strong financial condition, with history of substantial imports of the commodity from U.S. for dollars

June 1959



The crosshatched portion at the top represents the bartered exports to the "B" and "C" countries. The lower portion of the chart represents the bartered exports to "A" countries. While the volume of total barter exports has varied from a high of \$400 million in 1957 to a low of \$100 million in 1958 we believe it significant that the major expansion and contraction has taken place in the good dollar markets, the "A" countries. In 1958, the low point in dollar movement, \$25 million went into other countries. In 1957 when the total dollar movement was four times as great only \$51 million went into the countries other than "A." We find it encouraging that the restrictions now being imposed on the export destinations on barter commodities has increased the movement to these countries to \$166 million or 68 percent of the total.

This chart also shows the commodity makeup of each year's movements to "A" countries. The thin section below the crosshatch represents all others, the principal ones being, tobacco, rice, and soybeans.

The three remaining charts deal with the movements of the three major commodities to the "A" countries. The barter exporters have shifted their emphasis from one commodity to the other depending on which one found the most ready sale in the good dollar markets. For example in 1955 wheat made up 76.8 percent of all exports to "A" countries, in 1956 coarse grains accounted for 59.8 percent of the movement and in 1958 cotton was 63.5 percent of the total.

Chart No. 5 concerns itself with the export of coarse grains to A countries. Coarse grains are used primarily for livestock feed rather than direct human consumption and A countries in this respect we mean primarily Western Europe.

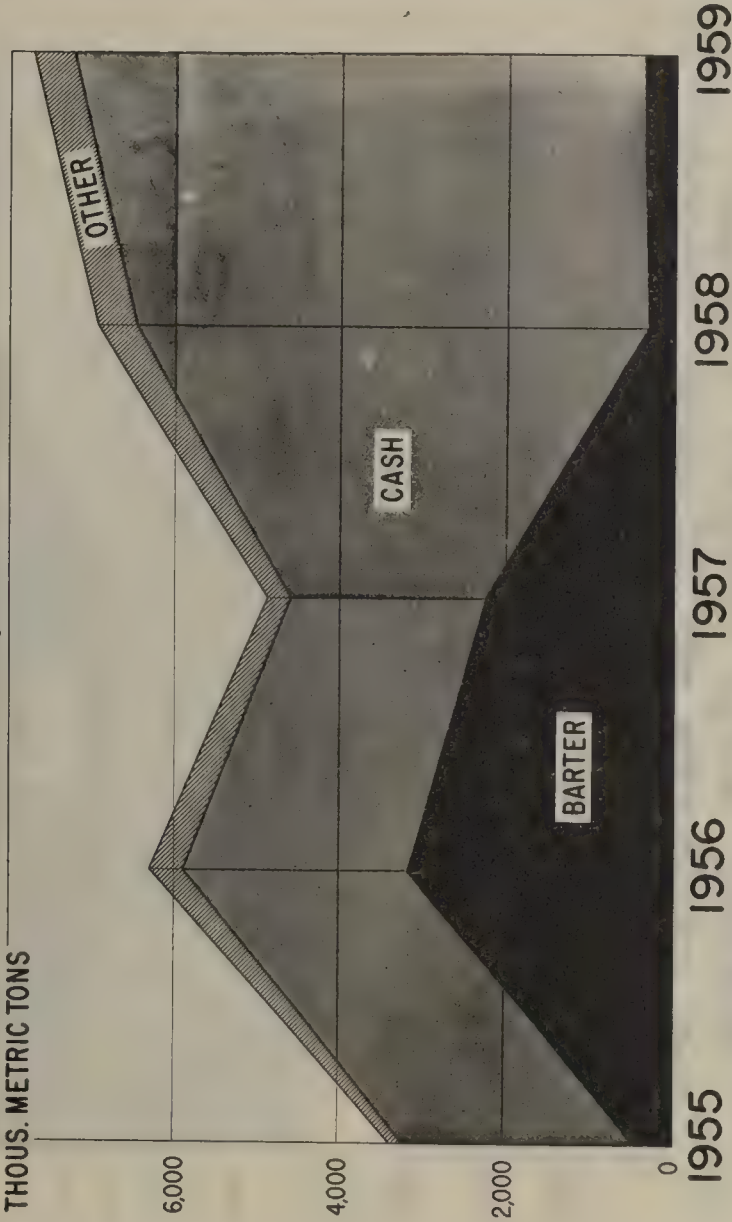
There is a growing market for feed grains in Western Europe. The dip in imports from the United States in 1957 was not due to curtailed barter but other factors, the main one being a low-quality European wheat crop which found an outlet in animal feed. The corollary of this will be evident in the next chart showing wheat exports to "A" countries.

The 1958 and 1959 exports bear out that there is a growing European market for U.S. coarse grains and that that market is not dependent on availability of those grains through barter. They have and are willing to spend the cash for our feed grains.

Chart No. 6 shows the U.S. exports of wheat and wheat flour to A countries. Here again A countries means primarily Western Europe. We have here the corollary to the decrease in feed grain imports as a result of a poor-quality European wheat crop being used for livestock feed. World wheat trade in 1957 set an all time record. What is significant is that total wheat exports to these countries from the United States has been about constant with the exception of 1957. During those 4 years it has varied from 3.8 million tons in 1955 to 4.1 million in 1956. Barter wheat has fluctuated from 22 percent in 1956 to 2 percent of the total in 1958 with no appreciable effect on the total. We therefore conclude that barter movement of wheat to these countries is largely displacement of sales that would otherwise have been made for dollars.

# Chart No. 5 COARSE GRAINS: U.S. EXPORTS TO "A" COUNTRIES

Fiscal years 1955 through 1958 and fiscal 1959 (est.)



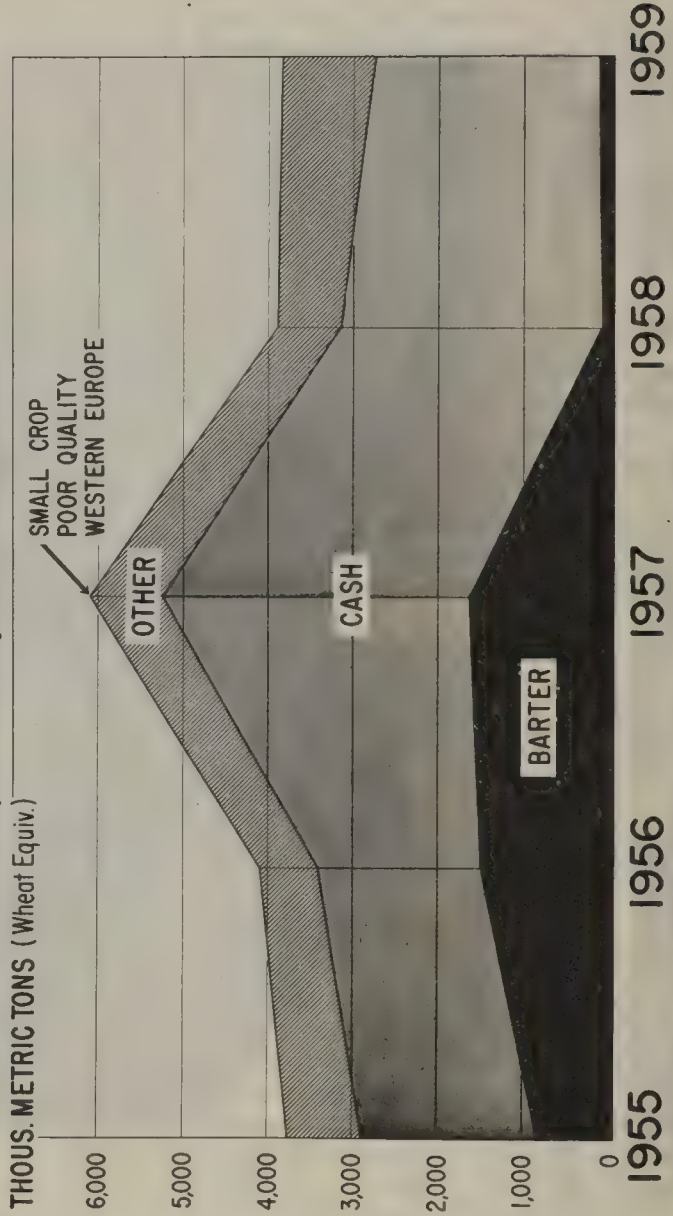
NOTE: See chart no. 2 for definition of "A" countries

June 1959



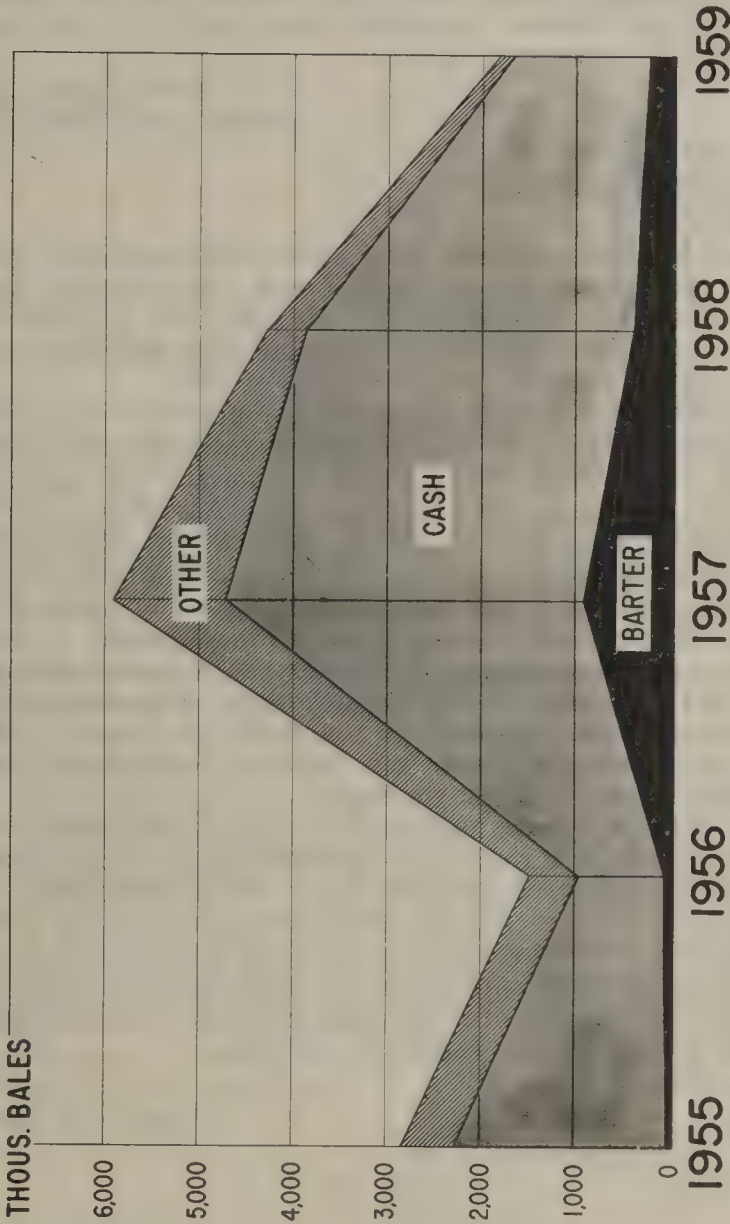
# Chart No. 6 WHEAT AND WHEAT FLOUR: U.S. EXPORTS TO "A" COUNTRIES

Fiscal years 1955 through 1958 and fiscal 1959 (est.)



NOTE: See chart no. 2 for definition of "A" countries

Chart No. 7  
**COTTON: U.S. EXPORTS TO "A" COUNTRIES**  
Fiscal years 1955 through 1958 and fiscal 1959 (est.)



NOTE: See chart no. 2 for definition of "A" countries

June 1959



Chart 7 covers cotton exports to A countries. As can readily be seen, U.S. cotton exports have varied widely in recent years. The major reason has been our export pricing policy. There is no definite evidence that barter has moved additional cotton to these countries. We believe that when our export prices were conducive to the sale of U.S. cotton in export markets for cash the same favorable circumstances existed for the disposal of cotton through barter.

The following tables show the current list of materials in the strategic and critical materials stockpile and the supplementary stockpile.

THE WHITE HOUSE,  
*Washington, November 11, 1958.*

HON. EZRA TAFT BENSON,  
*The Secretary of Agriculture,*  
*Washington, D.C.*

DEAR MR. SECRETARY: Your letter of September 16 points out that section 303 of the Agricultural Trade Development and Assistance Act of 1954, as amended by the last Congress, provides for the designation by the President of the materials that may be acquired through barter transactions.

Attached to this letter is a list of materials which, on the recommendation of your Department, I hereby designate as eligible for acquisition through transactions authorized by section 303 of the Agricultural Trade Development and Assistance Act of 1954, as amended. In addition, I hereby designate as eligible for acquisition such materials as may be procured from abroad from time to time for the strategic and critical materials stockpile by order of the Director of the Office of Civilian and Defense Mobilization.

Since you retain responsibility for actual barter transactions, I request that you continue to take the lead in recommending materials to be designated and that you continue to consult the appropriate agencies in order to assure a broad and flexible consideration of the problems inherent in this program.

Unless there is a net gain to the United States from the exchange of surplus domestic agricultural commodities for these foreign materials, the national interest does not lie in the accumulation of additional amounts of commercially available materials on the attached list for which there is no current or prospective governmental need. Therefore, the practice of approving only those barter transactions that will expand total exports of surplus agricultural commodities without disrupting world markets should be continued.

Sincerely,

DWIGHT D. EISENHOWER.

**MATERIALS WHICH MAY BE ACQUIRED FOR THE SUPPLEMENTAL STOCKPILE THROUGH BARTER OR EXCHANGE TRANSACTIONS APPROVED BY THE SECRETARY OF AGRICULTURE AS AUTHORIZED BY SECTION 303 OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954, AS AMENDED**

Abrasives, crude: Aluminum oxide	Fluorspar, metallurgical
Antimony	Manganese, metallurgical
Bauxite:	Mercury
Surinam	Mica:
Jamaican	Muscovite block
Refractory	Muscovite film
Beryl (hand-cobbed only)	Muscovite splittings
Bismuth	Nickel
Chromite:	Palladium
Refractory	Silicon carbide
Chemical	Tantalite
Columbite	Tin
Cryolite	Zinc

No mercury or palladium will be considered at this time.

EXECUTIVE OFFICE OF THE PRESIDENT,  
OFFICE OF DEFENSE MOBILIZATION,  
September 12, 1957.

Subject: Current list of strategic and critical materials for stockpiling.

*Section 1. Purpose*

The materials listed herein are currently included in the strategic stockpiling program pursuant to section 2(a) of Public Law 520, 79th Congress.

*Section 2. Group I materials*

The following list constitutes group I of the materials in the strategic stockpile. These materials have been or may be acquired through purchase pursuant to section 3(a), and by transfers of Government-owned surpluses pursuant to section 6(a), of Public Law 520, 79th Congress. A materials purchased must conform to stockpile specifications. Some of these materials are not under active procurement.

- |                                    |  |
|------------------------------------|--|
| 1. Abrasives, crude aluminum oxide | 24. Diamond dies, small                                    |
| 2. Agar                            | 25. Diamonds, industrial—bort and stones                   |
| 3. Aluminum                        | 26. Feathers and down, waterfowl                           |
| †4. Antimony                       | 27. Fluorspar, acid grade                                  |
| 5. Asbestos, amesite               | †28. Fluorspar, metallurgical grade                        |
| 6. Asbestos, chrysotile            | 29. Graphite, Ceylon crystalline and amorphous             |
| 7. Asbestos, crocidolite           | 30. Graphite, Madagascar crystalline flake and fines       |
| †8. Bauxite, metal grade           | 31. Graphite, other than Ceylon and Madagascar crystalline |
| †9. Bauxite, refractory grade      | 32. Hyoscine   |
| †10. Beryl                         | 33. Iodine   |
| †11. Bismuth                       | 34. Jewel bearings   |
| 12. Cadmium                        | 35. Lead   |
| 13. Castor oil                     | 36. Magnesium  |
| 14. Celestite                      | 37. Manganese, battery grade, natural ore                  |
| †15. Chromite, chemical grade      | 38. Manganese, battery grade, synthetic dioxide            |
| 16. Chromite, metallurgical grade  | 39. Manganese, chemical grade, type A ore                  |
| †17. Chromite, refractory grade    |  |
| 18. Cobalt                         |  |
| 19. Coconut oil                    |  |
| †20. Columbite                     |  |
| 21. Copper                         |  |
| 22. Cordage fibers, abaca          |  |
| 23. Cordage fibers, sisal          |  |

† Indicates available for barter.



- |   |   |
|---|---|
| 40. Manganese, chemical grade, type B ore             | 56. Quinidine                           |
| †41. Manganese ore, metallurgical grade               | 57. Rare earths                         |
| *42. Mercury  | 58. Rubber, crude natural               |
| †43. Mica, Muscovite block, stained A/B and better    | 59. Selenium                            |
| †44. Mica, Muscovite film, first and second qualities | 60. Shellac                             |
| †45. Mica, Muscovite splittings                       | †61. Silicon carbide, crude             |
| 46. Mica, phlogopite splittings                       | 62. Silk, raw                           |
| 47. Molybdenum  | 63. Silk waste and noils                |
| †48. Nickel   | 64. Sperm oil                           |
| 49. Opium   | 65. Talc, steatite, block               |
| 50. Palm oil  | †66. Tantalite                          |
| 51. Platinum group metals, iridium                    | †67. Tin                                |
| *52. Platinum group metals, palladium                 | 68. Tungsten                            |
| 53. Platinum group metals, platinum                   | 69. Vanadium                            |
| 54. Pyrethrum   | 70. Vegetable tannin extract, chestnut  |
| 55. Quartz crystals                                   | 71. Vegetable tannin extract, quebracho |
|   | 72. Vegetable tannin extract, wattle    |
|   | †73. Zinc.                              |

\*No offers being considered, if received, at this time.

†Indicates available for barter.

### Section 3. Group II materials

The following list constitutes group II of the materials in the strategic stockpile. These materials have been acquired principally through transfer of Government-owned surpluses pursuant to section 6(a) of Public Law 520, 79th Congress. None is under procurement.

- |   |                           |
|---|---------------------------|
| 1. Bauxite, abrasive                          | 6. Mica, phlogopite block |
| 2. Corundum                                   | 7. Rutile                 |
| †3. Cryolite, natural                         | 8. Sapphires and rubies   |
| 4. Diamond dies, other than small             | 9. Talc, steatite, ground |
| 5. Mica, Muscovite block, stained B and lower | 10. Titanium sponge       |
|   | 11. Wool                  |

### Section 4. Effective date

This list supersedes all previous lists and is effective immediately.

GEO. B. BEITZEL,  
*Assistant Director for Production.*

### MATERIALS RECEIVED UNDER BARTER TRANSFERRED TO THE SUPPLEMENTAL STOCKPILE

- |   |                               |
|---|-------------------------------|
| Abrasives, crude aluminum oxide           | Ferrochrome-silicon           |
| Antimony, metal                           | Ferromanganese                |
| Asbestos, crysotile                       | Fluorspar, acid grade         |
| Bauxite                                   | Graphite                      |
| Beryllium copper master alloy             | Iodine                        |
| Beryl ore                                 | Lead                          |
| Bismuth                                   | Manganese metal, electrolytic |
| Boron minerals, Turkish                   | Manganese ore, battery grade  |
| Cadmium                                   | Manganese ore, chemical grade |
| Chrome ore, metallurgical                 | Manganese ore, metallurgical  |
| Chrome metal, exothermic and electrolytic | Mica                          |
| Cobalt                                    | Palladium                     |
| Copper, OFHC                              | Quartz crystals, raw          |
| Diamonds, industrial stones               | Selenium                      |
| Earths, rare                              | Silicon carbide               |
| Ferrochrome, high carbon                  | Titanium sponge               |
| Ferrochrome, low carbon                   | Zinc                          |

CSS/BA/August 14, 1959.







86TH CONGRESS  
1ST SESSION

# H. R. 8609

[Report No. 908]

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## IN THE HOUSE OF REPRESENTATIVES

AUGUST 11, 1959

Mr. COOLEY introduced the following bill; which was referred to the Committee on Agriculture

AUGUST 15, 1959

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

---

## A BILL

To amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes.

1      *Be it enacted by the Senate and House of Representa-*  
2      *tives of the United States of America in Congress assembled,*  
3      That section 103 (b) of the Agricultural Trade Develop-  
4      ment and Assistance Act of 1954, as amended, is amended  
5      to read as follows:

6      “(b) Agreements shall not be entered into under this  
7      title during the period beginning January 1, 1960, and end-  
8      ing December 31, 1960, which will call for appropriations  
9      to reimburse the Commodity Credit Corporation, pursuant to



1 subsection (a) of this section, in amounts in excess of  
2 \$1,500,000,000, plus any amount by which agreements  
3 entered into in prior fiscal years have called or will call for  
4 appropriations to reimburse the Commodity Credit Corpora-  
5 tion in amounts less than authorized for such prior fiscal  
6 years by this Act as in effect during such fiscal years: *Pro-*  
7 *vided, however,* That it is specifically directed that disposals  
8 resulting from transactions authorized by section 303 of this  
9 Act shall have priority over disposals under this title and that  
10 agreements under this title shall be entered into only in those  
11 cases and to the extent that the Secretary shall determine  
12 that countries requesting assistance under the provisions of  
13 this title are unable to meet their requirements through  
14 commodities made available for export under section 303 of  
15 this Act.”

16 SEC. 2. Section 109 of such Act is amended by striking  
17 out “December 31, 1959” and inserting “December 31,  
18 1960”.

19 SEC. 3. Subsection (a) of section 104 of such Act is  
20 amended by inserting a period in lieu of the semicolon at the  
21 end thereof, and adding the following:

22 “From sale proceeds and loan repayments under this title  
23 not less than the equivalent of 5 per centum of the total sales  
24 made under this title after the date of this amendment shall be  
25 made available in advance for use over such period of years

1 as the Secretary of Agriculture determines will most effec-  
2 tively carry out the purpose of this subsection and particular  
3 regard shall be given to provide in sale and loan agreements  
4 for the convertibility of such amount of the proceeds thereof  
5 as may be needed to carry out the purpose of this subsection  
6 in those countries which are or offer reasonable potential of  
7 becoming dollar markets for United States agricultural com-  
8 modities. Notwithstanding any other provision of law, if  
9 sufficient foreign currencies for carrying out the purpose of  
10 this subsection in such countries are not otherwise available,  
11 agreements may be entered into with such countries for the  
12 sale of surplus agricultural commodities in such amounts as  
13 the Secretary of Agriculture determines to be adequate and  
14 for the use of the proceeds to carry out the purpose of this  
15 subsection;"

16 SEC. 4. Subsection (b) of section 104 of such Act is  
17 amended to read as follows:

18 "(b) To purchase or contract to purchase strategic or  
19 other materials for a supplemental United States stockpile  
20 of such materials as the President may determine from time  
21 to time. Such strategic or other materials acquired under  
22 this subsection shall be placed in the above named supple-  
23 mental stockpile and shall be released therefrom only under  
24 the provisions of section 3 of the Strategic and Critical Ma-  
25 terials Stock Piling Act;"



1        SEC. 5. Subsection (e) of section 104 of such Act is  
2 amended by adding at the end thereof the following new  
3 sentence: "Interest and principal payments received on such  
4 loans shall remain with and be available to the Export-  
5 Import Bank for additional loans under this subsection;"

6        SEC. 6. Subsection (g) of section 104 of such Act is  
7 amended by changing the semicolon at the end thereof to a  
8 colon and adding the following: "*Provided*, That such loans  
9 shall be denominated in United States dollars and payments  
10 in foreign currencies shall be in amounts calculated at the  
11 time of payment to be equivalent to the United States dollar  
12 obligation in accordance with the applicable rate of ex-  
13 change;"

14        SEC. 7. Section 104 of such Act is amended by inserting  
15 after subsection (o) the following new subsection:

16        "(p) where such agreements permit such action, for  
17 assistance to meet emergency relief requirements other than  
18 requirements for surplus food commodities: *Provided*, That  
19 not more than an amount equivalent to \$2,000,000 may be  
20 made available in any one country for this purpose during  
21 any fiscal year."

22        SEC. 8. Title I of such Act is amended—

23                (a) by adding at the end thereof a new section, as  
24 follows:

1       “SEC. 110. In order to facilitate the establishment of  
2 national food reserves in underdeveloped countries, surplus  
3 agricultural commodities may be made available by the  
4 President on a grant basis for such reserve purposes pursuant  
5 to an agreement with the recipient country requiring that  
6 payment shall be made when such commodities are with-  
7 drawn from the reserve and that the recipient country shall  
8 assume full responsibility for the storage, preservation, and  
9 delivery of such commodities: *Provided*, That no payment  
10 shall be required for any quantities of such commodities  
11 which are used by agreement of the President and the gov-  
12 ernment of the recipient country for purposes provided for in  
13 section 201 of this Act. Agreements under which com-  
14 modities are provided pursuant to this section shall specify  
15 whether any payment made thereunder shall be in foreign  
16 currency or in dollars, and the purposes authorized under  
17 section 104 of this Act for which any such foreign currency  
18 payments may be used. In negotiating agreements under  
19 this section the President shall give effect to the requirements  
20 prescribed in section 101 for agreements entered into under  
21 that section.”

22       (b) By inserting the words “or for grant” after the  
23 words “domestic exporters” in item (1) of subsection (a)



1 of section 102, and by inserting the words "or grant" after  
2 the word "sale" in item (2) of subsection (a) of section  
3 102.

4 SEC. 9. Section 202 of such Act is amended by striking  
5 out "The" at the beginning thereof and inserting "In order  
6 to facilitate the utilization of surplus agricultural commodities  
7 in meeting the requirements of needy peoples, and in order  
8 to promote economic development in underdeveloped areas  
9 in addition to that which can be accomplished under title I  
10 of this Act, the".

11 SEC. 10. Section 203 of such Act is amended by striking  
12 out "\$800,000,000" and inserting in lieu thereof "\$1,100,-  
13 000,000," and by inserting before the period at the end of  
14 the third sentence "and charges for general average con-  
15 tributions arising out of the ocean transport of commodities  
16 transferred pursuant hereto, may be paid from such funds".

17 SEC. 11. Section 204 of such Act is amended by striking  
18 out "1959" and substituting in lieu thereof "1960".

19 SEC. 12. Section 303 of such Act is amended to read as  
20 follows:

21 "SEC. 303. The Secretary shall, unless he determines  
22 that any such action is not in the best interest of the United  
23 States, barter or exchange agricultural commodities owned  
24 by the Commodity Credit Corporation for (a) any materials  
25 included within the national stockpile established pursuant

1 to the Strategic and Critical Materials Stock Piling Act (50  
2 U.S.C. 98-98h) which entail less risk of loss through deterio-  
3 ration or substantially less storage charges, or (b) raw  
4 materials of which the United States does not produce its  
5 requirements and strategic and other materials, goods, or  
6 equipment important to the economy or the security pro-  
7 grams of the United States, as designated by the Secretary,  
8 including but not limited to those requested by the Atomic  
9 Energy Commission, the Department of Defense, and the  
10 Office of Civil and Defense Mobilization, or (c) materials,  
11 goods, or equipment required in connection with foreign  
12 economic and military aid and assistance programs, or (d)  
13 materials or equipment required in substantial quantities for  
14 offshore construction programs. He is hereby directed to use  
15 every practicable means, in cooperation with other Govern-  
16 ment agencies, to arrange and make, through private chan-  
17 nels, such barters or exchanges or to utilize the authority  
18 conferred on him by section 4 (h) of the Commodity Credit  
19 Corporation Charter Act, as amended, to make such barters  
20 or exchanges. In carrying out barters or exchanges author-  
21 ized by this section, no restrictions shall be placed on the  
22 countries of the free world into which surplus agricultural  
23 commodities may be exported. The Secretary shall en-  
24 deavor to consummate agreements for disposals authorized  
25 herein at a rate of \$350,000,000 for each fiscal year. The



1 Secretary shall permit and encourage the barter for materials  
2 processed in the United States providing the agricultural  
3 commodities to be bartered for such materials be exported  
4 to friendly foreign countries. Agencies of the United States  
5 Government procuring such materials, goods, or equipment  
6 contemplated herein are hereby directed to endeavor to  
7 obtain such materials, goods, or equipment through the Com-  
8 modity Credit Corporation by means of barter or exchanges  
9 as directed by this section. The Secretary is also directed  
10 to assist, through such means as are available to him, farmers'  
11 cooperatives in effecting exchanges of agricultural commodi-  
12 ties in their possession for such materials, goods, or equip-  
13 ment."

14 SEC. 13. Section 305 of such Act is amended to read  
15 as follows:

16 "All Commodity Credit Corporation stocks disposed  
17 of under title II of this Act and section 416 of the  
18 Agricultural Act of 1949, as amended, shall be clearly identi-  
19 fied by appropriate marking on each package or container  
20 and insofar as practical in the language of the locality where  
21 such stocks are distributed as being furnished by the people  
22 of the United States of America and where available funds  
23 accruing under title I shall be used for this purpose."

24 SEC. 14. The Agricultural Trade Development and As-

1   sistance Act of 1954, as amended, is amended by adding  
2   thereto the following new title:

3    “TITLE IV—LONG-TERM SUPPLY CONTRACTS

4       “SEC. 401. The purpose of this title is to utilize surplus  
5   agricultural commodities and the products thereof produced  
6   in the United States to assist the economic development of  
7   friendly nations by assuring such nations a stable supply of  
8   agricultural commodities on long-term credit for domestic  
9   consumption during periods of economic development so that  
10  the resources and manpower of such nations may be utilized  
11  more effectively for industrial and other domestic economic  
12  development without jeopardizing meanwhile adequate sup-  
13  plies of agricultural commodities for domestic use.

14      “SEC. 402. In furtherance of this purpose, the Presi-  
15  dent is authorized to enter into agreements with friendly  
16  nations under which the United States shall undertake to  
17  provide for delivery annually of certain quantities of such  
18  surplus agricultural commodities for periods of not to exceed  
19  ten years, pursuant to the terms and conditions set out in this  
20  title, providing such commodities are in surplus at the time  
21  delivery is to be made.

22      “SEC. 403. Payment for such commodities shall be in  
23  dollars with interest at such rate as the Secretary may de-  
24  termine but not more than the cost of the funds to the



1 United States Treasury as determined by the Secretary of  
2 the Treasury, taking into consideration the current average  
3 market yields on outstanding marketable obligations of the  
4 United States having maturity comparable to the maturities  
5 of loans made by the President under this section. Pay-  
6 ment may be made in approximately equal annual amounts  
7 over periods of not to exceed twenty years from the date of  
8 the last delivery of commodities in each calendar year under  
9 the agreement and interest shall be computed from the date  
10 of such last delivery.

11 "SEC. 404. In carrying out the provisions of this title, the  
12 Secretary of Agriculture shall endeavor to maximize the sale  
13 of United States agricultural commodities taking such reason-  
14 able precautions as he determines necessary to avoid replac-  
15 ing any sales which the Secretary finds and determines  
16 would otherwise be made for cash dollars.

17 "SEC. 405. In entering into such agreements, the Sec-  
18 retary shall endeavor to reach agreement with other export-  
19 ing nations of such commodities for their participation in  
20 the supply and assistance program herein authorized on a  
21 proportionate and equitable basis.

22 "SEC. 406. In carrying out this title, the provisions of  
23 sections 102, 103 (a), 106, 107, and 108 of this Act  
24 shall be applicable to the extent not inconsistent with this  
25 title."

1        SEC. 15. Section 206 (a) of the Agricultural Act of 1956  
2 is amended by inserting before the period at the end thereof  
3 a comma and the following: "or strategic or other materials  
4 required by other Government agencies".

5        SEC. 16. Section 347 (b) of the Agricultural Adjustment  
6 Act of 1938, as amended, is amended by striking out the  
7 period at the end thereof and inserting a colon and the fol-  
8 lowing:

9        "*Provided, however,* That the national marketing quota  
10 for the 1960 crop of such cotton shall not be less than 90  
11 per centum of the 1959 marketing quota for such cotton."

12        SEC. 17. This Act may be cited as the "Food for Peace  
13 Act of 1959".



86TH CONGRESS  
1ST SESSION

H. R. 8609

[Report No. 908]

# A BILL

To amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes.

By Mr. COOLEY

AUGUST 11, 1959

Referred to the Committee on Agriculture

AUGUST 15, 1959

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

## ESTABLISHMENT OF A FOOD-STAMP PLAN

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AUGUST 15, 1959.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. COOLEY, from the Committee on Agriculture, submitted the following

### REPORT

[To accompany H.R. 1359]

The Committee on Agriculture, to whom was referred the bill (H.R. 1359) to provide for the establishment of a food-stamp plan for the distribution of \$1 billion worth of surplus food commodities a year to needy persons and families in the United States, having considered the same, report favorably thereon with amendments and recommend that the bill do pass.

The amendments are as follows:

Page 2, line 3, strike "and directed".

Page 2, line 4, strike ", but not".

Page 2, line 5, strike "later than January 1, 1960,".

### PURPOSES AND OBJECTIVES

The purposes of the bill are to provide clearcut legislative authority to the Secretary of Agriculture to institute a nationwide food stamp plan for the distribution of surplus food to the needy, preferably through the normal channels of trade; to include in such a food distribution program not only storable commodities in CCC stocks but other foods, including perishables, which are or which should be diverted from the market under various price support operations of the Department of Agriculture; and to authorize any necessary additional appropriations not already authorized by law to carry out such a program.

The objectives of the bill are as follows:

(1) To enable all Americans at the lowest income level, not now able to purchase even a minimum diet for proper nutrition, to obtain on a regular basis a wider variety of foods from among the food commodities produced in such abundance on the Nation's farms.



(2) To replace wherever practical the present system of direct distribution to the needy with a more flexible plan better geared to the needs of the recipients for additional foods.

(3) To utilize in a practical manner the food distribution skills and know-how of the American food industry in the distribution of surplus food to the needy, preferably utilizing neighborhood stores in which the recipients of surplus food customarily make their normal food purchases.

(4) To aid the Nation's farms by providing a substantially expanded outlet for food commodities regularly, periodically or seasonally produced in such surplus as to depress market conditions and lower the price received by the farmer to less than a fair and reasonable return.

#### NEED FOR LEGISLATION AT THIS TIME

It is the conviction of many members of the Committee on Agriculture that the Secretary of Agriculture at present has all of the legislative authority he requires to institute a food-stamp program such as called for in H.R. 1359, and that with a will and a desire to establish a broader and more beneficial system of surplus food distribution to the needy, the Secretary and his aids could place such a program into effect at any time.

Previous Secretaries of Agriculture have used the authority of section 32 of the Agriculture Adjustment Act of 1935 as the basis for various programs of surplus food distribution, including, in the period 1939-43, a much more elaborate food-stamp plan than is envisioned in H.R. 1359.

Thus, while conceding the fact that a very elaborate food-stamp plan was instituted in 1939 under the broad language of section 32, and while conceding that such language still remains part of the basic law applying to his Department, the Secretary has consistently maintained that if Congress wants a food-stamp plan placed in operation, it must enact legislation specifically directed to such a program, defining objectives and scope of operations, and providing administrative guidance and safeguards.

This committee would prefer to see the Secretary utilize with much more imagination and sympathy the authority he already possesses to help the small farmer and the needy consumer, by instituting a more effective method of surplus food distribution. However, in view of his insistence that Congress must first enact legislation specifically directed to this type of program, the Committee on Agriculture wants to remove any possible doubt in the mind of the Secretary of Agriculture as to his full authority to establish an effective food-stamp program. It also wants to make clear the congressional intent as to the scope and objectives of such a program.

#### SCOPE OF AID INTENDED

An effective food-stamp distribution system should assure that as broad a variety of surplus foods as is practical is distributed to needy Americans in preference to having such foods spoil in warehouses, or rot in the fields for want of harvest. Thus, such a program should be concerned with disposing not only of surplus storable food commodities but also of perishables in temporary surplus, including

fresh fruits and vegetables, fresh milk, fresh eggs, poultry, etc. In this way, a food-stamp plan can be of substantial benefit to the Nation's farmers by providing an expanded outlet for the products of our farms.

An effective food-stamp distribution system, furthermore, should include as beneficiaries needy people in all parts of the United States. At present, surplus food distribution is concentrated in areas of high unemployment, because political subdivisions in such areas, faced with a desperate situation of mass distress, have been willing to appropriate emergency funds to cover the high costs of distributing food in their localities. But a person on old-age assistance or a family surplusin want in any other area of the country—rural or urban—is just as much in need of the assistance which could be provided by surplus food distribution as a person or family in similar financial circumstances but living in a depressed labor area.

Under H.R. 1359, all persons on any form of public assistance, thus all of those not on public assistance but certified by State or local welfare authorities as being in need of assistance but ineligible by reason of State or local law, would automatically be eligible for participation in the food-stamp program.

An estimated 7 million Americans at present are receiving public assistance help. Depending upon local economic conditions, millions of additional Americans are periodically in need of assistance but unable to obtain it because of residence requirements, age of the people involved ("too old to get another job, too young for social security or old age assistance" is a common protest), absence of a general assistance program in their State, or State prohibitions against the granting of public assistance to any family in which there is an employable person. All such needy persons would be eligible for participation in a food-stamp plan under H.R. 1359.

Some of the bills submitted to the Committee on Agriculture dealing with expanded food distribution proposed including in any food-stamp plan all persons on unemployment compensation or old age and survivors insurance (social security). While many, if not most such persons no doubt could benefit from the help provided by a food-stamp plan, the fact that they receive unemployment compensation or OASI benefits does not in itself prove they are needy.

Nevertheless, because most recipients of such benefits are undoubtedly experiencing great difficulty in making ends meet at today's high prices of necessities, H.R. 1359 provides that the Secretary of Agriculture, the Secretary of Labor, and the Secretary of Health, Education and Welfare shall make a joint study and report to Congress within 6 months after the enactment of this bill on the feasibility of, the costs of, and the problems involved in extending the scope of the food-stamp plan to include those on unemployment compensation and social security, and other low-income groups.

LIMITATION ON COSTS SET AT \$1 BILLION ANNUALLY INCLUDING VALUE  
OF FOOD USED FROM GOVERNMENT STOCKS AND COSTS OF FOOD DIS-  
TRIBUTED THROUGH REGULAR STORES

The bill establishes a maximum authorization of \$1 billion a year for all costs associated with the distribution of surplus food under a food-stamp plan, including the cost to the Federal Government in acquiring,



storing, handling and processing food commodities distributed from Government storage and all other costs under the bill.

While H.R. 1359 provides for distribution of up to \$1 billion worth of food annually, it does not, of course, entail additional Federal expenditures of \$1 billion or of an amount even roughly approximating \$1 billion. Most of the food distributed would be food purchased by the United States through the operation of the price support activities of the Department of Agriculture. Funds for this purpose are already budgeted, including CCC acquisitions, plus \$238 million of section 32 funds for the current fiscal year, plus the \$300 million carryover in section 32 funds available from customs receipts in previous years.

Operation of a food-stamp program under H.R. 1359 undoubtedly would mean greater book-value donations of foods from Government-owned stocks, and in that sense would represent an apparent increase in Government costs. But much of this food must be disposed of in one way or another in any event.

There would, of course, also be additional Federal expenditures under the food-stamp program. There would undoubtedly be additional use of section 32 funds already budgeted. Also—and these would have to come from new appropriations—there would be some additional administrative expenses for the Department for distribution activities and any expenditures made to the food industry in connection with use of the regular stores for distributed foods, including redemption of the stamps either through an exchange of food stocks or in currency, or both.

The committee has made repeated efforts over the past several years to obtain from the Department of Agriculture reasonably accurate estimates of the added costs which would be involved in a food-stamp program such as called for under H.R. 1359, but the Department has failed to provide such figures. Instead, it has used a rule-of-thumb yardstick based on this assumption: if a food-stamp program is to be effective in helping to alleviate surpluses, it would have to provide at least \$100 worth of additional food a year to each person participating in the distribution. Using as a minimum 6 million people who would be immediately eligible (based on the estimated number of public assistance recipients in 1956) such a program, the Department states, would cost \$600 million. But this is a figure pulled out of thin air and is in no sense a breakdown of the actual additional cost of H.R. 1359, particularly since as noted, most of the food the Department contemplated distributing in connection with that \$600 million estimate was food already owned and paid for by the Federal Government.

The only other relevant figures submitted to the committee concerned the experience of the city of Detroit in arranging for the distribution of surplus food to the needy through a number of participating stores. These stores charge the city 15 cents per person for making the distribution of food provided to the city by the Department of Agriculture.

If H.R. 1359 is enacted, it would be up to the Department of Agriculture to justify to Congress whatever appropriations would be necessary to arrange for food distribution by the regular stores participating in a food stamp program. These might include the costs of exchanging food stocks or redeeming food stamps in currency, depending upon the methods agreed to by the Department and the food

industry. It is the opinion of the committee that the Nation's food industry would welcome the opportunity to participate in a meaningful program of helping to provide supplementary food to the Nation's needy and would be glad to sit down with representatives of the Department of Agriculture to work out such an arrangement at reasonable cost to the taxpayers. Spokesmen for various segments of the food industry have, from time to time, informed the committee of their interest in such a plan, particularly if it would mean better diets for the lowest-income families and the elimination of present disposal practices which in effect compete with the regular food stores in areas now distributing surplus foods.

#### PRESENT SURPLUS FOOD DISTRIBUTION SYSTEM

The present system of surplus food distribution to the needy grew in the wake of the serious recessions of 1953-54 and 1957-59. Members of Congress from coal mining areas were primarily responsible for persuading the Department of Agriculture to begin distributing to States and localities some of the storable commodities to be repackaged for distribution to needy families. Subsequently, legislation was reported out of this committee and enacted by Congress to provide for processing by CCC of some surplus corn into cornmeal, and of some wheat into flour, for such distribution. Later, the Congress authorized the Department to package many of the surplus items into family-sized containers for more convenient local distribution.

Throughout the period since the program started, however, all of the responsibility for local distribution of the surplus commodities has rested upon the States and communities participating. The Federal Government ships the commodities into the States in carload lots to central receiving points. It is then transported at State or local expense to distribution depots.

Because of the extent of unemployment, particularly in the chronically depressed labor market areas, the costs of food distribution have been undertaken gladly by many localities in appreciation for even the limited help these few free commodities could provide to families in dire need in their communities. But one after another of the communities which now participate have voiced strong criticisms of the program in operation—the lack of variety in the kinds of food made available; the high costs to localities of warehousing (and refrigeration for butter and cheese when available) as carloads of food arrived on such an erratic schedule that distribution dates had to be planned on a monthly basis in order to accumulate enough foods to warrant summoning needy eligibles to a central depot.

Despite such criticisms from the very start of the direct distribution system in the 1953-54 recession, the Department of Agriculture has maintained from the beginning that its program is adequate, efficient and "of least cost" of any of the various programs of surplus food distribution which has been suggested, including a food stamp plan. And the Department has opposed all legislation submitted to this committee to improve the direct distribution system, citing inevitably the matter of "cost."

This committee is acutely conscious of the costs of legislation it recommends. It is determined to scotch the myth which has grown



up over the years that legislation to help the farmer is extravagantly costly. It has opposed lumping in under so-called farm subsidies programs operated by the Department of Agriculture which are not part of any specialized farm program but are of benefit to all Americans, and programs operated by the Department overseas as part of our foreign policy responsibilities.

Nevertheless, we cannot condone the failure of the Department to utilize effectively in behalf of the Nation's many needy persons the abundance of food already in Government possession, and other foodstuffs in surplus, merely because of the alleged "cost" of an effective distribution system.

This committee wants our surplus food used to help feed the hungry. The present distribution system is not meeting that requirement.

ONLY A THIRD OF COUNTIES, AND A THIRD OF PERSONS ON PUBLIC ASSISTANCE ARE NOW COVERED IN THE SURPLUS DISTRIBUTION PROGRAM

While it is true that many Americans are receiving gifts of surplus food in areas of high unemployment, facts presented to this committee show that the program is not operating in about two-thirds of the Nation's counties, and that about two-thirds of the people on various forms of public welfare in the United States are not receiving any of this food—largely by accident of geography.

The deficiencies of the present distribution program in terms of reaching the majority of our neediest Americans are clearly demonstrated in the following State-by-State breakdown submitted to this committee by Representative Sullivan:

TABULATION PREPARED BY REPRESENTATIVE SULLIVAN SHOWING STATE-BY-STATE PARTICIPATION IN PRESENT FOOD DISTRIBUTION PROGRAM BY PERSONS ON PUBLIC ASSISTANCE

The following figures and percentages are rough approximations based on monthly estimates from the Department of Health, Education, and Welfare and on periodic reports

from Department of Agriculture. There may be some variation from month to month:

State	Number on assistance	Number on assistance receiving food	Approximate percentage welfare class receiving
Alabama.....	207,000	46,000	22.0
Alaska.....	6,410	0	0
Arizona.....	46,000	21,000	45.0
Arkansas.....	98,000	89,000	90.0
California.....	622,000	20,000	3.0
Colorado.....	93,000	20,000	22.0
Connecticut.....	58,000	800	1.5
Delaware.....	13,000	0	0
District of Columbia.....	20,000	20,000	100.0
Florida.....	185,000	0	0
Georgia.....	182,000	13,000	7.0
Hawaii.....	16,000	0	0
Idaho.....	16,000	0	0
Illinois.....	114,000	58,000	50.0
Indiana.....	91,000	49,000	55.0
Iowa.....	80,000	45,000	55.0
Kansas.....	62,000	12,000	20.0
Kentucky.....	150,000	75,000	50.0
Louisiana.....	251,000	0	0
Maine.....	44,000	26,000	58.0
Maryland.....	50,000	22,000	49.0
Massachusetts.....	168,000	4,000	2.0
Michigan.....	316,000	220,000	70.0
Minnesota.....	109,000	27,000	25.0
Mississippi.....	175,000	150,000	86.0
Missouri.....	245,000	35,000	14.0
Montana.....	24,000	235	1.0
Nebraska.....	35,000	0	0
Nevada.....	8,000	853	10.0
New Hampshire.....	15,000	4,600	30.0
New Jersey.....	96,000	14,000	15.0
New Mexico.....	39,000	29,000	75.0
New York.....	509,000	262,000	50.0
North Carolina.....	179,000	0	0
North Dakota.....	18,000	769	4.0
Ohio.....	345,000	61,000	18.0
Oklahoma.....	181,000	113,000	62.0
Oregon.....	58,000	0	0
Pennsylvania.....	362,000	271,000	75.0
Puerto Rico.....	239,000	400,000	<sup>1</sup> 165.0
Rhode Island.....	36,000	8,600	24.0
South Carolina.....	85,000	0	0
South Dakota.....	24,000	13,500	57.0
Tennessee.....	147,000	36,000	25.0
Texas.....	368,000	47,000	13.0
Utah.....	28,000	18,000	65.0
Vermont.....	15,000	4,700	31.0
Virgin Islands.....	1,700	0	0
Virginia.....	66,000	6,900	10.0
Washington.....	139,000	5,000	4.0
West Virginia.....	109,000	85,000	78.0
Wisconsin.....	107,000	17,000	16.0
Wyoming.....	8,800	5,000	57.0

<sup>1</sup> Estimates of persons on public assistance from HEW; estimates of persons on public assistance receiving surplus food from Department of Agriculture.

Nowhere have the deficiencies of the present distribution system, in terms of meeting the needs of our people, been more dramatically shown than in a tabulation recently prepared by the Department of Agriculture itself at the request of a subcommittee of the Senate Committee on Agriculture. This shows that even in those areas of the Nation most hard hit by unemployment—the surplus labor market areas—many counties do not participate in the present distribution system.



(The tabulation referred to is as follows:)

*Number of persons in family units eligible for and participating in commodity distribution April 1959*

State	Number participating		Number of eligibles <sup>1</sup>	Number of recipients		
	Counties	Cities		Total	Public assistance	Other <sup>2</sup>
Alabama.....	20	-----	152,053	133,717	45,377	88,340
Arizona.....	14	-----	70,861	58,645	22,204	36,441
Arkansas.....	70	-----	313,434	269,575	91,553	178,022
California.....	23	-----	40,752	28,226	15,291	12,935
Colorado.....	13	-----	26,372	25,090	18,483	6,607
Connecticut.....	-----	4	1,384	1,047	858	189
District of Columbia.....	-----	1	39,770	32,920	19,071	13,849
Georgia.....	13	-----	39,795	30,236	10,095	20,141
Illinois.....	27	-----	99,959	82,607	54,922	27,685
Indiana.....	70	-----	115,993	93,210	44,286	48,924
Iowa.....	68	-----	102,804	88,378	41,517	46,861
Kansas.....	6	-----	12,337	11,960	11,927	33
Kentucky.....	86	-----	327,856	293,795	79,574	214,221
Louisiana.....	25	-----	161,985	158,852	-----	158,852
Maine.....	16	-----	70,310	62,521	27,645	34,876
Maryland.....	2	1	53,865	46,261	24,795	21,467
Massachusetts.....	-----	7	13,060	4,415	4,116	299
Michigan.....	74	1	550,859	478,749	223,934	254,815
Minnesota.....	23	2	53,516	48,691	26,105	22,586
Mississippi.....	65	-----	228,180	207,209	151,724	55,485
Missouri.....	11	1	180,284	116,696	35,243	81,453
Montana.....	2	-----	15,362	12,208	225	11,983
Nebraska.....	( <sup>3</sup> )	-----	2,009	2,009	-----	2,009
Nevada.....	5	-----	1,585	912	555	357
New Hampshire.....	10	-----	9,700	9,026	3,836	5,190
New Jersey.....	1	24	18,962	16,927	10,030	6,897
New Mexico.....	27	-----	45,955	39,441	28,764	10,677
New York.....	48	2	564,428	403,580	266,617	136,963
North Carolina.....	1	-----	625	550	-----	550
North Dakota.....	2	-----	14,017	8,366	348	8,018
Ohio.....	21	-----	79,016	64,826	59,903	4,923
Oklahoma.....	73	-----	293,738	254,575	114,784	139,791
Pennsylvania.....	54	-----	914,412	780,770	271,411	509,359
Puerto Rico.....	77	-----	637,226	604,315	405,772	198,543
Rhode Island.....	-----	16	19,963	12,456	8,452	4,004
South Carolina.....	1	-----	804	804	-----	804
South Dakota.....	36	-----	41,059	33,120	10,340	22,780
Tennessee.....	40	-----	201,018	172,640	34,360	138,280
Texas.....	61	4	153,413	136,133	44,461	91,672
Utah.....	20	-----	34,200	20,041	16,472	3,569
Vermont.....	-----	99	17,418	14,950	4,645	10,305
Virginia.....	10	-----	43,187	39,723	7,319	32,404
Washington.....	1	-----	5,482	4,834	3,665	1,169
West Virginia.....	44	-----	331,647	299,037	86,311	212,726
Wisconsin.....	21	3	27,352	58,503	15,718	42,785
Wyoming.....	15	-----	10,327	8,996	4,672	4,324
Trust territory.....	4 <sup>3</sup>	-----	3,218	3,218	-----	3,218
Samoa (American).....	4 <sup>1</sup>	-----	2,875	2,875	-----	2,875
Total.....	1,200	165	6,189,427	5,277,635	2,347,379	2,930,256

<sup>1</sup> Number of persons certified as eligible to receive donated commodities.<sup>2</sup> There were 64,447 Indians in 11 States receiving commodities.<sup>3</sup> Distribution to Indians on reservation.<sup>4</sup> Indicates number of island districts.STATEMENT TO ACCOMPANY TABLES ON DISTRIBUTION OF DONATED COMMODITIES  
IN AREAS OF SUBSTANTIAL LABOR SURPLUS

In March 1959, approximately 5.7 million needy persons in 44 States, Puerto Rico, and the trust territories were receiving surplus foods under the direct distribution program.

This program was operating in 1,214 counties and in 164 cities and towns; the total population in these areas represented 52 percent of total U.S. population, based on 1950 census figures. (Census estimates for July 1, 1958, by counties, not available.)

In the March issue of Area Labor Market Trends, published by the Bureau of Employment Security, Department of Labor, 74 major areas and 193 smaller areas were classified as areas of substantial labor surplus, i.e., 6 percent or more

of the labor force unemployed. Surplus commodities were distributed in 72 of the major areas and in 100 of the smaller areas.

Of the 5.7 million needy persons receiving commodities in March 1959, some 2.7 million lived in areas listed by the Bureau of Employment Security as areas of substantial labor surplus.

The commodity donation program reaches a large number of distressed rural areas which are not officially designated as labor surplus areas. And, in the case of Puerto Rico, for example, commodity recipients in March totaled 606,000 or 27.4 percent of the population, but only 110,000 of these people resided in designated surplus labor areas.

It should be emphasized that participation in the commodity donation program is at the option of State and local officials. The Department stands ready to supply surplus commodities any time anywhere it is requested to do so. The statistics indicate that those areas suffering from long-term economic difficulties tend to make greater use of the donation program than do the areas which only on occasion and temporarily undergo a recession.

It should be noted, too, that for purposes of comparison the list of substantial surplus labor areas for March was used. By May, the economic picture had so improved that 9 major areas and 22 smaller areas were eliminated from the substantial labor surplus category. Four new smaller areas were added, but the net change in population affected showed a drop of more than 7 million, from the 62.4 million residing in labor surplus areas in March.

*Comparison of cities and counties participating in commodity donation program with cities and counties listed as areas of substantial labor surplus by the U.S. Department of Labor, March 1959*

Substantial labor surplus areas	1950 population	Recipients of surplus foods	Substantial labor surplus areas	1950 population	Recipients of surplus foods
ALABAMA			CONNECTICUT—continued		
Birmingham area: Jefferson County	553,928	-----	Waterbury area:		
Mobile area: Mobile County	231,105	-----	Litchfield County 4 towns	19,174	-----
Alexander City area: Coosa County	11,766	-----	New Haven County: 8 towns	142,889	-----
Tallapoosa County	35,074	-----	Ansonia area:		
Anniston area: Calhoun County	79,539	4,764	Fairfield County: Shelton	12,694	-----
Florence-Sheffield area: Colbert County	39,561	7,014	New Haven County: 4 towns	38,834	-----
Franklin County	25,705	5,848	Bristol area:		
Lauderdale County	54,179	7,382	Hartford County: Bristol	35,961	-----
Gadsden area: Etowah County	93,892	10,709	Litchfield County: Plymouth	6,771	-----
Jasper area: Walker County	63,769	8,334	Danbury area:		
Talladega area: Talladega County	63,639	14,166	Fairfield County: 8 towns	52,775	-----
			Litchfield County: 6 towns	11,234	-----
ALASKA			Danielson area:		
Anchorage area: 3d judicial division, Anchorage district	31,321	-----	Windham County:		
ARKANSAS			9 towns	30,312	-----
Fort Smith area: Sebastian County	64,202	2,660	Plainfield	8,071	130
CALIFORNIA			Putnam	9,304	443
Eureka area: Humboldt County	69,241	605	Meriden area:		
Ukiah area: Mendocino County	40,854	19	Hartford County: Southington	13,061	-----
CONNECTICUT			New Haven County:		
Bridgeport area: Fairfield County: 7 towns	263,194	-----	Meriden	44,088	291
New Britain area: Hartford County: 3 towns	91,190	-----	Wallingford	16,976	-----
New Haven area: New Haven County: 12 towns	276,127	-----	Middletown area:		
			Hartford County: Marlborough	901	-----
			Middlesex County	67,332	-----
			Norwich area: New London County: 9 towns	54,451	-----
			Thompsonville area:		
			Hartford County: 4 towns	30,439	-----
			Tolland County: 7 towns	25,698	-----
			Torrington area:		
			Hartford County: 2 towns	2,395	-----
			Litchfield County 15 towns	61,693	-----



# ESTABLISHMENT OF A FOOD-STAMP PLAN

Comparison of cities and counties participating in commodity donation program with cities and counties listed as areas of substantial labor surplus by the U.S. Department of Labor, March 1959—Continued

Substantial labor surplus areas	1950 population	Recipients of surplus foods	Substantial labor surplus areas	1950 population	Recipients of surplus foods
CONNECTICUT—continued			INDIANA—continued		
Willimantic area:			Michigan City-La Porte area:		
New London County:			La Porte County	76,808	4,966
Lebanon	1,654	-----	Muncie area: Delaware County	90,252	6,297
Tolland County: 5 towns	17,732	-----	New Castle area: Henry County	45,505	379
Windham County: 5 towns	18,626	-----	Richmond area: Wayne County	68,566	2,061
GEORGIA			Vincennes area: Knox County	43,415	3,082
Toccoa area:			IOWA		
Franklin County	14,446	-----	Ottumwa area: Wapello County	47,397	4,672
Habersham County	16,553	-----	KANSAS		
Stephens County	16,647	2,252	Coffeyville-Independence-Parsons area:		
ILLINOIS			Labeite County	29,285	-----
Chicago area:			Montgomery County	46,487	-----
Cook County	4,508,792	4,000	Pittsburg area:		
DuPage County	154,599	-----	Cherokee County	25,144	-----
Lake County (Indiana)	179,097	-----	Crawford County	40,231	2,135
Joliet area: Will County	134,336	-----	KENTUCKY		
Canton area: Fulton County	43,716	1,735	Louisville area:		
Centralia area:			Jefferson County, Ky.	484,615	-----
Clinton County	22,594	313	Clark County, Ind.	48,330	5,444
Marion County	41,700	2,190	Floyd County, Ind.	43,955	3,300
Decatur area: Macon County	98,853	-----	Corbin area:		
Elgin area: Kane County:			Clay County	23,116	9,613
9 towns	69,847	-----	Knox County	30,409	12,425
Harrisburg area:			Laurel County	25,797	7,274
Gallatin County	9,818	1,697	Whitley County	31,940	8,125
Hardin County	7,530	1,166	Hazard area:		
Pope County	5,779	762	Breathitt County	19,964	9,115
Saline County	33,420	5,540	Letcher County	39,522	9,639
White County	20,935	-----	Perry County	46,566	16,747
Herrin-Murphysboro-West			Hopkinsville area:		
Frankfort area:			Christian County	42,359	1,529
Franklin County	48,685	8,090	Todd County	12,890	2,074
Jackson County	38,124	3,453	Trigg County	9,683	1,373
Johnson County	8,729	734	Madisonville area:		
Perry County	21,684	2,061	Hopkins County	38,815	1,774
Union County	20,500	1,200	Muhlenburg County	32,501	4,381
Williamson County	48,621	6,625	Webster County	12,555	1,974
Litchfield area:			Middlesboro-Harlan area:		
Macoupin County	44,210	2,530	Bell County	47,602	11,422
Montgomery County	32,460	1,777	Harlan County	71,751	13,302
Mount Carmel-Olney area:			Leslie County	15,537	1,990
Edwards County	9,056	-----	Morehead-Grayson area:		
Lawrence County	20,539	-----	Carter County	22,559	2,552
Richland County	16,889	-----	Elliott County	7,085	-----
Wabash County	14,651	-----	Greenup County	24,887	2,986
Mount Vernon area:			Rowan County	12,708	1,693
Hamilton County	12,256	-----	Owensboro area: Daviess County	57,241	3,025
Jefferson County	35,892	3,279	Paducah area:		
Wayne County	20,933	-----	Ballard County	8,545	504
INDIANA			Graves County	31,364	2,145
Evansville area: Vanderburgh County	160,422	13,552	McCracken County	49,137	4,370
Fort Wayne area: Allen County	183,722	9,432	Marshall County	13,387	684
South Bend area: St. Joseph County	205,058	4,844	Paintsville-Prestonburg area:		
Terre Haute area: Vigo County	105,160	2,823	Floyd County	53,500	11,787
Anderson area: Madison County	103,911	1,381	Johnson County	23,846	6,391
Columbus area: Bartholomew County	36,108	174	Knott County	20,320	5,074
Connorsville area:			Magoffin County	13,839	5,773
Fayette County	23,391	1,831	Martin County	11,677	4,181
Franklin County	16,034	890	Pikesville-Williamson area:		
Rush County	19,799	-----	Pike County, Ky.	81,154	19,002
Union County	6,412	27	Mingo County, W. Va.	47,409	20,343

*Comparison of cities and counties participating in commodity donation program with cities and counties listed as areas of substantial labor surplus by the U.S. Department of Labor, March 1959—Continued*

Substantial labor surplus areas	1950 population	Recipients of surplus foods	Substantial labor surplus areas	1950 population	Recipients of surplus foods
LOUISIANA			MASSACHUSETTS—continued		
Alexander area: Rapides Parish	90,648	-----	Newburyport area: Essex County: 7 towns	39,912	-----
Opelousas area: St. Landry Parish	78,476	26,782	North Adams area: Berkshire County: 7 towns	42,313	-----
MAINE			Franklin County: Monroe	174	-----
Portland area: Cumberland County: 5 towns	119,942	7,065	Pittsfield area: Berkshire County: 6 towns	70,196	-----
Biddeford area: York County: 11 towns	49,146	5,862	Southbridge-Webster area: Worcester County: 8 towns	53,492	-----
Lewiston area: Androscoggin County: 10 towns	77,688	1,311	Taunton area: Bristol County: 6 towns	54,870	-----
MARYLAND			Plymouth County: 4 towns	15,753	-----
Baltimore area: Anne Arundel County	117,392	-----	Ware area: Hampden County: 5 towns	17,714	-----
Baltimore County	270,273	-----	Hampshire County: 2 towns	12,004	-----
Independent city of Baltimore	949,708	34,108	Worcester County: 6 towns	9,928	-----
Cumberland area: Allegany County, Md.	89,556	8,601	MICHIGAN		
Mineral County, W. Va.	22,333	1,974	Battle Creek area: Calhoun County	120,813	9,847
Frederick area: Frederick County	62,287	-----	Detroit area: Macomb County	184,961	28,593
Westminister area: Carroll County	44,907	-----	Oakland County	396,001	36,713
MASSACHUSETTS			Wayne County	2,435,235	225,991
Brockton area: Bristol County: Easton	6,244	-----	Flint: Genesee County	270,963	17,910
Norfolk County: 4 towns	27,798	-----	Grand Rapids area: Kent County	288,292	11,804
Plymouth County: 9 towns	112,021	-----	Lansing area: Ingham County	172,941	12,763
Fall River area: Bristol County: 5 towns	128,754	-----	Muskegon area: Muskegon County	121,545	11,221
Newport County (R.I.): Tiverton	5,659	-----	Saginaw area: Saginaw County	153,515	11,501
Lawrence area: Essex County: 4 towns	125,935	-----	Adrian area: Lenawee County	64,629	2,536
Lowell area: Middlesex County: 6 towns	131,583	-----	Allegan area: Allegan County	47,493	2,506
New Bedford area: Barnstable County: Bourne	4,720	-----	Ann Arbor-Ypsilanti area: Washtenaw County	134,606	2,974
Bristol County: 5 towns	137,469	-----	Bay City area: Bay County	88,461	8,510
Plymouth County: 5 towns	14,942	-----	Benton Harbor area: Berrien County	115,702	13,556
Springfield-Holyoke area: Hampshire County: 18 towns	75,590	-----	Escanaba area: Delta County	32,913	3,136
Hampden County: Chicopee	49,211	559	Schoolcraft County	9,148	828
17 towns	301,046	-----	Menominee County: 3 towns	4,048	1,679
Worcester area: Worcester county: 16 towns	282,158	-----	Holland-Grand Haven area: Ottawa County	73,751	3,184
Fitchburg area: Middlesex County: 7 towns	21,080	-----	Ironia-Belding-Greenville area: Ionia County	38,158	2,208
Worcester County: 3 towns	70,749	-----	Montcalm County	31,013	1,993
Lunenburg	3,906	26	Iron Mountain, Mich.-Wis. area: Dickinson County, Mich.	24,844	3,298
Greenfield area: Franklin County	44,194	-----	Iron County, Mich.	17,692	2,389
Haverhill area: Essex County: 5 towns	55,761	-----	Florence County, Wis.	3,756	741
Marlboro area: Middlesex County: 7 towns	47,374	-----	Marquette County, Wis.	35,748	3,383
Worcester County: 3 towns	5,065	-----	Jackson area: Jackson County	107,925	7,155
Milford area: Norfolk County: 2 towns	6,295	-----	Marquette area: Marquette County	47,654	6,940
Worcester County: 6 towns	40,675	-----	Monroe area: Monroe County	75,666	5,178
			Owosso area: Shiawassee County	45,967	3,017
			Port Huron area: St. Clair County	91,599	9,248
			Sturgis area: St. Joseph County	35,071	-----



*Comparison of cities and counties participating in commodity donation program with cities and counties listed as areas of substantial labor surplus by the U.S. Department of Labor, March 1959—Continued*

Substantial labor surplus areas	1950 population	Recipients of surplus foods	Substantial labor surplus areas	1950 population	Recipients of surplus foods
MINNESOTA			NEW JERSEY—continued		
Duluth-Superior area:			Perth Amboy area:		
St. Louis County, Minn.;			Middlesex County, except part of Piscataway, Raritan, Dunellen, Middlesex, South Plainfield.	218, 102	551
city of Duluth.	206, 062	20, 768	Somerset County: 2 towns.	10, 138	
Douglas County, Wis.	46, 715	5, 922	Trenton area:		
MISSISSIPPI			Hunterdon County: 2 towns.	5, 690	
Biloxi-Gulfport area: Harrison County.	84, 073	7, 680	Mercer County.	229, 781	
Greenville area: Washington County.	70, 504	26, 395	Monmouth County: 4 towns.	4, 133	
MISSOURI			Ocean County: 2 towns.	1, 294	
Kansas City area:			Bridgeton area:		
Johnson County, Kans.	62, 783		Atlantic County, part of Buena Vista Township.	2, 106	
Wyandotte County, Kans.	165, 318		Cumberland County.	88, 597	2, 456
Clay County, Mo.	45, 221		Long Branch area:		
Jackson County, Mo.	541, 035	14, 276	Monmouth County, except Millstone, Upper Freehold, Allentown, Roosevelt.	221, 194	104
St. Louis area:			Ocean County except New Egypt, vicinity in Plumsted Township.	55, 328	
Jefferson County, Mo.	38, 007	4, 042	Morristown-Dover area:		
St. Charles County, Mo.	29, 834		Morris County, except Pequannock, Butler, Kinnelon, Lincoln Park, Riverdale.	148, 989	149
Independent city of St. Louis, Mo.	856, 796	57, 550	Somerset County: 2 towns.	3, 956	
Madison County, Ill.	182, 307	5, 288	Sussex County.	34, 423	
St. Clair County, Ill.	205, 995	17, 377	Plainfield-Somerville area:		
St. Louis County, Mo.	406, 349	7, 331	Hunterdon County: 4 towns.	(1)	
Cape Girardeau area: Cape Girardeau County.	38, 397		Middlesex County: 6 towns.	30, 422	
Flat River area:			Edison.	9, 879	125
Iron County.	9, 458		Somerset County except parts of Bernardsville and Franklin.	84, 958	
Madison County.	10, 380		Union County: 4 towns.	56, 709	
St. Francois County.	35, 276		NEW YORK		
Ste. Genevieve County.	11, 237		Albany - Schenectady - Troy area:		
Washington County.	14, 689	2, 962	Albany County.	239, 386	
Joplin area: Jasper County.	79, 106		Rensselaer County.	132, 607	4, 906
Washington area: Franklin County.	36, 046		Schenectady County.	142, 497	4, 020
MONTANA			Binghamton area: Broome County.	184, 698	
Butte area: Silver Bow County.	48, 422		Buffalo area:		
Great Falls area: Cascade County.	53, 027		Erie County.	899, 238	40, 381
Kalispell area:			Niagara County.	189, 992	6, 449
Flathead County.	31, 495		New York area:		
Lincoln County.	8, 693		New York City.	7, 891, 957	178, 998
NEW JERSEY			Nassau County.	672, 765	3, 176
Atlantic City area:			Rockland County.	89, 276	
Atlantic County except part of Buena Vista Township, Landisville, Minatola, Buena minor civil divisions, and south.	130, 293		Suffolk County.	276, 129	6, 970
Cape May County: 2 towns.	7, 962		Westchester County.	625, 816	
Newark area:			Syracuse area: Onondaga County.	341, 719	8, 198
Bergen County: Borough of North Arlington.	15, 970		Utica-Rome area:		
Essex County.	905, 949		Herkimer County.	61, 407	3, 679
Hudson County: 6 towns.	482, 511		Oneida County.	222, 855	7, 507
Union County: 17 towns.	341, 431		Amsterdam area: Montgomery County.	59, 594	2, 219
Paterson area:			Auburn area: Cayuga County.	70, 136	3, 386
Bergen County except Borough of North Arlington.	523, 169	912	Batavia area: Genesee County.	47, 584	1, 743
Hudson County: 6 towns.	164, 926				
Morris County: 5 towns.	15, 382				
Passaic County.	337, 093				

See footnotes at end of table, p. 16.

*Comparison of cities and counties participating in commodity donation program with cities and counties listed as areas of substantial labor surplus by the U.S. Department of Labor, March 1959—Continued*

Substantial labor surplus areas	1950 population	Recipients of surplus foods	Substantial labor surplus areas	1950 population	Recipients of surplus foods
NEW YORK—continued			OHIO—continued		
Corning-Hornell area: Steuben County.....	91,439	8,652	Athens - Logan - Nelsonville area:		
Elmira area: Chemung County.....	86,827	7,380	Athens County.....	45,839	
Glens Falls-Hudson Falls area:			Hocking County.....	19,520	
Warren County.....	39,205	3,484	Batavia - Georgetown - West Union area:		
Washington County.....	47,144	4,929	Adams County.....	20,499	
Gloversville area: Fulton County.....	51,021	2,964	Brown County.....	22,221	
Jamestown-Dunkirk area: Chautaugua County.....	92,455	3,355	Clermont County.....	42,182	41
Kingston area: Ulster County.....	92,621	602	Cambridge area:		
Newburgh-Middletown-Beacon area:			Guernsey County.....	38,452	
Dutchess County: 2 towns.....	17,875		Noble County.....	11,750	
Orange County.....	152,255		East Liverpool-Salem area:		
Putnam County.....	20,307		Columbiana County.....	98,920	
Clean-Salamanca area: Cattaraugus County.....	77,901	3,812	Findlay-Tiffin-Fostoria area:		
Oneida area: Madison County.....	46,214	1,533	Hancock County.....	44,280	
Plattsburgh area: Clinton County.....	53,622	6,944	Seneca County.....	52,978	
Watertown area: Jefferson County.....	85,521	12,139	Kent-Ravenna area: Portage County.....	63,954	
Wellsville area: Allegany County.....	43,784	3,483	Kenton area:		
NORTH CAROLINA			Hardin County.....	28,673	
Asheville area: Buncombe County.....	124,403		Wyandot County.....	19,785	
Durham area: Durham County.....	101,639		Marietta area: Washington County.....	44,407	
Fayetteville area: Cumberland County.....	96,006		New Philadelphia-Dover area:		
Hendersonville area: Henderson County.....	30,921		Carroll County.....	19,039	
Kinston area: Lenoir County.....	45,953		Harrison County.....	19,054	1,080
Lumberton area: Robeson County.....	87,769		Tuscarawas County.....	70,320	
Mount Airy area: Surry County.....	45,593		Portsmouth-Chillicothe area:		
Rockingham-Hamlet area: Richmond County.....	39,597	739	Jackson County.....	27,767	
Rocky Mount area:			Pike County.....	14,607	
Edgecombe County.....	51,634		Ross County.....	54,424	
Nash County.....	59,919		Scioto County.....	82,910	6,241
Rutherfordton-Forest City area: Rutherford County.....	46,356		Springfield area: Clark County.....	111,661	
Belby-Kings Mountain area: Cleveland County.....	64,357		Zanesville area:		
Waynesville area:			Morgan County.....	12,836	
Haywood County.....	37,631		Muskingum County.....	74,535	
Jackson County: 5 towns.....	9,562		OKLAHOMA		
OHIO			Ardmore area: Carter County.....	36,455	5,854
Marion-Elyria area: Lorain County.....	148,142	3,070	McAlester area: Pittsburg County.....	41,031	6,937
Medford area:			Okmulgee - Henryetta area:		
Lucas County.....	395,551		Okmulgee County.....	44,561	7,342
Wood County:			OREGON		
Ross.....	2,716		Portland area:		
Rossford.....	3,963		Clackamas County, Oreg.....	86,716	
Youngstown area:			Multnomah County, Oreg.....	471,537	
Mahoning County, Ohio.....	257,629	4,909	Washington County, Oreg.....	61,269	
Trumbull County, Ohio.....	158,915		Clark County, Wash.....	85,307	
Mercer County, Pa.....	111,954	11,180	Albany area: Linn County.....	54,317	
Ashtabula-Conneaut area:			Coos Bay area: Coos County.....	42,265	
Ashtabula County.....	78,695		Eugene area: Lane County.....	125,776	
			Pendleton area: Umatilla County.....	41,703	
			Roseburg area: Douglas County.....	54,549	
			PENNSYLVANIA		
			Allentown-Bethlehem-Easton area:		
			Lehigh County, Pa.....	198,207	5,471
			Northampton County, Pa.....	185,243	11,592
			Warren County, N.J.....	54,374	
			Altoona area: Blair County.....	139,514	24,293
			Erie area: Erie County.....	219,388	28,108

See footnotes at end of table, p. 16.



*Comparison of cities and counties participating in commodity donation program with cities and counties listed as areas of substantial labor surplus by the U.S. Department of Labor, March 1959—Continued*

Substantial labor surplus areas	1950 population	Recipients of surplus foods	Substantial labor surplus areas	1950 population	Recipients of surplus foods
PENNSYLVANIA—continued			PUERTO RICO		
Johnstown area:			Mayaguez area: Entire municipality	87,307	16,234
Cambria County	209,541	43,601	Ponce area: Entire municipality	126,810	27,804
Somerset County	81,813		San Juan area:		
Philadelphia area:			Bayamon: Entire municipality	48,000	9,994
Bucks County, Pa.	144,620	6,293	Catano: Entire municipality	19,865	6,265
Chester County, Pa.	159,141	3,768	Guaynabo: Entire municipality	29,120	2,914
Delaware County, Pa.	414,234	12,044	Rio Piedras: Entire municipality	143,989	23,484
Montgomery County, Pa.	353,068	4,789	San Juan: Entire municipality	224,767	23,788
Philadelphia County, Pa.	2,071,605	104,681			
Camden County, N.J.	300,743		RHODE ISLAND		
Gloucester County, N.J.	91,727		Providence area:		
Burlington County, N.J.	135,910		Bristol County, R.I.	29,079	270
Pittsburgh area:			Kent County, R.I.:		
Allegheny County	1,515,237	120,296	Warwick	43,028	461
Beaver County	175,192	18,048	East Greenwich	4,923	
Washington County	209,628	24,592	West Warwick	19,096	447
Westmoreland County	313,179	43,621	Providence County, R.I.:		
Reading area: Berks County	255,740	8,541	Central Falls	23,550	668
Scranton area: Lackawanna County	257,396	14,767	Cranston	55,060	303
Wilkes-Barre-Hazleton area:			Pawtucket	81,436	2,552
Luzerne County	392,241	45,767	Providence	248,674	
York area: York County	202,737	7,908	Woonsocket	50,211	5,924
Berwick-Bloomsburg area:			Cumberland	12,842	206
Columbia County	49,465	7,240	East Providence	35,871	
Butler area: Butler County	97,320	12,208	Johnston	12,725	174
Chambersburg-Waynesboro area:			Lincoln	11,270	201
Franklin County	75,927		North Providence	13,927	128
Fulton County	10,387	2,531	North Smithfield	5,726	
Clearfield-DuBois area:			Smithfield	6,690	103
Centre County: 3 towns	8,207	18,260	Washington County, R.I.:		
Clearfield County	85,957	20,846	North Kingstown	14,810	
Jefferson County: 7 towns	14,722	6,267	Bristol County, Mass.: 3 towns	42,059	
Indiana area: Indiana County	77,106	12,394	Norfolk County, Mass.: 4 towns	19,566	
Kittanning-Ford City area:			Worcester County, Mass.: 2 towns	6,660	
Armstrong County	80,842	18,631	Newport area: Newport County except Tiverton	55,880	
Lewistown area:			TENNESSEE		
Juniata County	15,243		Chattanooga area:		
Mifflin County	43,691	8,554	Hamilton County, Tenn	205,255	4,598
Lock Haven area: Clinton County	36,532	5,090	Walker County, Ga	38,198	
New Castle area: Lawrence County	105,120	13,518	Knoxville area:		
Oil City-Franklin-Titusville area:			Anderson County (including Oak Ridge)	59,407	6,067
Crawford County: 12 towns	17,565	8,287	Blount County	54,691	5,896
Forest County	4,944	728	Knox County	223,007	11,967
Venango County	65,328	6,200	Memphis area: Shelby County	482,393	
Pottsville area:			Bristol-Johnson City-Kingsport area:		
Carbon County: 5 towns	23,583	7,504	Carter County, Tenn	42,432	1,763
Schuylkill County	200,577	39,395	Sullivan County, Tenn	95,063	3,107
St. Mary's area:			Washington County, Tenn	59,971	1,294
Cameron County	7,023		Scott County, Va	27,640	3,260
Elk County	34,503	4,156	Independent city of Bristol, Va	15,954	
Sayre-Athens-Towanda area:			Washington County, Va	37,536	
Bradford County	51,722	7,478	Columbia area: Maury County	40,368	
Sunbury-Shamokin-Mount Carmel area:					
Columbia County: 2 towns	3,995	7,240			
Montour County	16,001	1,250			
Northumberland County	117,115	12,640			
Snyder County	22,912	2,389			
Union County	23,150	2,357			
Uniontown-Connelsville area: Fayette County	189,899	38,800			
Williamsport area: Lycoming County	101,249	8,244			

See footnotes at end of table, p. 16.

*Comparison of cities and counties participating in commodity donation program with cities and counties listed as areas of substantial labor surplus by the U.S. Department of Labor, March 1959—Continued*

Substantial labor surplus areas	1950 population	Recipients of surplus foods	Substantial labor surplus areas	1950 population	Recipients of surplus foods
TENNESSEE—continued			WASHINGTON		
La Follette-Jellico-Tazewell area:			Spokane area: Spokane County.....	221,561	-----
Campbell County.....	34,369	9,615	Tacoma area: Pierce County.....	275,876	-----
Claiborne County.....	24,788	1,361	Aberdeen area:		
TEXAS			Grays Harbor County....	53,644	-----
Beaumont-Port Arthur area:			Pacific County.....	16,558	-----
Jefferson County.....	195,083	6,611	Anacortes area: Skagit County.....	43,273	-----
Corpus Christi area: Nueces County.....	165,471	2,184	Bellingham area: Whatcom County.....	66,733	5,389
Laredo area: Webb County..	56,141	15,545	Bremerton area: Kitsap County.....	75,724	-----
Texarkana area:			Everett area: Snohomish County.....	111,580	-----
Bowie County, Tex.....	61,966	-----	Olympia area:		
Miller County, Ark.....	32,614	4,230	Lewis County.....	43,755	-----
VERMONT			Mason County.....	15,022	-----
Burlington area:			Thurston County.....	44,884	-----
Chittenden County.....	62,570	5,280	Port Angeles area:		
Grand Isle County:			Clallam County.....	26,396	1,762
Grand Isle.....	735	-----	Jefferson County.....	11,618	-----
South Hero.....	567	105	WEST VIRGINIA		
Springfield area:			Charleston area:		
Windham County:			Fayette County.....	82,443	22,776
4 towns.....	2,107	-----	Kanawha County.....	239,629	20,612
Londonderry.....	953	60	Huntington-Ashland area:		
Rockingham.....	5,499	308	Cabell County, W. Va....	108,035	3,929
Windsor County:			Wayne County, W. Va....	38,696	5,663
3 towns.....	778	-----	Boyd County, Ky.....	49,949	3,842
Cavendish.....	1,374	205	Lawrence County, Ohio..	49,115	-----
Chester.....	1,981	45	Wheeling-Steubenville area:		
Ludlow.....	2,428	295	Brooke County, W. Va....	26,904	832
Reading.....	470	91	Hancock County, W. Va....	34,388	650
Springfield.....	9,190	834	Marshall County, W. Va..	36,893	2,720
Weathersfield.....	1,288	107	Ohio County, W. Va....	71,672	1,759
Weston.....	468	9	Belmont County, Ohio....	87,740	3,213
Windsor.....	4,402	270	Jefferson County, Ohio..	96,495	4,987
VIRGINIA			Beckley area: Raleigh County.....	96,273	24,835
Roanoke area:			Bluefield area: Mercer County.....	75,013	12,997
Roanoke County.....	41,486	-----	Clarksburg area: Harrison County.....	85,296	11,272
Independent city of Roanoke.....	91,921	-----	Fairmont area: Marion County.....	71,521	7,848
Big Stone Gap-Appalachia area:			Logan area:		
Lee County.....	36,106	4,841	Logan County.....	77,391	21,705
Wise County.....	56,336	9,671	Boone County, district of Washington.....	5,059	28,741
Radford-Pulaski area:			Lincoln County, district of Harts Creek.....	3,902	26,234
Bland County.....	6,436	-----	Martinsburg area:		
Floyd County.....	11,351	-----	Berkeley County.....	30,359	1,894
Giles County.....	18,956	-----	Jefferson County.....	17,184	-----
Montgomery County.....	29,780	-----	Morgantown area: Monongalia County.....	60,797	7,470
Pulaski County.....	27,758	-----	Parkersburg area:		
Wythe County.....	23,327	-----	Calhoun County.....	10,259	-----
Independent city of Radford.....	9,026	-----	Pleasants County.....	6,369	-----
Richlands-Bluefield area:			Ritchie County.....	12,535	-----
Buchanan County.....	35,748	7,152			
Dickenson County.....	23,393	5,201			
Russell County.....	26,818	3,800			
Tazewell County.....	47,512	5,685			

See footnotes at end of table, p. 16.



*Comparison of cities and counties participating in commodity donation program with cities and counties listed as areas of substantial labor surplus by the U.S. Department of Labor, March 1959—Continued*

Substantial labor surplus areas	1950 population	Recipients of surplus foods	Substantial labor surplus areas	1950 population	Recipients of surplus foods
WEST VIRGINIA—continued			WISCONSIN		
Parkersburg area—Con.			Beloit area:		
Wirt County.....	5, 119	298	Rock County:		
Wood County.....	66, 540	3, 112	Beloit.....	29, 590	3, 505
Point Pleasant-Gallipolis area:			6 towns.....	11, 476	
Jackson County, W. Va.....	15, 299	1, 707	Eau Claire-Chippewa area:		
Mason County, W. Va.....	23, 537	2, 236	Chippewa County.....	42, 839	
Putnam County, W. Va.....	21, 021	3, 570	Eau Claire County.....	54, 187	
Gallia County, Ohio.....	24, 910		La Crosse area: La Crosse County.....	67, 587	3, 322
Meigs County, Ohio.....	23, 227		Oshkosh area:		
Ronceverte-White Sulphur Springs area:			Winnebago County, except Clayton, Menasha, Neenah, Winchester, Wolf River.....	73, 916	
Greenbrier County.....	39, 295	8, 076	Watertown area: Jefferson County.....	43, 069	
Monroe County.....	13, 123				
Welch area: McDowell County.....	98, 887	31, 753	Total.....	62,357,164	2, 747, 238

<sup>1</sup> Not available.

<sup>2</sup> Represents number of recipients for entire county. Number of recipients by individual towns not available.

When it is recognized that the average public assistance benefit paid to a needy person or family is substantially less than sufficient to assure an adequate diet, it is clear that the people who are most in need of additional foods distributed through the program are not getting them. And the reason they are not is that the costs to their localities in receiving, storing, handling and distributing the food are too burdensome when compared to the limited help provided via the distribution of so few commodities.

By proposing the distribution of surplus food through the normal channels of trade—the corner grocery store—this bill would make it possible for all needy persons in all communities to share in the benefits of surplus food availability.

Because of the abuses which grew up around the fact that certain of the food stamps in the 1939–43 program were redeemable for any food item sold in the participating stores, the Committee on Agriculture endorses the provision of H.R. 1359 which would require that each stamp be redeemable for a specified item only. This would assure not only that the stamps were used primarily for nourishing foods of importance in a balanced diet but also that increased consumption was accomplished for specified foods in surplus.

As the Department's report on the 1939–43 program stated, the food stamp plan "had its greatest effect upon those foods most responsive to income changes, i.e., animal products and most fruits and vegetables." These are, of course, the very items it is most important to get into the diet of the lowest income groups which, out of sheer self-preservation, must usually subsist on cereal products and other "filler" foods which make their diets lopsided from a nutritional standpoint.

Thus if a food stamp plan is to be successful in improving the diets of our lowest-income families, as well as in moving surplus foods into

the stomachs of the hungry, it should do more than distribute flour, meal, pastes and cereals which normally make up the bulk of the diets of such people. Instead, it should attempt to provide the things usually lacking in those diets: more of the fresh fruits and vegetables, meat items, dairy products, eggs, etc—items frequently in surplus and often far below parity, thus clearly eligible for section 32 diversion.

#### THE PEOPLE WHO WOULD BENEFIT FROM A FOOD-STAMP PROGRAM

Millions of Americans on various forms of public assistance receive monthly payments not sufficient to assure even the most minimum diet for good health. Monthly benefits for old-age assistance average \$64.80; for aid to dependent children, \$28.80 a month per recipient; for aid to the blind, \$69.19 a month; for aid to the disabled, \$64.10 a month. These are joint Federal-State programs. The payments vary widely from State to State. In a fifth category, those on general assistance (for which the Federal Government does not make matching payments to the States), are 413,000 families (averaging  $2\frac{1}{2}$  persons per family, according to the Department of Health, Education and Welfare) who receive an average monthly family benefit of \$67.21, again with wide variance as between the States.

These are the people who would be immediately eligible, whose needs have already been screened and certified, and who would benefit most from a food-stamp program. They constitute approximately 7 million persons.

The following tabulations are submitted in order to show the number of public assistance recipients or cases in each State in each category of assistance, the average payments in each State. They have been prepared by the Division of Program Statistics and Analysis.



## Bureau of Public Assistance, Social Security Administration, of the U.S. Department of Health, Education, and Welfare:

*Old-age assistance—Recipients and payments to recipients, by State, May 1959*<sup>1</sup>

[Includes vendor payments for medical care and cases receiving only such payments]

State	Number of recipients	Payments to recipients		Percentage change from—			
		Total amount	Average	April 1959		May 1958	
				Number	Amount	Number	Amount
Total <sup>2</sup> .....	2,427,971	\$157,336,600	\$64.80	<sup>3</sup> -0.1	<sup>3</sup> +0.4	<sup>3</sup> -1.4	<sup>3</sup> +4.1
Alabama.....	101,697	4,447,757	43.74	-1	(4)	-1.4	+11.1
Alaska.....	1,478	589,039	60.24	+2	+4	-3.3	-5.8
Arizona.....	13,855	790,137	57.03	+1	-1	-1.3	+2.1
Arkansas.....	56,217	2,718,966	48.37	+1	(4)	+6	-1.7
California.....	262,347	22,066,495	84.11	-2	-1	-1.5	-1.5
Colorado <sup>2</sup> .....	52,066	5,117,586	98.29	+9	+2.1	-2	+6.3
Connecticut.....	14,996	1,687,301	112.52	(6)	-6	-1.2	+4.7
Delaware.....	1,450	71,088	49.03	-5	-8	-5.9	-6.0
District of Columbia.....	3,246	181,030	55.77	-2	-3	+4.2	+2.8
Florida.....	70,075	3,748,936	53.50	(4)	-2	+1.2	+5
Georgia.....	98,171	4,663,426	47.50	(6)	-2	+2	+9.9
Hawaii.....	1,496	86,703	57.96	-3	+1	-2.7	+9.7
Idaho.....	7,656	489,951	64.00	-4	-3	-3.7	+1.7
Illinois <sup>7</sup> .....	78,543	5,470,171	69.65				
Indiana.....	29,596	1,757,197	59.37	-5	+1.3	-3.5	-1.5
Iowa.....	36,017	2,588,972	71.88	-2	+1	-3.2	+3.2
Kansas.....	29,726	2,298,803	77.33	-5	-6	-3.8	+1.7
Kentucky.....	57,286	2,481,844	43.32	+3	+2	-4	+11.7
Louisiana.....	124,547	8,239,561	66.16	(6)	(6)	+3	+4.8
Maine.....	11,871	771,939	65.03	-1.2	-2.0	-3.0	+4.1
Maryland.....	9,681	573,759	59.27	-2	-6.5	-3	+6.7
Massachusetts.....	82,541	8,198,408	99.33	-3	-1.0	-2.9	-4
Michigan.....	65,037	4,633,645	71.25	-4	-1	-3.0	+3.3
Minnesota.....	48,471	4,101,213	84.61	-2	+1.5	-2	+2.5
Mississippi.....	80,711	2,410,749	29.87	(6)	+2.5	-4	-5
Missouri.....	119,712	6,686,282	55.85	-3	-2	-2.8	-4
Montana.....	7,391	468,380	63.37	-4	-5	-6.5	-3.9
Nebraska.....	15,775	1,079,180	68.41	-3	+1.1	-4.2	+2.9
Nevada.....	2,606	176,948	67.90	(4)	+9	+9	+2
New Hampshire.....	5,103	362,542	71.04	-7	(4)	-3.8	+2
New Jersey.....	19,113	1,677,722	87.78	-1	+2	-4	+7.0
New Mexico.....	10,522	664,513	63.15	-2	-2	+2.4	+20.7
New York.....	85,977	8,949,215	104.09	-1.0	+2.1	-3.4	+7.7
North Carolina.....	50,338	2,038,460	40.50	-1	+3.2	-9	+8.4
North Dakota.....	7,448	620,981	83.38	-4	+2.1	-1.8	+2
Ohio.....	90,315	5,954,291	65.93	+2	+8	-4	+1.1
Oklahoma.....	91,841	7,018,698	76.42	-1	-1	-1.6	+9.2
Oregon.....	17,959	1,423,905	79.29	-8	-3	(4)	-3
Pennsylvania.....	49,904	3,376,254	67.65	+1	+2	+1.8	+34.0
Puerto Rico.....	40,501	331,323	8.18	-1	(4)	-2.4	-1.6
Rhode Island.....	6,985	518,312	74.20	-2	+3	-3.1	+2.7
South Carolina.....	34,046	1,291,845	37.94	-5	-7	-4.1	-3.9
South Dakota.....	9,282	540,771	58.26	-6	+1	-4.8	+6.9
Tennessee.....	56,783	2,483,264	43.73	(4)	+1	-6	+9.2
Texas.....	223,586	11,634,460	52.04	(6)	(6)	-5	+10.0
Utah.....	8,260	548,108	66.36	-7	-9	-5.0	-8
Vermont.....	5,883	335,524	57.03	-2	-1	-4.0	+7.7
Virgin Islands.....	583	13,664	23.44	-1.9	-2.0	-5.8	+18.6
Virginia.....	15,246	625,177	41.01	-1	+4	-1.8	+10.9
Washington.....	52,767	4,758,131	90.17	-5	+1.2	-4.4	+7
West Virginia.....	20,583	889,729	43.23	-5	+25.6	-4.0	+21.7
Wisconsin.....	37,184	2,930,596	78.81	+2	+4	-2.2	+3
Wyoming.....	3,501	253,649	72.45	-8	+1	-4.4	-1.5

<sup>1</sup> For definition of terms see the Bulletin, October 1957, p. 18. All data subject to revision.<sup>2</sup> Includes 3,920 recipients aged 60 to 64 in Colorado and payments of \$347,268 to these recipients. Such payments were made without Federal participation.<sup>3</sup> Based on totals excluding data for Illinois. See footnote 7.<sup>4</sup> Increase of less than 0.05 percent.<sup>5</sup> In addition, supplemental payments of \$16,684 from general assistance funds were made to 58 recipients.<sup>6</sup> Decrease of less than 0.05 percent.<sup>7</sup> Data partly estimated because of administrative change in the processing of payments.

Aid to dependent children—Recipients and payments to recipients, by State, May 1959<sup>1</sup>

[Includes vendor payments for medical care and cases receiving only such payments]

State	Number of families	Number of recipients		Payments to recipients			Percentage change from—			
		Number of recipients		Total amount	Average per—		April 1959		May 1958	
		Total :	Children		Family	Recipient	Number of recipients	Amount	Number of recipients	Amount
Total.....	781,068	2,942,569	2,255,481	\$84,751,487	\$108.48	\$28.80	(3)	4 +0.5	4 +7.8	4 +13.7
Alabama.....	22,820	90,841	70,639	637,112	27.92	7.03	-0.4	-4	-4	-16.8
Alaska.....	1,186	4,145	3,096	119,404	100.68	28.81	+3	+4	-2.4	-2.2
Arizona.....	6,522	25,819	19,717	738,863	113.29	28.62	+2.2	+4.3	+11.4	+19.0
Arkansas.....	8,299	31,680	24,802	499,733	60.22	15.77	-2	+1	-4.5	-5.7
California.....	71,710	254,533	197,951	11,742,769	163.75	46.13	(3)	+3	+12.8	+14.3
Colorado.....	7,145	27,454	21,400	885,956	124.00	32.27	+1	-7	+6.2	+7.0
Connecticut.....	7,272	23,866	17,734	1,149,147	158.02	48.15	+4	-7	+16.2	+24.2
Delaware.....	1,741	6,505	4,988	153,348	88.08	23.57	-7	-1.0	+6.9	+6.0
District of Columbia.....	3,822	16,744	13,168	476,514	124.68	28.46	+5	+1.0	+25.7	+26.0
Florida.....	27,500	101,085	78,362	1,637,008	59.53	16.19	+6	+6	+13.1	+12.6
Georgia.....	16,285	60,997	46,939	1,452,368	89.18	23.81	-8	-9	+3.6	+11.0
Hawaii.....	2,609	10,167	8,066	349,839	134.09	34.41	-6	-6	-9.3	+9.3
Idaho.....	1,962	7,205	5,298	290,569	148.10	40.33	-1.4	-1.6	+5.9	+11.0
Illinois.....	34,196	139,683	107,239	5,498,032	160.78	39.36				
Indiana.....	11,516	41,817	31,493	1,179,072	102.39	28.20	+7	+1.7	+11.6	+12.1
Iowa.....	8,699	32,090	24,070	1,166,216	134.06	36.34	+1	+5	+9.4	+12.8
Kansas.....	5,895	22,097	17,275	793,653	134.63	35.92	-5	-6	+9.9	+17.7
Kentucky.....	20,993	75,629	56,873	1,519,400	72.38	20.09	-3	-3	+2.6	+5.1
Louisiana.....	24,333	98,968	76,647	2,186,965	89.88	22.10	+3	+7	-3	+5.3
Maine.....	5,638	19,763	14,515	639,507	95.69	27.31	+3	+4	+7.9	+10.6
Maryland.....	8,481	35,011	27,375	994,269	117.23	28.40	+1	+1.4	+14.4	+22.3
Massachusetts.....	14,508	48,952	36,209	2,230,166	153.72	45.56	+7	+8	+6.5	+5.1
Michigan.....	27,637	97,524	71,309	3,727,691	134.88	38.22	+7	+1.1	+15.3	+19.7
Minnesota.....	9,655	33,066	25,653	1,459,449	151.16	44.14	+9	+1.1	+9.4	+14.9
Mississippi.....	18,388	71,015	55,499	1,752,569	40.93	10.60	+4	+7	+12.1	+5.1
Missouri.....	26,099	98,418	74,381	2,356,015	90.27	23.94	+3	+3	+9.9	+15.4
Montana.....	1,887	6,899	5,363	224,872	119.17	32.59	-4	-2.3	-9.9	-10.8
Nebraska.....	2,848	10,547	7,997	295,082	103.61	27.98	-1.8	-2.0	-5.2	-3.8
Nevada.....	1,034	3,405	2,627	91,311	88.31	26.82	+1.2	+5	+15.9	+13.2
New Hampshire.....	1,131	4,262	3,209	175,433	155.11	41.16	+5	+7	+9.5	+17.5
New Jersey.....	10,841	36,091	27,370	1,668,855	153.94	46.24	+5	+7	+22.5	+32.4
New Mexico.....	7,227	27,559	21,105	1,845,479	116.99	30.68	+4	-9	+6.5	+24.8
New York.....	66,876	259,585	195,262	11,016,576	164.73	42.44	-8	-4	+4.5	+13.5

See footnotes at end of table, p. 20.



*Aid to dependent children—Recipients and payments to recipients, by State, May 1959* <sup>1</sup>—Continued

[Includes vendor payments for medical care and cases receiving only such payments]

State	Number of families	Number of recipients		Payments to recipients		Percentage change from—			
						April 1959		May 1958	
						Number of recipients	Amount	Number of recipients	Amount
		Total <sup>2</sup>	Children	Total amount	Average per—				
					Family				
North Carolina	26,810	106,231	81,922	2,048,803	76.42	19,29	+1.6	+8.1	+13.9
North Dakota	1,764	6,534	5,061	252,789	143.30	38.69	+1.1	+2.7	+8.9
Ohio	24,239	94,515	72,394	2,760,276	113.88	29.20	+1.6	+16.1	+36.8
Oklahoma	17,332	60,202	43,691	1,906,706	108.95	31.66	+4.4	+4.7	+13.9
Oregon	6,309	22,413	17,008	885,791	140.40	39.52	-3.3	+19.8	+20.9
Pennsylvania	45,020	176,969	134,538	5,435,325	120.73	30.71	-4.4	+16.5	+19.0
Puerto Rico	50,981	186,967	149,287	765,209	15.01	4.09	+1.1	+7.1	+16.7
Rhode Island	4,579	16,507	12,370	585,994	127.95	33.49	+4.4	+2.8	+5.7
South Carolina	9,731	38,733	30,461	543,439	55.85	14.03	+4.4	+3.6	+3.2
South Dakota	3,143	10,988	8,084	305,926	97.34	28.62	-1.1	+2.3	+5.5
Tennessee	21,960	81,133	61,104	1,549,683	70.57	19.10	+7.7	+10.0	+12.4
Texas	25,316	105,026	80,065	1,793,785	70.86	17.08	-5.6	-4.2	-5.6
Utah	3,528	12,522	9,348	464,331	131.61	37.08	+5.5	+9.9	+17.2
Vermont	1,282	4,545	3,401	138,566	108.09	30.49	+1.2	+14.4	+31.6
Virgin Islands	1,211	755	627	9,053	42.91	11.99	+1.3	-9.5	+16.3
Virginia	9,392	37,700	29,584	772,218	82.22	20.48	+9.9	+2.6	+12.6
Washington	12,162	42,395	31,697	1,949,991	160.33	46.00	+1.1	+5.8	+10.6
West Virginia	20,561	79,195	61,623	2,102,777	102.27	26.55	+17.2	+7.8	+21.5
Wisconsin	9,225	33,556	25,425	1,505,227	163.17	44.86	-2.8	+11.3	+15.4
Wyoming	798	2,761	2,100	103,346	134.57	37.43	-1.4	+9.6	+12.3

<sup>1</sup> For definition of terms see the Bulletin, October 1957, p. 18. All data subject to revision.

<sup>2</sup> Includes as recipients the children and 1 parent or other adult relative in families in which the requirements of at least 1 such adult were considered in determining the amount of assistance.

<sup>3</sup> Increase of less than 0.05 percent.

<sup>4</sup> Based on totals excluding data for Illinois. (See footnote 6.)

<sup>5</sup> Increase of less than 0.05 percent.

<sup>6</sup> Data partly estimated because of administrative change in the processing of payments.

<sup>7</sup> Decrease of less than 0.05 percent.

*Aid to the blind—Recipients and payments to recipients, by State, May 1959<sup>1</sup>*

[Includes vendor payments for medical care and cases receiving only such payments]

State	Number of recipients	Payments to recipients		Percentage change from—			
		Total amount	Average	April 1959		May 1958	
				Number	Amount	Number	Amount
Total <sup>2</sup> .....	109,524	\$7,577,743	\$69.19	( <sup>3</sup> )	<sup>4</sup> +0.7	<sup>4</sup> +1.4	<sup>4</sup> +5.3
Alabama.....	1,656	58,612	35.39	+0.4	+1.3	-2.2	-4.0
Alaska.....	93	6,591	70.87	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )
Arizona.....	819	55,619	67.91	+9	+1.1	+1.1	+7.5
Arkansas.....	2,040	107,115	52.51	+2	-1.4	+7	-2.0
California <sup>2</sup> .....	14,137	1,462,595	103.46	+1	+2	+2.1	+7
Colorado.....	311	23,651	76.05	-1.6	-3.6	-5.2	-4.7
Connecticut.....	308	33,588	109.05	-1.3	-3.5	+1.3	+11.0
Delaware.....	264	18,343	69.48	-2.9	-5.1	-2.6	-5.2
District of Columbia.....	228	13,264	58.18	-3.8	-3.0	-2.6	-11.0
Florida.....	2,542	149,304	58.73	+2	+4	+7	+2.0
Georgia.....	3,551	186,555	52.54	+3	+2	+2.0	+11.4
Hawaii.....	90	5,971	66.34	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )
Idaho.....	171	11,892	69.54	-1.7	-9	-5.5	+1.5
Illinois <sup>6</sup> .....	3,128	259,751	83.04				
Indiana.....	1,915	134,132	70.04	-7	-3.3	+4.2	+7.1
Iowa.....	1,468	126,801	86.38	+7	+3	+4	+5.6
Kansas.....	610	50,777	83.24	-8	+3	-2.7	+5.5
Kentucky.....	3,184	140,056	43.99	-5	-5	-2.3	+7.9
Louisiana.....	2,605	197,838	75.95	+6	+4	+5.3	+8.4
Maine.....	462	32,047	69.37	-4	-3	-2.3	+10.4
Maryland.....	440	27,655	62.85	-2	-2.7	-3.5	+1.6
Massachusetts.....	2,141	256,185	119.66	+9	+4.5	+6.4	+11.4
Michigan.....	1,818	138,329	76.09	-5	-6	+1.9	+12.2
Minnesota.....	1,123	109,168	97.21	+4	+4.6	-4	-6
Mississippi.....	5,918	227,247	38.40	+1.0	+1.0	+10.7	+9.8
Missouri <sup>2</sup> .....	5,192	337,480	65.00	+4	+4	+1.6	+10.0
Montana.....	373	26,060	69.87	0	-3.4	-4.1	-6.2
Nebraska.....	934	79,245	84.84	-4	+1.5	-4.1	+1.5
Nevada.....	173	16,630	96.13	+2.4	+2.4	+13.8	+11.6
New Hampshire.....	241	17,347	71.98	-1.2	-3.7	+4	-1.9
New Jersey.....	921	75,492	81.97	-6	-1.1	+2.0	+4.9
New Mexico.....	392	25,003	63.78	+1.0	+1.2	+1.3	+14.1
New York.....	4,048	446,065	110.19	-4	+2.5	-3.3	+11.4
North Carolina.....	5,058	262,454	51.89	-1	+4	+2.5	+15.0
North Dakota.....	95	6,674	70.25	( <sup>5</sup> )	( <sup>5</sup> )	-14.4	-21.1
Ohio.....	3,683	242,429	65.82	-6	+7	-3	+4.1
Oklahoma.....	1,882	176,974	94.04	-1	-3	-3	+10.9
Oregon.....	280	25,088	89.60	-4	+8.9	-5.7	-1.9
Pennsylvania <sup>2</sup> .....	17,582	1,097,734	62.44	( <sup>7</sup> )	+6	+5	( <sup>7</sup> )
Puerto Rico.....	1,845	15,177	8.23	+5	+1.1	+2	+2.2
Rhode Island.....	128	9,412	73.53	+8	-5	-3.8	-1.7
South Carolina.....	1,735	73,081	42.12	-4	-4	-2.5	-1.9
South Dakota.....	167	9,682	57.98	-1.8	-1.0	-7.2	+4.5
Tennessee.....	2,890	138,233	47.83	+1	+3	-4	+9.4
Texas.....	6,401	364,729	56.98	-1	( <sup>5</sup> )	+5.9	+18.3
Utah.....	209	14,672	70.20	-9	-1.1	-5.0	-2.6
Vermont.....	138	8,266	59.90	0	+1.6	-7	+11.3
Virgin Islands.....	20	555	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )
Virginia.....	1,228	56,673	46.15	+2	+1.0	+1.2	+9.7
Washington.....	752	78,592	104.51	0	+4.4	-1.1	+6.4
West Virginia.....	1,049	51,140	48.75	-1.1	+21.3	-4.4	+21.9
Wisconsin.....	1,020	85,098	83.43	+2	+4.1	-1.4	+1.2
Wyoming.....	66	4,672	70.79	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )

<sup>1</sup> For definition of terms see the Bulletin, October 1957, p. 18. All data subject to revision.<sup>2</sup> Data include recipients of payments made without Federal participation and payments to these recipients as follows: California, \$34,376 to 309 recipients; Missouri, \$47,034 to 714 recipients; and Pennsylvania \$676,098 to 10,924 recipients.<sup>3</sup> Increase of less than 0.05 percent. Based on totals excluding data for Illinois.<sup>4</sup> Based on totals excluding data for Illinois. (See footnote 6.)<sup>5</sup> Average payment not computed on base of less than 50 recipients; percentage change, on less than 100 recipients.<sup>6</sup> Data partly estimated because of administrative change in the processing of payments.<sup>7</sup> Increase of less than 0.05 percent.<sup>8</sup> Decrease of less than 0.05 percent.



## ESTABLISHMENT OF A FOOD-STAMP PLAN

*Aid to the permanently and totally disabled—Recipients and payments to recipients, by State, May 1959*<sup>1</sup>

[Includes vendor payments for medical care and cases receiving only such payments]

State	Number of recipients	Payments to recipients		Percentage change from—			
		Total amount	Average	April 1959		May 1958	
				Number	Amount	Number	Amount
Total	337, 435	\$21, 631, 081	\$64. 10	<sup>2</sup> +0. 8	<sup>2</sup> +2. 0	<sup>2</sup> +9. 1	<sup>2</sup> +16. 5
Alabama	12, 725	422, 344	33. 19	0	+ .3	0	— .5
Arkansas	7, 041	255, 609	36. 30	+ .5	+ .3	+2. 4	— .7
California	6, 074	529, 183	87. 12	+5. 1	+4. 3	+114. 5	+142. 9
Colorado	5, 653	369, 086	65. 29	+1. 1	+ .5	+3. 3	+11. 0
Connecticut	2, 116	283, 678	134. 06	—1. 8	—1. 0	+3. 1	+17. 3
Delaware	327	21, 014	64. 26	+ .9	— .9	+12. 0	+12. 5
District of Columbia	2, 606	166, 108	63. 74	+1. 5	+1. 2	+8. 0	+3. 5
Florida	8, 014	475, 772	59. 37	+1. 6	+2. 0	+27. 9	+31. 7
Georgia	18, 507	961, 893	51. 97	+2. 3	+2. 2	+21. 4	+34. 9
Hawaii	1, 075	76, 856	71. 49	— .5	— .5	—3. 2	+7. 7
Idaho	1, 004	70, 198	69. 92	+2. 1	+2. 0	+8. 5	+16. 0
Illinois <sup>3</sup>	18, 072	1, 446, 481	80. 04	— .3	—1. 5	—1. 3	+3. 1
Kansas	4, 221	341, 683	80. 95	+ .3	+ .3	+9. 9	+26. 2
Kentucky	8, 019	353, 393	44. 07	+ .9	+1. 0	+2. 6	+9. 5
Louisiana	15, 278	821, 890	53. 80	+1. 5	+1. 5	+32. 4	+48. 8
Maine	1, 818	128, 991	70. 95	— .4	+1. 7	+5. 5	+7. 6
Maryland	5, 331	346, 298	64. 96	+ .2	+1. 1	+6. 1	+5. 9
Massachusetts	10, 079	1, 180, 612	117. 14	+1. 8	+1. 4	+20. 7	+23. 0
Michigan	4, 176	355, 206	85. 06	+ .6	+1. 1	+15. 5	+17. 9
Minnesota	2, 172	133, 223	61. 34	+3. 8	+5. 6	+31. 4	+33. 0
Mississippi	8, 444	252, 749	29. 93	+ .1	+ .1	+2. 8	+5. 8
Missouri	15, 417	892, 910	57. 92	—1. 1	—2. 0	+ .9	+3. 0
Montana	1, 471	103, 099	70. 09	+1. 0	—2. 4	+9. 5	+9. 9
Nebraska	1, 566	108, 219	69. 11	— .8	+ .2	+16. 9	+20. 4
New Hampshire	388	34, 067	87. 80	+1. 5	+1. 6	+15. 8	+21. 4
New Jersey	5, 912	563, 561	95. 32	+ .9	+ .7	+10. 6	+7. 5
New Mexico	2, 212	152, 459	68. 92	+ .7	+1. 0	—2. 0	+4. 5
New York	38, 259	3, 886, 758	101. 59	+ .6	+4. 4	+9. 8	+21. 6
North Carolina	17, 760	836, 401	47. 09	+1. 1	+11. 1	+2. 9	+6. 8
North Dakota	1, 063	106, 366	100. 06	+1. 0	+5. 9	+12. 0	+34. 4
Ohio	10, 460	746, 132	71. 33	— .1	+ .3	+7. 9	+22. 0
Oklahoma	8, 873	761, 572	85. 83	+ .6	+3. 5	+22. 0	+21. 4
Oregon	5, 206	452, 251	86. 87	+ .7	+1. 0	+4. 2	+4. 0
Pennsylvania	15, 826	935, 537	59. 11	+ .8	+ .7	+1. 5	+2. 0
Puerto Rico	21, 381	188, 640	8. 82	+2. 4	+2. 3	+15. 6	+21. 7
Rhode Island	2, 680	216, 633	80. 83	+ .1	+ .1	+2. 1	+2. 1
South Carolina	7, 919	275, 700	34. 82	+ .3	+ .6	+10. 6	+28. 8
South Dakota	1, 086	66, 315	61. 06	+2. 6	+3. 4	+39. 1	+58. 6
Tennessee	7, 664	368, 241	48. 05	+4. 4	+4. 5	+93. 6	+117. 2
Texas	4, 988	262, 724	52. 67	+ .3	+ .5	+13. 3	+21. 4
Utah	2, 162	155, 875	72. 10	+ .9	+ .7	+14. 6	+28. 7
Vermont	807	48, 191	59. 72	0	— .5	—1. 0	+23. 4
Virgin Islands	102	2, 580	25. 29	+ .6	+1. 2	+8. 3	+20. 9
Virginia	6, 069	285, 002	46. 96	+ .7	+4. 6	+4. 8	+14. 7
Washington	6, 116	656, 096	107. 28	+ .3	+26. 2	—1. 7	+13. 4
West Virginia	7, 453	334, 801	44. 92	— .3	+4. 4	+5. 1	+8. 0
Wisconsin	1, 305	157, 870	120. 97	+1. 1	+ .7	+4. 7	+11. 5
Wyoming	538	40, 814	75. 86				

<sup>1</sup> For definition of terms see the *Bulletin*, October 1957, p. 18. All data subject to revision.

<sup>2</sup> Based on totals excluding data for Illinois. See footnote 3.

<sup>3</sup> Data partly estimated because of administrative change in the processing of payments.

General assistance: Cases and payments to cases, by State, May 1959<sup>1</sup>

[Excludes vendor payments for medical care and cases receiving only such payments]

State	Number of cases	Payments to cases		Percentage change from—			
		Total amount	Average	April 1959		May 1958	
				Number	Amount	Number	Amount
Total <sup>2</sup> .....	413,000	\$27,758,000	\$67.21	-8.2	-9.8	-4.0	+5.1
Alabama.....	116	1,505	12.97	0	+2.2	-20.0	-19.2
Alaska.....	176	11,126	63.22	-27.3	-25.2	-8.8	-17.0
Arizona.....	3,019	130,542	43.24	-9	-6	+8.6	+13.5
Arkansas.....	239	3,336	13.96	-37.8	-33.5	-32.5	-22.4
California.....	34,863	2,017,393	57.87	-8.8	-6.3	-10.2	-6.7
Colorado.....	1,275	52,379	41.08	-31.0	-37.5	-30.3	-24.7
Connecticut.....	5,097	356,695	69.98	-6.5	-8.3	-13.8	-10.0
Delaware.....	1,796	118,177	65.80	-10.2	-12.1	-3.2	-4.6
District of Columbia.....	1,443	89,076	61.73	-1.0	-2.5	+31.4	+19.0
Florida <sup>4</sup> .....	9,300	276,000					
Georgia.....	2,084	50,811	24.38	-2.5	-4.0	-18.6	-16.2
Hawaii.....	1,358	103,402	76.14	-1.7	-2.0	-4.9	+7.2
Illinois.....	47,817	4,095,536	85.65	-6.3	-8.1	+22.7	+46.7
Indiana.....	21,944	737,323	33.60	-12.7	-14.7	-15.9	-21.8
Iowa <sup>5</sup> .....	3,808	146,764	38.54	-9.7	-1.0	-5.7	+3.6
Kansas.....	2,069	133,723	64.63	-9.6	-9.5	+7	+14.2
Kentucky.....	2,112	63,612	30.12	-16.2	-13.5	-29.1	-42.9
Louisiana.....	9,597	465,117	48.46	0	+7	-7.2	+1.8
Maine.....	2,833	111,973	39.52	-20.7	-28.0	-3.7	-10.5
Maryland.....	3,463	216,481	62.51	-1.5	-8	+24.3	+30.2
Massachusetts.....	9,568	639,360	66.82	-7.0	-10.9	-5.6	-9.9
Michigan.....	40,190	3,964,879	98.65	-11.6	-13.2	-4.2	+3.7
Minnesota.....	8,497	595,771	70.12	-15.1	-21.4	+4.2	+11.9
Mississippi.....	1,007	14,503	14.40	+1.0	+3.3	+10.7	+13.6
Missouri.....	8,262	533,105	64.52	-1.0	-3	+16.7	+37.1
Montana.....	1,262	52,181	41.35	-12.6	-19.7	-4.2	-17.3
Nebraska.....	1,315	63,400	48.21	-4.6	+2.8	+9	+18.0
Nevada <sup>4</sup> .....	224	7,442					
New Hampshire.....	975	50,704	52.00	-17.9	-22.5	-31.3	+32.7
New Jersey <sup>6</sup> .....	11,065	1,120,792	101.29	-13.0	-13.8	-7.3	+1.4
New Mexico.....	581	24,159	41.58	+5	+1.2	-	+15.0
New York.....	39,832	3,619,650	90.87	-6.5	-9.5	+6.4	+15.1
North Carolina.....	1,916	44,204	23.07	-15.9	-17.9	-36.7	-36.4
North Dakota.....	409	22,085	54.00	-34.1	-33.2	-6.6	+8
Ohio.....	37,006	2,690,474	72.70	-10.2	-12.3	-21.9	-10.2
Oklahoma.....	7,009	94,085	13.42	-8.2	-5.5	-13.6	-13.6
Oregon.....	6,999	432,608	61.81	+16.6	+43.3	+10.4	+9.3
Pennsylvania.....	36,035	2,573,212	71.41	-4.9	-4.3	+23.4	+27.7
Puerto Rico.....	2,050	14,447	7.05	+47.5	+44.0	+18.8	+24.3
Rhode Island.....	3,416	242,140	70.88	-12.2	-10.3	-18.2	-12.1
South Carolina.....	1,145	27,263	23.81	-14.2	-11.1	-26.8	-24.7
South Dakota.....	423	13,618	32.19	-23.8	-28.6	-63.4	-66.0
Tennessee.....	2,310	30,464	13.19	-8.1	-23.2	-8.9	-19.7
Texas <sup>7</sup> .....	9,100	229,000					
Utah.....	1,926	124,261	64.52	-12.0	-18.9	-32.4	-21.3
Vermont <sup>7</sup> .....	1,500	66,000					
Virgin Islands.....	123	2,897	23.55	+2.5	+3.9	-8	+22.6
Virginia.....	2,080	82,843	39.83	-9.2	-13.3	-16.2	-7.6
Washington.....	12,628	913,467	72.34	-14.5	-12.7	-25.9	-18.0
West Virginia.....	2,633	87,745	33.33	-5.9	-6.5	-29.5	-30.8
Wisconsin.....	8,647	689,200	79.70	-14.0	-18.9	-17.1	-18.8
Wyoming.....	465	27,985	60.18	-26.1	-32.7	+1.8	+18.1

<sup>1</sup> For definition of terms see the Bulletin, October 1957, p. 18. All data subject to revision.<sup>2</sup> Partly estimated; does not represent sum of State figures because total excludes for Indiana and New Jersey an estimated number of cases receiving medical care, hospitalization, and burial only and payments for these services. Excludes Idaho; data not available. Percentage changes based on data for 52 States.<sup>3</sup> About 6 percent of this total is estimated.<sup>4</sup> Partly estimated.<sup>5</sup> Includes an unknown number of cases receiving medical care, hospitalization, and burial only, and total payments for these services.<sup>6</sup> Includes cases receiving medical care only.<sup>7</sup> Estimated on basis of reports from sample of local jurisdictions.



## COMMITTEE AMENDMENTS

The committee has adopted only one amendment. The bill as introduced directed the Secretary to establish a food stamp plan by January 1, 1959. The committee amendment deletes this mandatory provision and places the legislation on a permissive basis, by authorizing the Secretary to establish a food stamp plan as soon as possible.

## HEARINGS

The full committee held hearings on various food stamp bills on July 30 and 31, 1959. Bills considered by the committee in addition to the reported bill by Mrs. Sullivan were:

H.R. 247 by Mr. Price.  
H.R. 778 by Mrs. Griffiths.  
H.R. 1329 by Mr. Rabaut.  
H.R. 2792 by Mr. Perkins.  
H.R. 2915 by Mr. George P. Miller.  
H.R. 2936 by Mr. Siler.  
H.R. 3130 by Mr. Anfuso.  
H.R. 5191 by Mr. Dingell.

## DEPARTMENTAL POSITION

The Department of Agriculture is opposed to the enactment of H.R. 1359. Although no report has been received on H.R. 1359, the departmental witnesses appeared in opposition to the bill. The Department of Agriculture and the Department of Health, Education, and Welfare adversely reported on a similar bill in the 85th Congress. It should be noted, however, that H.R. 1359 has been amended by the committee so as not to require any mandatory action by the Secretary of Agriculture.

The departmental reports are as follows:

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,  
*Washington, D.C., July 22, 1958.*

HON. HAROLD D. COOLEY,  
*Chairman, Committee on Agriculture,  
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This letter is in response to your request for a report on H.R. 949, a bill "To provide for the establishment of a food-stamp plan for the distribution of \$1 billion worth of surplus food commodities a year to needy persons and families in the United States." We also take this occasion to comment on H.R. 13054, a bill "To direct the Secretary of Agriculture to establish a food-stamp plan," which has been ordered by your committee to be reported favorably to the House.

H.R. 949 would establish a food-stamp plan to replace the present method of distributing surplus foods in Federal storage to needy persons under section 32 of the act of August 24, 1935, as amended (7 U.S.C. 612c), and under section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431). The bill would not, however, affect distribution of surplus foods for school lunch programs and to institutions.

The bill would authorize the Secretary of Agriculture, upon request of a State or a political subdivision thereof, to distribute surplus food at such places as he may determine. The Secretary would issue, to each welfare department or equivalent agency of a State or political subdivision making such a request, food stamps for each kind of surplus food to be distributed, in amounts based on the total amount of food to be distributed and the number of eligible persons. The food stamps would then be issued by such welfare agency to needy persons receiving welfare assistance (financial or otherwise) or in need of welfare assistance but ineligible to receive it because of State or local law. The bill provides that any surplus food distributed shall be in addition to, and not in place of, any welfare assistance (financial or otherwise) granted needy persons by a State or locality.

The bill would authorize the Secretary to distribute in a calendar year surplus food of a value up to \$1 billion, based on the cost to the Federal Government of acquiring, storing, and handling such food. He would be required to consult with the Secretary of Health, Education, and Welfare and the Secretary of Labor in establishing standards for eligibility for surplus foods and in the conduct of the program generally, in order to assure achievement of the goals outlined in the bill.

The Secretary of Agriculture would further be required, in consultation with the Secretary of Health, Education, and Welfare and the Secretary of Labor, to make a study of, and within 6 months after the enactment of this bill report to Congress on the feasibility of, the cost of, and the problems involved in, extending the food-stamp plan to persons receiving unemployment compensation or old-age and survivors insurance, and to other low-income groups not eligible to receive food stamps under the bill.

It should be noted that, according to the report of the Department of Agriculture on this bill, practically all the people who would be reached if the bill were extended to other low-income groups in the light of such a study, could be reached under that Department's current donation program if State and local governments made the necessary arrangements for certifying eligible persons and handling actual distribution to these people, and that the immediate effect of the bill would be to restrict rather than enlarge the number of people now eligible to receive surplus food.

H.R. 13054 would—for the purpose of encouraging “the domestic consumption of agricultural commodities and the products thereof by increasing their utilization among low-income groups and needy persons”—direct the Secretary of Agriculture to institute (in such areas as he determines) and to operate a food stamp plan “consistent with the principles” set forth in part IV of his report of January 3, 1957, to Congress, with which your committee is familiar. In determining the areas in which to institute the plan, the Secretary would have to give priority to areas of major unemployment. Like the other bill, this bill would require that surplus food distributed under it be in addition to, and not in place of, any welfare assistance (financial or otherwise) granted needy persons by a State or political subdivision thereof. In addition to appropriations to carry out the bill—not fixed on the basis of their individual need. Hence, except for some payments made directly for medical or other remedial care (or for



insurance to pay for such care), assistance under the federally aided public-assistance programs is provided in the form of money payments to the assistance recipients and is not earmarked.

This principle is not likely to be impaired by a surplus food distribution program such as is now conducted by the Department of Agriculture. It is generally understood that items of food so distributed are intended to supplement, rather than displace, the assistance recipient's normal expenditure for food, and the fact that such surplus food is distributed in unpredictable items and quantities makes it unlikely that State legislatures in making appropriations, or welfare agencies in determining the amount of individual assistance payments, would take such food distributions into account. On the other hand, notwithstanding the fact that these bills provide that these food distributions shall supplement, rather than take the place of, welfare assistance (financial or otherwise), the availability of food stamps of known monetary value would quite probably be taken into account by State legislatures in enacting State appropriations for public assistance, thus in effect reducing the total amount of monetary assistance granted to individuals and impairing the basic principle of providing public assistance in the form of unearmarked money payments.

Such a food stamp plan, moreover, in singling out one item of consumption as a basis for nonmonetary assistance to families, could on the one hand easily lead to undesirable rigidities and distortions in family consumption patterns and could, on the other hand, be partly self-defeating by encouraging the diversion of family income which would otherwise be spent for food to other purposes.

For the reasons above stated, we recommend against enactment of either bill.

The Bureau of the Budget advises that it perceives no objection to the submission of this report to your Committee.

Sincerely yours,

ELLIOT L. RICHARDSON,  
*Assistant Secretary.*

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DEPARTMENT OF AGRICULTURE,  
*Washington, D.C., May 7, 1957.*

HON. HAROLD D. COOLEY,  
*Chairman, Committee on Agriculture,*  
*House of Representatives.*

DEAR CONGRESSMAN COOLEY: This is in reply to your request for a report on H.R. 949, a bill authorizing the operation of a stamp plan to distribute surplus food acquired by the Department to needy persons in the United States.

The Department recommends against enactment of H.R. 949 because it would significantly increase the cost of making surplus foods available to needy persons and would shift a substantial proportion of the costs now borne by State and local governments to the Federal Government.

The donation program proposed in H.R. 949 would replace the current welfare family donation program operated by the Department under the authorities of section 32 of the act of August 24, 1935, as amended, and section 416 of the Agricultural Act of 1949, as amended. It would be financed by an annual direct appropriation.

At the request of any State or political subdivision thereof, the bill authorizes the Department of Agriculture to establish and maintain local distribution centers at which eligible persons could receive surplus foods. State or local public welfare agencies would certify recipients and issue stamps to such persons. These stamps would be exchanged for surplus foods at the local distribution centers. Participation would be initially limited to persons actually receiving some type of welfare assistance and persons in need of such assistance but ineligible because of State or local law. The bill, however, provides for a study to determine the feasibility of subsequently extending the program to other low-income groups.

The current welfare family donation program, operated by the Department under the authorities of sections 32 and 416, is based on a plan whereby agencies of the State assume responsibility for intrastate distribution of the surplus food made available. The Department arranges for and pays the cost of any necessary processing or packaging of the commodities and for their carlot shipment to central receiving points within the various States. States are responsible for the certification of recipients, within the general eligibility standards established by the Department of Agriculture which requires that donations be limited to persons in economic need of additional food. States also are responsible for receiving, storing, and delivering the commodities to the final recipients and sources within the States finance the costs of intrastate distribution.

The type of delivery system maintained varies from State to State. Generally, under the family program, a distribution center is established in the county or community—usually in some public building. Certified families are issued a card to identify them as eligible participants which must be presented at the time commodities are issued at the center. The amounts of various commodities to be issued to recipients are calculated by personnel of the distribution center, based upon family size and recommended rates of use. Participants are required to receipt for the commodities they receive, thereby providing a means of accounting for the foods delivered to the local center.

H.R. 949 would require the Federal Government to establish and finance the operation of local distribution centers at which eligible needy persons could receive surplus commodities. (As an alternative the Department could utilize the services of retail stores on a fee basis.) Thus, the responsibilities of State and local governments would be limited to the certification of applicant persons and families and the distribution of surplus food stamps to eligible families.

Under the proposed legislation, the distribution of the Federal surplus food stamps would serve to identify eligible persons to the staff of the distribution centers and to indicate the quantities of food to which the participant was entitled. A nationwide system for the printing, distribution, and control of surplus stamps by the Federal Government would, in itself, be complex and costly. In addition, it appears that States have already developed simpler and less expensive methods for maintaining control over the distribution of surplus foods to needy persons. However, under the current regulations of the Department, any State now participating in the family donation program could inaugurate a stamp system if it deems it a desirable and effective control measure.



The immediate impact of the donation program authorized in H.R. 949 would be to restrict the number of persons now eligible to receive surplus foods. Initially, the bill limits distribution to those persons actually receiving some type of welfare assistance and those in need of welfare assistance but ineligible to receive it because of State or local law. Under the Department's current program, eligibility standards in any State must be related to the State's own welfare standards but may be adjusted to include needy persons who are not actually receiving public welfare assistance.

H.R. 949 does provide for a study to determine the feasibility of extending the program to other low-income groups. However, practically all of the people who would be reached by this bill under its fullest possible scope, could be reached by the Department's current donation program, if State and local governments undertook the necessary arrangements for certifying eligible persons and handling the actual distribution to these people.

The Bureau of the Budget advises that it has no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE,  
*Acting Secretary.*

## MINORITY REPORT

We, the minority, sincerely feel that new and improved methods of placing our agricultural abundance into the stomachs of hungry people should be constantly explored, but we oppose H.R. 1359 for the following reasons:

(1) It represents the inexcusable invasion of State and local rights and responsibilities in the administration of their welfare programs;

(2) It would not help farmers, taxpayers, or the needy. It would not alleviate our major surpluses while tremendously increasing the cost and decreasing the efficiency of the present distribution system. It places the Department of Agriculture directly into the welfare field, an area more related to the Department of Health, Education, and Welfare.

### HOW THE PRESENT SYSTEM OPERATES

Under the distribution program currently being operated by the Department of Agriculture, a total of 43 States, the District of Columbia, Puerto Rico, and the Trust Territory of the Pacific Islands, and American Samoa are receiving federally donated surplus foods and making them available to needy persons. In June, the latest month for which figures are available, a total of 5.7 million persons were certified to receive the Federal foods and distribution actually was made to 4.7 million persons in 1,160 counties and 150 separate cities participating. During the fiscal year 1959, needy persons received under the Department of Agriculture's distribution program an estimated 706 million pounds of surplus foods, a substantial increase from the 471.5 million distributed in the previous year.

The type of surplus food delivery system maintained under the current surplus foods distribution program is largely a local responsibility and varies from State to State. Generally, a distribution center is established in the county or community—usually in some public building and, in some cases, volunteer labor help staff the center. Certified families are issued a card to identify them as eligible participants, and this card must be presented at the time the commodities are issued at the center. The amounts of various commodities to be issued to recipients are calculated by personnel of the distribution center, based upon family size and recommended rates of use. Participants are required to receipt for the commodities they receive, thereby providing a means of accounting for the foods delivered to the local center. In a few instances, chiefly in metropolitan areas, States have made their own arrangements for distribution of the federally donated surplus foods through retail stores.

Two major points should be borne in mind when discussing the present distribution system. The first is that any State or local agency can receive all the surplus food it needs and wants simply by asking for it. The second is that any State or local community could,



under present law, institute and operate a food stamp plan if it so desired. The fact that only several communities have seen fit to do so because of the inherent inefficiency and cost of stamp plans clearly indicts the rationale of forcing the Federal Government to do so.

We would also point out that today about 1.4 million persons in charitable institutions are receiving surplus food from USDA, and some 15 million school children are taking part in the school lunch program. Over 2.2 billion half pints of milk were distributed to children in over 80,000 schools, summer camps, and child care centers in fiscal 1959 under the school milk program.

The increasing emphasis on the constructive use of all available surplus foods in recent years is shown in this chronological record of the quantities and the costs of surplus foods distributed in this country through the direct distribution program:

*Surplus foods distributed in the United States*

Fiscal year	Quantity (pounds)	Cost
1953.....	161,100,000	\$68,700,000
1954.....	417,800,000	155,200,000
1955.....	492,500,000	167,700,000
1956.....	789,100,000	234,600,000
1957.....	1,061,900,000	236,400,000
1958.....	871,600,000	185,400,000
1st half 1959.....	558,400,000	113,700,000
Total.....	4,352,400,000	1,161,700,000

MORE PEOPLE HAVE BENEFITED

The Department has offered surplus foods to all States and Territories, and the number of people benefiting from these donations has steadily increased:

Fiscal year	Children in school lunches	Needy per- sons in in- stitutions	Needy per- sons in family units	Total
1953.....	9,300,000	1,300,000	100,000	10,700,000
1954.....	9,400,000	1,400,000	1,100,000	11,900,000
1955.....	10,200,000	1,300,000	3,290,000	14,790,000
1956.....	10,900,000	1,400,000	3,170,000	15,470,000
1957.....	11,900,000	1,400,000	3,485,000	16,785,000
1958.....	13,600,000	1,400,000	4,665,000	19,665,000
1st half 1959.....	14,100,000	1,400,000	5,230,000	20,730,000

THE PREVIOUS STAMP PLAN

The Department of Agriculture operated a food stamp plan from 1939 to 1943 under legislative authority which is still in effect today (clause 2, of section 32, Public Law 320, 74th Congress, as amended). The stamp plan was discontinued partly because of wartime conditions and mainly because many recipients traded food stamps for cash, many non-surplus foods were purchased with stamps designed to be used only for purchase of surplus foods, and studies within the Department itself cast serious doubts on the effectiveness of the program, either on surpluses or in dietary improvement of the needy people.

It is interesting to note that the stamp plan which was instituted under Secretary Wallace and discontinued under Secretary Wickard has never been reinstituted under Secretaries Anderson or Brannan, as well as Secretary Benson, although the authority to do so has been in the law since 1935.

It is to this history of failure and nonacceptance that H.R. 1359 seeks to revert.

#### INVASION OF LOCAL RIGHTS AND RESPONSIBILITIES

Under its present food distribution program the Department of Agriculture requires that an agency of the State government assume overall responsibility for local operations. In this way, it is possible for the Department to be better assured that the food donation program will be operated in a manner that does not conflict with the policies the State follows in the administration of other welfare assistance programs. Under the present arrangement, surplus food delivery costs within a State can be held to a practical minimum through the use of State, county, or municipal food storage, transporting, and handling facilities and, in some cases, with the use of volunteer labor. In addition, the present arrangement maintains sufficient flexibility to permit the scope of the distribution operations to be adjusted to changes in the need for such a program or in the volume of surplus food available for donation to needy persons.

We endorse the principal that the administration of welfare programs is the responsibility of States and local communities. This bill, however, would ignore that basic responsibility by imposing Federal standards of eligibility for surplus foods. In the administration of its current program for distributing surplus foods, the Department of Agriculture has found it both unnecessary and undesirable to go that far. Recognizing that the administration of welfare programs is a responsibility of the States and local communities, the Department has not established a single national eligibility standard by which the economic need of the people is to be determined. The Department, however, does require that the eligibility standards used by each State bear a relationship to the eligibility standards used in the State's own welfare program. The bill proposes to change this by substituting a Federal determination for each State's own eligibility standard. We feel this is an unnecessary encroachment and interference.

#### NO HELP TO FARMERS, TAXPAYERS, OR NEEDY

H.R. 1359 would jeopardize the funds in section 32 by committing these moneys to a welfare program. Section 32 was enacted to assist farmers by alleviating temporary surpluses, not to operate a welfare program. The administration of section 32 must remain flexible and its primary objective must be surplus disposal if it is to be effective. In other words, the decision to use section 32 funds must be predicated on price stability of farm commodities rather than on the needs of a distribution program. If a welfare program is envisioned by those who advocate this legislation, we suggest that the proper agency for such an activity is the Department of Health, Education, and Welfare. The costs and charges for such a program



should rightfully be obtained directly from the Congress through appropriations and not be assessed against the farm program by impairing the capital stock of the Commodity Credit Corporation. Since our present surplus is largely concentrated in corn, cotton, and wheat, it is difficult to see any advantages of this bill for the removal of surplus.

The taxpayer would most certainly lose under H.R. 1359. In addition to the natural attrition that local taxpayers see when their tax dollars go to Washington and return to their localities, the extremely expensive and inefficient program envisioned by H.R. 1359 could only lead to waste. The obvious intent of the bill as written is to have the food stamp system replace the current distribution program under which the Department of Agriculture makes surplus foods available to the States for distribution to needy persons. The Department at present pays the cost of any necessary processing and repackaging and also pays the cost of shipping the donated foods in carload lots to locally designated central receiving points within the various States, as well as donating the food. Each State agency makes arrangements with its counties or communities for the certification of eligible needy persons, for the storage and handling of the donated foods, and for the operation of a distribution center where the certified needy persons receive the surplus foods.

The use of retail stores for the distribution of surplus foods made available by the Federal Government would greatly increase program and administrative costs and the number of Federal employees required. There are more than 300,000 retail food stores in the country and it is difficult to see how arbitrary limits could be placed upon the number of stores that could participate under the program that would be authorized by this bill. Therefore, the Department of Agriculture would have to develop an extensive system to supply Federal surplus foods to thousands of individual retail stores to replenish their stocks in accordance with the volume of such foods distributed in exchange for stamps and to supervise surplus food distribution operations of these stores. It obviously would be necessary for the Department to enter into agreements with each participating store under which the store would agree to keep the Federal surplus foods segregated from its regular stocks, to keep suitable records of the Federal surplus foods received and distributed and of the Federal food stamps accepted, and to permit Federal audit of its surplus food operations.

The system that this bill would authorize for the printing, distribution, redemption, and control of surplus food stamps and for the distribution of federally owned surplus food commodities to eligible needy persons would most certainly be both complex and costly. Opposed to this is the fact that the States have already developed simpler and less expensive methods for maintaining control over the distribution of surplus foods to needy persons.

The program currently operated by the Department of Agriculture for making available surplus foods to the States for subsequent distribution by them to eligible needy persons has many advantages over the system which this bill would authorize. Under the provisions of this bill, the Department of Agriculture would print and issue food stamps to any State or political subdivision wishing to participate in the program. These stamps, which could be exchanged for Federal

surplus foods at participating retail stores, would then be provided to persons certified as needy by the State or political subdivision. The stamps would serve to identify to the staff of the participating retail stores those persons eligible to receive surplus foods and to indicate the quantities to which each is entitled.

The Department of Agriculture would be required to arrange for and finance the local warehousing and the shipment of available Federal surplus foods in commercially packaged form to participating stores and, it is to be assumed, to reimburse such stores for the costs they incur in handling the surplus foods. Thus, the Federal Government would be required to pay for the full cost of the physical distribution of surplus foods, a cost that is now shared by the Federal Government with the States and local communities.

The Department of Agriculture made a comprehensive study of the cost of a full-scale stamp program and conservatively estimated that cost to be \$600 million per year. The same report estimated that the inclusion of all low-income families (a goal fully intended by sec. 7 of H.R. 1359) would result in an annual cost of over \$2.5 billion. We recognize that this bill may not cost this much but it can be readily seen that the ultimate cost to the U.S. Treasury under H.R. 1359 would still be enormous when the cost of distribution in one major U.S. city is examined.

In his prepared statement before the committee on July 31, 1959, Mr. W. E. Fitzgerald, executive secretary of the Food Industry Committee of Detroit, Mich., pointed out that the distribution costs to the city of Detroit alone were \$4,635,000 during 1958. If the Federal Government were to assume this cost, as well as that of every other major U.S. city and every community in America, as is contemplated by H.R. 1359, the enormity of the cost becomes apparent.

We would also point out that under H.R. 1359 there would exist the inevitable temptation for State and local communities to reduce the already low and sometimes inadequate public assistance because of the Federal Government's generosity in paying the substantial portion of the food bill of persons on public assistance. Experience also shows that the assumption of costs by the Federal Government ultimately brings the assumption of rights by the Federal Government and continued deficit spending by the Federal Government will mean only more inflation and rob the very people that the advocates of this legislation purport to help.

#### CONCLUSION

H.R. 1359 is clearly unsound and undesirable for the practical reasons that it would not increase the number and quality of available surplus foods, it would not make any more persons eligible for surplus food, and it would make the present program more expensive to operate by shifting the entire cost to the Federal Government. It is also objectionable on the grounds that it represents an unwarranted invasion into the province of State and local obligations by placing the Department of Agriculture directly into the welfare field, thus charging the farmer and the farm program with costs that more properly should be assumed by the Department of Health, Education, and Welfare. There is also ample authorizing law at present to establish



a food stamp plan and the plain fact that Secretaries Wickard, Anderson, Brannan, and Benson did not choose to do so illustrates the unfeasibility of this legislation.

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DELBERT L. LATTA.

*Quantity and value of commodities pledged for outstanding loans and commodities in price support inventory as of Mar. 31, 1959, and total investment as of Mar. 31, 1958*

[All figures in thousands]

Commodity	Unit of measure	Investment as of Mar. 31, 1959 <sup>1</sup>					
		Pledged for loans		In inventory		Total	
		Quantity	Value	Quantity	Value	Quantity	Value
<b>Basic commodities:</b>							
Corn.....	Bushel.....	450,451	\$551,251	1,116,137	\$1,966,649	1,566,588	\$2,517,900
Cornmeal.....	Pound.....			1	(2)	1	(2)
Cotton, extra long staple.....	Bale.....	51	13,345	32	9,405	83	22,750
Cotton, upland.....	do.....	6,425	1,100,428	1,298	189,657	7,723	1,290,085
Peanuts, farmers' stock.....	Pound.....	169,778	17,209	70,742	7,551	240,520	24,760
Peanuts, shelled.....	do.....			30,885	4,706	30,885	4,706
Rice.....	Hundred-weight.....	4,154	20,902	6,911	56,819	11,065	77,721
Tobacco.....	Pound.....	909,305	591,236	11,089	7,354	920,394	598,590
Wheat.....	Bushel.....	509,435	936,568	749,239	2,138,272	1,258,674	3,074,840
Wheat flour.....	Pound.....			6,285	364	6,285	364
<b>Total basic commodities.....</b>			3,230,939		4,380,777		7,611,716
<b>Designated nonbasic commodities:</b>							
<b>Milk and butterfat:</b>							
Butter.....	do.....			41,803	24,684	41,803	24,684
Cheese.....	do.....			11,072	3,972	11,072	3,972
Milk, dried.....	do.....			119,632	18,331	119,632	18,331
Honey.....	do.....	3,742	353			3,742	353
Tung oil.....	do.....	22,992	4,830	22,827	4,980	45,819	9,810
<b>Total designated nonbasic commodities.....</b>			5,183		51,967		57,150
<b>Other nonbasic commodities:</b>							
Barley.....	Bushel.....	83,950	73,194	69,805	85,787	153,755	158,981
Beans, dry edible.....	Hundred-weight.....	1,492	9,580	18	146	1,510	9,726
<b>Cottonseed oil:</b>							
Crude.....	Pound.....			11,641	1,347	11,641	1,347
Refined.....	do.....			39,183	5,029	39,183	5,029
Flaxseed.....	Bushel.....	10,968	29,834	721	2,353	11,689	32,187
Grain sorghum.....	Hundred-weight.....	143,653	271,282	154,361	410,542	298,014	681,824
<b>Naval stores:</b>							
Rosin.....	Pound.....			260,720	20,701	260,720	20,701
Turpentine.....	Gallon.....			633	391	633	391
Oats.....	Bushel.....	76,481	41,859	23,565	17,991	100,046	59,850
Rye.....	do.....	8,030	8,142	1,039	1,567	9,069	9,709
Seeds, hay and pasture.....	Pound.....						
Soybeans.....	Bushel.....	118,789	242,449	11,676	27,327	130,465	269,776
<b>Total other nonbasic commodities.....</b>			676,340		573,181		1,249,521
<b>Exchange commodities:</b>							
Strategic and critical materials.....					38,765		38,765
Other strategic materials.....					8,446		8,446
<b>Total exchange commodities.....</b>					47,211		47,211
<b>Total.....</b>			3,912,462		5,053,136		8,965,598

<sup>1</sup> Book value before deduction of reserve for losses.

<sup>2</sup> Less than 500.

Source: U.S. Department of Agriculture, May 1959.



*Quantities of surplus foods donated for domestic and foreign use, fiscal year 1958 and estimated July-March fiscal year 1959*  
 [In million pounds]

Commodity	Domestic								Foreign distribu- tion		Total distribu- tion	
	Schools		Institutions		Needy persons		Total		Fiscal year 1958	July- March 1959	Fiscal year 1958	July- March 1959
	Fiscal year 1958	July- March 1959	Fiscal year 1958	July- March 1959	Fiscal year 1958	July- March 1959	Fiscal year 1958	July- March 1959				
Beans, dry	17.9	4.1	.3	(1)	1.0	---	19.2	4.1	19.2	4.1	19.2	4.1
Butter	68.9	55.6	29.0	20.0	12.9	41.8	110.8	117.4	110.8	117.4	110.8	117.4
Cabbage	---	3.4	---	---	---	---	---	4.3	---	---	---	4.3
Cheese	32.9	31.1	14.4	8.2	68.9	50.8	116.2	90.1	193.4	238.5	309.6	128.6
Corn	---	---	---	---	---	---	---	---	62.5	31.5	62.5	31.5
Cornmeal	16.6	14.0	8.6	6.0	96.1	107.8	121.3	127.8	298.2	182.8	419.5	310.6
Eggs, dried	4.6	---	---	---	---	---	4.6	---	---	---	4.6	---
Flour	58.6	64.2	72.6	60.7	149.0	187.3	280.2	312.2	769.7	667.0	1,049.9	979.2
Grapefruit, canned	6.5	---	---	---	---	---	6.5	---	---	---	6.5	---
Milk, nonfat dry	21.1	23.0	14.7	12.6	87.3	97.0	123.1	132.6	549.7	376.6	672.8	509.2
Peanut butter	4.9	---	---	---	---	---	4.9	---	---	---	4.9	---
Rice	19.8	18.7	8.7	9.4	56.3	59.8	84.8	87.9	59.6	46.3	144.4	134.2
Wheat	---	---	---	---	---	---	---	---	39.9	26.6	39.9	26.6
Total	251.8	220.9	148.3	117.8	471.5	544.5	871.6	883.2	1,973.0	1,369.3	2,844.6	2,252.5

<sup>1</sup> Less than 50,000 pounds.

<sup>2</sup> Includes requests approved prior to July 1, 1958.

Source: U.S. Department of Agriculture, May 15, 1959.

*Cost of surplus foods donated for domestic and foreign use,<sup>1</sup> fiscal year 1958 and estimated July-March fiscal year 1959*

[In millions of dollars]

Commodity	Domestic								Foreign distribu- tion		Total distribu- tion	
	Schools		Institutions		Needy persons		Total					
	Fiscal year 1958	July- March 1959	Fiscal year 1958	July- March 1959	Fiscal year 1958	July- March 1959	Fiscal year 1958	July- March 1959	Fiscal year 1958	July- March 1959	Fiscal year 1958	July- March 1959
Beans, dry	1.6	0.4	(2)	(2)	0.1		1.7	0.4			1.7	0.4
Butter	42.6	34.3	17.9	12.4	8.0	25.8	68.5	72.5			68.5	72.5
Cabbage	13.1	12.8	5.7	3.4	27.5	21.0	46.3	37.2	80.6	15.9	126.9	53.1
Cheese									3.0	1.7	3.0	1.7
Corn									21.6	11.1	29.8	17.6
Corn meal	1.1	.7	.6	.3	6.5	5.5	8.2	6.5			5.2	
Eggs, dried	5.2						5.2					
Flour	4.6	4.2	5.6	3.9	11.6	12.2	21.8	20.3	60.0	47.9	81.8	68.2
Grapefruit, canned	.9						.9					
Milk, nonfat dry	3.8	3.8	2.7	2.1	15.8	16.0	22.3	21.9	101.6	65.0	123.9	86.9
Peanut butter	.8	1.2					.8	1.2			.8	1.2
Rice	2.3	2.1	1.0	1.1	6.4	6.9	9.7	10.1	3.5	3.0	13.2	13.1
Wheat									2.2	1.7	2.2	1.7
Total	76.0	59.6	33.5	23.2	75.9	87.4	185.4	170.2	272.5	146.3	457.9	316.5

<sup>1</sup> Represents total cost to the Federal Government. Includes commodity cost, warehousing, transportation, processing, repackaging, and miscellaneous handling charges.

<sup>2</sup> Less than \$50,000.

<sup>3</sup> Includes requests approved prior to July 1, 1958.

Source: U.S. Department of Agriculture, May 15, 1959.











86<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1359

[Report No. 907]

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 7, 1959

Mrs. SULLIVAN introduced the following bill; which was referred to the Committee on Agriculture

AUGUST 15, 1959

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through]

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## A BILL

To provide for the establishment of a food stamp plan for the distribution of \$1,000,000,000 worth of surplus food commodities a year to needy persons and families in the United States.

1      *Be it enacted by the Senate and House of Representa-*  
2      *tives of the United States of America in Congress assembled,*  
3      That in order to promote the general welfare, raise the levels  
4      of health and of nourishment for persons whose incomes  
5      prevent them from enjoying adequate diets, and dispose in  
6      a beneficial manner of food commodities acquired by the  
7      Commodity Credit Corporation or the Department of Agri-  
8      culture in carrying out price support operations or diverted  
9      from the normal channels of trade and commerce under sec-



tion 32 of the Act of August 24, 1935, as amended, the Secretary of Agriculture (hereinafter referred to as the "Secretary") is hereby authorized ~~and directed~~ to promulgate and put into operation as quickly as possible, ~~but not~~ later than January 1, 1960, a program to distribute to needy persons in the United States through a food stamp system such surplus food commodities.

SEC. 2. In carrying out such program, the Secretary shall—

(1) distribute surplus food made available by the Secretary for distribution under this program only when requested to do so by a State or political subdivision thereof;

(2) issue, or cause to be issued, pursuant to section 3, food stamps redeemable by eligible needy persons for such types and quantities of surplus food as the Secretary shall determine;

(3) distribute surplus food in commercially packaged form, preferably through normal channels of trade;

(4) establish standards under which, pursuant to section 3, the welfare authorities of any State or political subdivision thereof may participate in the food stamp plan for the distribution of surplus foods to the needy;

(5) consult the Secretary of Health, Education, and Welfare, and the Secretary of Labor, in establish-

ing standards for eligibility for surplus foods and in the conduct of the program generally to assure achievement of the goals outlined in the first section of this Act; and

(6) make such other rules and regulations as he may deem necessary to carry out the purpose of this Act.

SEC. 3. The Secretary shall issue, to each welfare department or equivalent agency of a State or political subdivision requesting the distribution of surplus food under section 2 (1), food stamps for each kind of surplus food to be distributed, in amounts based on the total amount of surplus food to be distributed and on the total number of needy persons in the various States and political subdivisions eligible to receive such food. The food stamps shall be issued by each such welfare department or equivalent agency to needy persons receiving welfare assistance, or in need of welfare assistance but ineligible because of State or local law, and shall be redeemable by such needy persons at local distribution points to be determined by the Secretary under section 2 (3).

SEC. 4. Surplus food distributed under this Act shall be in addition to, and not in place of, any welfare assistance (financial or otherwise) granted needy persons by a State or any political subdivision thereof.



1        SEC. 5. In any one calendar year the Secretary is au-  
2        thorized to distribute surplus food under this Act to a value  
3        of up to \$1,000,000,000, based on the cost to the Federal  
4        Government of acquiring, storing, and handling such food.

5        SEC. 6. For the purposes of this Act, a needy person  
6        is anyone receiving welfare assistance (financial or other-  
7        wise) from the welfare department or equivalent agency of  
8        any State or political subdivision thereof, or who is, in the  
9        opinion of such agency or agencies, in need of welfare assist-  
10        ance but is ineligible to receive it because of State or local  
11        law.

12       SEC. 7. The Secretary of Agriculture, in consultation  
13       with the Secretary of Health, Education, and Welfare and  
14       the Secretary of Labor, shall make a study of, and shall  
15       report to Congress within six months after the date of enact-  
16       ment of this Act, on the feasibility of, the costs of, and  
17       the problems involved in, extending the scope of the food  
18       stamp plan established by this Act to include persons re-  
19       ceiving unemployment compensation, receiving old-age and  
20       survivors insurance (social security) pensions, and other  
21       low-income groups not eligible to receive food stamps under  
22       this Act by reason of section 6 of this Act.

23       SEC. 8. There are hereby authorized to be appropriated,  
24       out of any money in the Treasury not otherwise appropri-  
25       ated, such sums as may be necessary to carry out the  
26       purposes of this Act.











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# A BILL

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To provide for the establishment of a food stamp plan for the distribution of \$1,000,000,000 worth of surplus food commodities a year to needy persons and families in the United States.

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By Mrs. SULLIVAN

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JANUARY 7, 1959

Referred to the Committee on Agriculture

AUGUST 15, 1959

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

## CONTENTS

Issued August 19, 1959  
For actions of August 18, 1959  
86th-1st, No. 141

Access roads.....1		
Animals.....7		
Appropriations.....1,22		
Breeding.....7		
Casein imports.....4		
Civil defense.....1		
Color additives.....19		
Conservation.....15,16		
Credit unions.....20		
Crop .....7		
Exhibits.....7		
Farm labor.....27		
Farm program.....25		
Fairs.....7		
Food stamps.....10		
Foreign aid.....21		
Foreign trade.....2,4,5,24		
Forestry.....1,15,26		
Genetics.....7		
Health.....13		
Hog payments.....3		
Housing.....14		
Inflation.....23		
Interest rates.....34		
International organizations.....1		
Land management.....1		
Leasing.....17,28		
Legislative program.....24		
Lobbying.....9		
Minerals.....17,28		
Outdoor recreation.....1,30		
Personnel.....13,33		
Prices.....23		
Public debt.....34		
Public lands.....6,17,28		
Public Law 480.....2,24		
Reclamation.....1		
Research.....1,7,18		
River basin.....1		
Roads and trails.....1		
Saline water.....1		
Science.....18		
Silk imports.....5		
Small business.....11		
Surplus commodities.....2,10,24		
Surplus property.....32		
Transportation.....31		
Virgin Islands.....1		
Water.....12,29		

HIGHLIGHTS: House received conference report on supplemental appropriation bill. House Rules Committee cleared bill to extend Public Law 480. To be considered today, Aug. 19. House subcommittee voted to report bill to provide incentive payments for light-weight hogs. House committee voted to report employee health insurance bill. Senate passed housing bill.

## HOUSE

1. SUPPLEMENTAL APPROPRIATION BILL, 1960. Received the conference report on this bill, H. R. 7978 (H. Rept. 943) (pp. 14829-31). The following actions were taken on items relating to this Department: Provides \$4,000,000 for "Forest land management" and \$500,000 for "Forest research," which may be used for small research facilities, instead of \$15,000,000 and \$4,500,000, respectively, for these activities as proposed by the Senate; provides \$2,000,000 for "Forest roads and trails" as proposed by the Senate, but deletes Senate language providing that the funds shall remain available until expended; deletes the Senate proposal to provide \$500,000 for the acquisition of lands for the Superior National Forest; a Senate proposal to provide \$5,000,000 for forest access roads was reported in disagreement. A Senate item to provide \$3,650,000 to the Office of Civil and Defense Mobilization for allocation to Federal agencies for



civil defense and defense mobilization functions was reported in disagreement; the statement of House conferees states that a motion will be offered to appropriate \$3,000,000 for this activity, of which \$1,900,000 shall be for the Commerce Department and \$50,000 shall be for the Defense Air Transportation Administration. The bill also includes funds for the Outdoor Recreation Resources Review Commission; river basin study commissions for South Carolina-Georgia-Alabama-Florida and for Texas; Office of Saline Water, Bureau of Land Management, and Bureau of Reclamation, Department of the Interior; and missions to international organizations. A Senate proposal to provide \$1,235,000 for construction of a salt water distillation facility in the Virgin Islands was deleted.

2. FOREIGN TRADE; SURPLUS COMMODITIES. The Rules Committee reported a resolution for consideration of H. R. 8609, to extend Public Law 480 (p. 14905). Rep. McCormack announced that this bill will be debated today, Aug. 19 (p. 14850)

3. HOG PAYMENTS. A subcommittee of the Agriculture Committee voted to report (but did not actually report) with amendment H. R. 8894 to authorize the Secretary to make market incentive payments on lightweight hogs (p. D785). A committee release describes the bill as follows:

"Provides that the Secretary of Agriculture make payments to producers who market hogs at live-weights of not less than 175 pounds or more than 190 pounds.

"The Secretary, not later than 10 days before the first day of each month, would fix the rate of payment to be made for the month at such level as he determines necessary to assure that the live-weight price to be received by producers shall be NO less than \$14 per hundredweight, but no such payment could be in excess of \$3 per hundredweight.

"Payments would be made directly to producers who present evidence of bona fide sales of hogs at live-weights within the limits of 175 and 190 pounds.

"A limit of \$1,250 would be placed upon the amount of such payments received by one producer.

"No producer would be eligible to receive a payment if he entered into a contract with a prospective purchaser of hogs, or a supplier of feed for hogs, under which the purchaser or supplier contributed in any manner to the financing of all or any part of the cost of producing the hogs with respect to which payments are requested.

"The Secretary would be authorized to use not to exceed \$150,000,000 in any calendar year of funds already available under Sec. 32 of Public Law 320 of the 74th Congress. The authority under the bill would terminate on March 15, 1961."

4. CASEIN IMPORTS. Passed as reported H. R. 7456, to extend for 3 years, until March 31, 1963, the suspension of the duty on imports of casein. p. 14847

5. SILK IMPORTS. Passed as reported H. R. 2886, to suspend for 3 years, beginning 60 days from date of enactment, the import duties on certain classifications of spun silk yarn. p. 14849

6. PUBLIC LANDS. A subcommittee of the Interior and Insular Affairs Committee voted to report with amendment H. R. 7042, to authorize the Secretary of the Interior to classify, segregate, and dispose of certain public lands chiefly valuable for urban and business purposes (as introduced the bill excluded national forest lands). p. D786

## CONSIDERATION OF H.R. 8609

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AUGUST 18, 1959.—Referred to the House Calendar and ordered to be printed

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Mr. O'NEILL, from the Committee on Rules, submitted the following

### R E P O R T

[To accompany H. Res. 346]

The Committee on Rules, having had under consideration House Resolution 346, report the same to the House with the recommendation that the resolution do pass.

○





86TH CONGRESS  
1ST SESSION

# H. RES. 346

[Report No. 941]

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## IN THE HOUSE OF REPRESENTATIVES

AUGUST 18, 1959

Mr. O'NEILL, from the Committee on Rules, reported the following resolution;  
which was referred to the House Calendar and ordered to be printed

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## RESOLUTION

1      *Resolved*, That upon the adoption of this resolution it  
2 shall be in order to move that the House resolve itself into  
3 the Committee of the Whole House on the State of the  
4 Union for the consideration of the bill (H.R. 8609) to  
5 amend the Agricultural Trade Development and Assistance  
6 Act of 1954, as amended, by extending the authorities of  
7 titles I and II, strengthening the program of disposals  
8 through barter, and for other purposes. After general de-  
9 bate, which shall be confined to the bill, and shall continue  
10 not to exceed two hours, to be equally divided and controlled  
11 by the chairman and ranking minority member of the Com-  
12 mittee on Agriculture, the bill shall be read for amendment



1 under the five-minute rule. At the conclusion of the con-  
 2 sideration of the bill for amendment, the Committee shall  
 3 rise and report the bill to the House with such amendments  
 4 as may have been adopted, and the previous question shall  
 5 be considered as ordered on the bill and amendments thereto  
 6 to final passage without intervening motion except one  
 7 motion to recommit.

House Calendar No. 145

86TH CONGRESS  
1ST SESSION

**H. RES. 346**

[Report No. 941]

## RESOLUTION

Providing for the consideration of H.R. 8609, a bill to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes.

By Mr. O'NEILL

AUGUST 18, 1959

Referred to the House Calendar and ordered to be printed



is played shortly after the end of the school or college year.

The bill, on which the committee received a favorable report from the Treasury Department, would be effective for amounts paid on or after the date of enactment.

The Committee on Ways and Means was unanimous in recommending enactment of this legislation.

Mr. SIMPSON of Pennsylvania. Mr. Speaker, this bill would clarify the status of certain athletic games benefiting handicapped children so as to make it clear that such games will be exempt from the admissions tax.

This legislation would remove the discrimination contained in existing law against some of the all-star and similar athletic contests which under existing law are denied admissions tax exemption because they are played after the close of the school year.

This legislation has been ordered favorably reported by the unanimous action of the committee.

Mr. HAGEN. Mr. Speaker, I urge the enactment of H.R. 4857, which corrects an oversight in the Internal Revenue Code of 1954 to permit exemption of the excise tax on tickets to charity athletic contests for the benefit of crippled or retarded children where the participants in the game are recent graduates of high school or college.

This bill, which I introduced, eliminates the requirement that the participants actually be in school when the contest takes place in order that tax exemption be authorized. I am sure that the Congress in enacting the Internal Revenue Act did not intend to exclude games played after the end of the school year from the excise tax exemption when the contest qualifies in all other respects. This, however, was the unintended effect of the language of the act.

My bill is intended to correct a specific situation which arose in Bakersfield, Calif., where the Senior Bowl football game was conducted in the summer months of 1958 and again this year. The game is sponsored by the Kern County Firemen's Welfare and Benefit Association, Inc., and the proceeds go to the Bakersfield Association for Retarded Children. The participants are players who completed their high school eligibility during the preceding football season.

When I learned that the game was found to be ineligible for excise tax exemption I asked the Internal Revenue Service to reconsider its decision. Upon reconsideration, the Service ruled that it could not grant the exemption because the Act applies only to games in which the participants are students of schools or colleges.

The game qualifies otherwise in all respects for the charitable exemption.

Although no other similar instances have been brought to my attention, I am sure that other benefit games sooner or later will be affected by the existing statute. To make the correction at this time is only logical.

I might say that this is noncontroversial legislation. It has the endorsement of the Internal Revenue Service and no

opposition has been expressed from any source.

I would urge that my bill, H.R. 4857, be enacted.

#### TEMPORARY SUSPENSION OF DUTY ON SPUN SILK YARN

Mr. MILLS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 2886) to suspend for 3 years the import duties on certain classifications of spun silk yarn, which was unanimously reported favorably by the Committee on Ways and Means.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) paragraph 1202 of the Tariff Act of 1930, as amended (19 U.S.C. 1001, par. 1202), is amended to read as follows:*

"PAR. 1202. Yarns wholly of discontinuous silk fibers, colored or dyed, 25½ per centum ad valorem; not colored or dyed, and not finer than 40 cotton count, singles, 21 per centum ad valorem, plied, 25½ per centum ad valorem; silk roving and yarns, wholly of discontinuous silk and rayon or other synthetic fibers, bleached, colored, dyed or plied, 25½ per centum ad valorem; other, 21 per centum ad valorem."

(b) Paragraph 1762 of the Tariff Act of 1930, as amended (19 U.S.C. 1201, par. 1762), is amended to read as follows:

"PAR. 1762. Spun silk single yarn finer than 40 cotton count and plied yarn composed of single yarns finer than 40 cotton count if not colored or dyed and silk cocoons and silk waste."

SEC. 2. The amendments made by this Act shall be effective only with respect to articles entered, or withdrawn from warehouse, for consumption, during the three year period beginning on the sixtieth day after the date of the enactment of this Act.

With the following committee amendment:

Strike out all after the enacting clause and insert "that spun silk or schappe silk yarn, not dyed or colored, singles of more than 58,800 yards per pound, or plied of more than 29,400 yards per pound, provided for in paragraph 1202 of the Tariff Act of 1930, shall be admitted free of duty if entered, or withdrawn from warehouse, for consumption, during the three-year period beginning on the sixtieth day after the date of the enactment of this Act."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. HEMPHILL. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield.

Mr. HEMPHILL. Can the gentleman inform me if he has any estimate as to the amount of yardage involved or contemplated in this bill?

Mr. MILLS. The committee was not given an estimate as to any definite amount of spun-silk yarn that might be affected by this bill. I would like to point out to the gentleman we are dealing here with a commodity that is not produced in this country, so that there

is no competition with a like commodity here of spun-silk yarn.

Mr. HEMPHILL. I thank the gentleman.

Mr. MILLS. Mr. Speaker, as amended by the Committee on Ways and Means, the purpose of H.R. 2886, which was introduced by our colleague on the Committee on Ways and Means, the Honorable EUGENE J. KEOGH, is to suspend for a period of 3 years the import duties on certain classifications of spun-silk yarn provided for in paragraph 1202 of title I of the Tariff Act of 1930.

Spun-silk yarns of the fineness provided for in this bill are not produced domestically in any quantity. Imported yarns, which are usually finer in size than those of domestic manufacture, are used for various decorative purposes and in the production of certain types of silk broadcloth and other fabrics. Such yarns are dutiable at rates of 21 percent and 25½ percent ad valorem, at present.

Domestic producers of silk fabrics have, by virtue of the duties applicable to spun-silk yarns, been obliged to pay higher prices for their raw materials than do their competitors abroad. Partly because of this situation, domestic production of silk fabrics has encountered competition from imports of silk fabrics. The committee has been advised that the suspension of the duties on the raw materials—fine spun-silk yarns—as provided for in H.R. 2886, would improve the competitive position of the domestic silk-weaving industry and would tend to increase domestic production of silk cloth. Because fine silk yarns are frequently mixed with the coarser yarns of domestic manufacture in the fabrication of silk cloth, the availability of cheaper fine silk yarns would also tend to increase demand for the domestically produced silk yarns.

Favorable reports on this legislation were received from the Departments of State, Treasury, Agriculture, and Commerce, and informative reports from the Department of Labor and the U.S. Tariff Commission.

The Committee on Ways and Means was unanimous in recommending the enactment of H.R. 2886.

Mr. SIMPSON of Pennsylvania. Mr. Speaker, the legislation which has just passed the House, H.R. 2886, suspends for a period of 3 years the import duties applicable to certain spun-silk yarns of a specified fineness which are not produced domestically in any quantity. The purpose of the bill is to reduce the import cost of the yarn so that our domestic processors can compete more favorably with foreign processors.

[Mr. KEOGH'S remarks will appear hereafter in the Appendix.]

#### TEMPORARY SUSPENSION OF DUTY ON BOOK BINDINGS AND COVERS IMPORTED BY CERTAIN INSTITUTIONS

Mr. MILLS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 4576) to transfer to the free list of the Tariff Act of 1930 book bindings or covers imported by cer-



tain institutions, which was unanimously reported favorably by the Committee on Ways and Means.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. COHELAN. Mr. Speaker, reserving the right to object, and I shall not object, would the distinguished chairman of the committee explain why there is a time limitation on the proposal rather than making the proposal permanent?

Mr. MILLS. The committee thought it better to impose a time limitation rather than to make it permanent as the gentleman from California had originally introduced his bill. If the committee desires, in a future Congress, it may extend this time. I would not be disturbed if I were the gentleman over the fact that there is a limitation on these suspensions.

Mr. COHELAN. Mr. Speaker, I thank the gentleman.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph 1631(a) of the Tariff Act of 1930, as amended, is further amended by inserting "book binding or cover," after "book,".*

SEC. 2. The amendment made by section 1 shall be effective with respect to articles entered for consumption or withdrawn from warehouse for consumption on or after the tenth day following the date of enactment of this Act.

With the following committee amendment:

Page 1, strike out lines 6 to 9, inclusive, and insert:

"SEC. 2. The amendment made by the first section of this Act shall apply with respect to articles entered, or withdrawn from warehouse, for consumption during the two-year period beginning on the date of the enactment of this Act and to articles covered by entries or withdrawals which have not been liquidated or the liquidation of which has not become final on such date of enactment."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to suspend for a temporary period the duty on book bindings and covers imported by certain institutions."

A motion to reconsider was laid on the table.

Mr. MILLS. Mr. Speaker, the purpose of H.R. 4576, as amended by the Committee on Ways and Means, is to suspend for a period of 2 years from the date of enactment the duties imposed on bookbindings or covers imported by certain institutions. The bill was introduced by our colleague, the Honorable JEFFERY COHELAN.

Paragraph 1631(a) of the Tariff Act of 1930, as amended, now provides for duty-free treatment of books, charts, engravings, etchings, lithographic prints, maps, music, sound recordings, slides

and transparencies, and photographs, imported by educational, literary, and other institutions for their own use or for the encouragement of the fine arts and not for sale.

Section 2 of Public Law 694, 83d Congress, amended paragraph 1631 to include bookbindings or covers for a 2-year period, to September 1, 1956. This period was extended to September 1, 1958, by section 4 of Public Law 723, 84th Congress. Since that time, bookbindings and book covers have been subject to duty. H.R. 4576 would provide for the same duty-free treatment provided for under the enactments referred to above for a 2-year period running from the date of enactment.

Your committee received favorable reports on this legislation from the Departments of State, Treasury, and Commerce, and an informative report from the U.S. Tariff Commission. The Tariff Commission advised that it was not aware of any complaints against imports under the previous temporary duty exemption.

The Committee on Ways and Means was unanimous in recommending the enactment of this bill.

Mr. SIMPSON of Pennsylvania. Mr. Speaker, H.R. 4576 provides for a 2-year suspension of duty on bookbindings and book covers imported by educational, literary, and similar institutions for their own use or for the encouragement of fine arts and not for sale.

Congress has previously granted this privilege and no instance of abuse has been presented to the Committee on Ways and Means. Favorable reports were received on this legislation from the interested Government Departments. The committee was unanimous in reporting this legislation to the House.

[Mr. COHELAN'S remarks will appear hereafter in the Appendix.]

#### RELIEF OF CERTAIN ALIENS

Mr. WALTER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the resolution (H.J. Res. 405) for the relief of certain aliens, with Senate amendments thereto, and concur in the amendments of the Senate.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 4, strike out "Maria Lagomarsino Rosasco,".

Page 1, lines 4 and 5, strike out "Sister Eucharist (Miss Philomena Iannucci),".

Page 1, lines 5 and 6, strike out "Sister Marie Bernard (Miss Nicolina Ossa),".

Page 1, lines 6 and 7, strike out "Sister Alphonsus Marie (Miss Mary Grace Padovano),".

Page 1, lines 7 and 8, strike out "Sister Mary Dulcis (Miss Mary Teresa Di Ioia),".

Page 1, line 8, strike out "Priscilla Sook Chur Chiang,".

Page 2, lines 14 and 15, strike out "Jose Guadalupe Magdaleno Acosta,".

Page 2, line 16, strike out "Maria Angellidou,".

Page 3, line 3, strike out "commended" and insert "commended".

Page 4, line 1, after "That" insert "in the case of Rosa Angarica".

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

#### RELIEF OF CERTAIN ALIENS

Mr. WALTER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4242) for the relief of certain aliens, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out lines 5, 6, and 7, and insert "Marie, Plarim, Elishwa, Sulty, Paul, Sophia, Surma (daughter of Paul and Sophia), Eshaya, Virginia, George, and Mersina D-Mar Shimun and Mrs.".

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

#### PROGRAM FOR AUGUST 18 AND 19

(Mr. HOEVEN asked and was given permission to proceed for 1 minute.)

Mr. HOEVEN. Mr. Speaker, I take this time to ask the majority leader if there has been any change in the program for tomorrow.

Mr. McCORMACK. I will commence with today. The next order of business will be consideration of the bill H.R. 8374, dealing with the Century 21 Exposition in Seattle, Wash. If this bill is disposed of today then the equal-time bill, H.R. 7985 will be taken up and be the continuing order of business until disposed of tomorrow.

I have programed another bill, one of the pieces of "must" legislation before adjournment, inasmuch as the Rules Committee has reported out a rule on it. It is the bill H.R. 8609, relating to the extension of Public Law 480.

If H.R. 7985 is not reached today then this extension of Public Law 480 will be the next order of business; but if H.R. 7985 is reached but not disposed of today the extension of Public Law 480 will follow completion of consideration on H.R. 7985.

#### CENTURY 21 EXPOSITION

Mr. TRIMBLE. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 345, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8374) to amend Public Law 85-880, and for other purposes. After general debate, which*







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

Issued August 20, 1959  
For actions of August 19, 1959  
86th-1st, No. 142

## CONTENTS

Access roads.....1		
Acreage allotments.....43		
Appropriations.....1,27,46		
ASC committees.....20,22		
Banking.....10		
Barter.....23		
Buildings.....7,26		
CCC.....3		
Civil defense.....1,37		
Committee expenditures...3		
Conservation.....36		
Conservation reserve..2,31		
Cotton.....43		
Dairy industry.....50		
Debt management.....38		
Disaster relief.....8		
Electrification.6,22,35,41		
Farm credit.....44		
Farm labor.....17,34		
Farm program.....9		
Feed.....8		
Fisheries.....13		
Food for peace.....18,52		
Food stamps.....5,30		
Foreign aid.....21		
Foreign trade.....22,23		
Forestry.....1,16,45		
Hay.....2		
Industrial uses.....31		
Legislative program....22		
Monopolies.....28		
Noxious plants.....19,22		
Peanuts.....12		
Personnel.....40		
Property.....49		
Public lands.....19,47,49		
Public Law 480.....22,23		
Purchasing.....48		
Radio spectrum.....51		
REA loans.....6,22,41		
Reclamation.....22,27,35		
Research.....11,14,31,32		
Science.....11,24		
Small business.....25,50		
Soil bank.....2		
Special milk.....42		
Statehood.....33		
Surplus commodities...5,23,39,52		
Transportation.....15		
Water.....14,29		
Wheat.....4,31		
Wildlife.....14,32		
Vehicles.....48		

**HIGHLIGHTS;** Both Houses agreed to conference report on supplemental appropriation bill. Senate passed bills to: Permit harvesting of hay on conservation reserve acreage in drought areas; exempt durum wheat from allotments and quotas. House committee voted to report industrial-uses research bill and bill to permit harvesting of hay on conservation reserve acreage in drought areas. House Rules Committee tabled motion to clear food stamp bill. House debated bill to extend Public Law 480. Sen. Symington inserted excerpts of testimony on submission of draft of farm bill by Secretary. Sens. Ellender and Aiken introduced bill to establish revolving fund for REA loans.

## SENATE

1. **SUPPLEMENTAL APPROPRIATION BILL, 1960.** Both Houses agreed to the conference report on this bill, H. R. 7978, and acted on amendments in disagreement (pp. 15004-10, 15033-9). This bill will now be sent to the President. Agreed to an amendment to provide \$1,000,000 (instead of \$5,000,000 as proposed by the Senate) for forest access roads. Agreed to an amendment to provide \$3,000,000 (instead of \$3,650,000 as proposed by the Senate) to the Office of Civil and Defense Mobilization for allocation to Federal agencies for civil defense and defense mobilization functions. (See Digest 141 for other items of interest to the Department).

2. **SOIL BANK.** The Agriculture and Forestry Committee reported without amendment S. 2457, to authorize the Secretary to compensate producers under the Soil Bank



for actions based on erroneous information furnished by authorized representatives of the Secretary (S. Rept. 745). p. 14941

Passed without amendment S. 2323, to authorize the harvesting of hay on conservation reserve acreage in areas determined by the Secretary to be disaster areas. p. 14983

3. COMMITTEE EXPENDITURES. The Rules and Administration Committee reported without amendment S. Res. 161, to provide \$15,000 in additional funds for investigations by the Agriculture and Forestry Committee (S. Rept. 739). The report of the Agriculture and Forestry Committee on this resolution states as follows: "The committee is presently studying the Commodity Credit Corporation and related matters and field investigations may be required. Extensive hearings also may be required on proposed changes in the farm program. Increased funds will be necessary to complete these investigations, studies, and hearings."

4. WHEAT. Passed as reported S. 623, to provide a 2-year extension of the existing provision for a minimum durum wheat acreage allotment of 8,000 acres in the Tulalake area of California. p. 14970. (This bill, as introduced, would have exempted the producers in the area from all acreage restrictions on durum wheat permanently).

Passed over, at the request of Sen. Keating, S. 2449, to extend the International Wheat Agreement. p. 14980

5. FOOD STAMPS; SURPLUS COMMODITIES. Passed over, at the request of Sen. Keating, S. 2522, to provide for the enrichment and sanitary packaging of certain donated commodities, and to establish experimental food stamp allotment programs. p. 14971

6. ELECTRIFICATION. Passed without amendment S. 2263, to authorize the Federal Power Commission to exempt small hydroelectric projects from certain of the licensing provisions of the Federal Power Act (p. 14983). The bill raises the exemption limit for such projects from 100 to 2,000 horsepower capacity.

Passed over, at the request of Sen. Engle, S. Res. 21, expressing the sense of the Senate concerning the making of certain loans by REA. p. 14980

Passed without amendment S. 2264, to amend the Federal Power Act to prohibit abandonment of facilities and service without the consent of the Federal Power Commission. p. 14983

7. PUBLIC BUILDINGS. Passed over, at the request of Sen. Engle, S. 1654, to grant GSA additional authority for the construction, alteration, and acquisition of public buildings of the Federal Government. p. 14979

8. DISASTER RELIEF. Passed over, at the request of Sen. Hart, S. 2504, to authorize the sale at market prices of agricultural commodities owned by the CCC to provide feed for livestock in areas determined to be emergency areas. p. 14983

9. FARM PROGRAM. Sen. Symington inserted excerpts from the testimony of the Secretary before the Agriculture and Forestry Committee with "bracketed inserts of the language as it appeared after it had been edited in the Department of Agriculture" to bolster his charge that the Secretary "promised to submit in legal language an omnibus farm bill," and a newspaper editorial urging that this material be inserted in the Record. pp. 14945-6

Sen. Bush inserted a letter to the editor from a college professor urging that the Government "stop paying subsidies for farm products and use the savings to reduce taxes." p. 14962



18. FOOD FOR PEACE. Passed over, at the request of Sen. Keating, S. 1711, the food for peace bill. p. 14969
19. PUBLIC LANDS. Passed over, at the request of Sen. Keating, S. 861, to authorize State officials to enter upon Federal lands within a State, under certain conditions, for the purpose of destroying noxious plants. p. 14970
20. ASC COMMITTEES. Passed over, at the request of Sen. Keating, S. 662, to revise the procedures relative to the selection of members and operation of State, county, and community ASC committees. p. 14970
21. FOREIGN AID. Both Houses received from the President a report on Lend-Lease operations for the calendar year 1958 (H. Doc. 160). pp. 14939, 15031  
At the request of Sen. Fulbright, permission was granted for the printing of a report from the Secretary of the Treasury on the proposed International Development Association (S. Doc. 45). p. 14942
22. LEGISLATIVE PROGRAM. Sen. Johnson announced that the following bills may be taken up at any time: S. 1748, to extend Public Law 480, H. R. 968, construction of Bully Creek Dam, Vale Federal reclamation project, S. 861, control of noxious plants on Federal lands, S. 662, procedures for electing ASC committee-men; and S. Res. 21, expressing sense of Senate relative to certain REA loans. PP. 15010-1

HOUSE

23. FOOD SURPLUSES; FOREIGN TRADE. Began debate on H. R. 8609, to extend Public Law 480 until December 31, 1960, and to change the barter provisions of the law (pp. 15039-67)

Agreed to two amendments:

By Rep. Hoeven, 143 to 52, to eliminate a provision calling for expanded use of barter in the bill as reported by the committee. (pp. 15060-5)  
Specifically the amendment strikes out language in the bill which directed that disposals resulting from transactions authorized by section 303 (barter authority) shall have priority over disposals under Title I (providing for the sale of agricultural commodities for foreign currencies) and that Title I agreements could be entered into only if the Secretary determines that countries could not meet their requirements through commodities made available under the barter authority. Rep. Hoeven explained that the amendment does not eliminate barter but merely continues the present barter authority (p. 15060). Rep. Cooley stated "If you want more foreign currency built up all around the world, vote for the amendment." (p. 15060)

By Rep. Hoeven, to eliminate "the mandatory barter provision from the bill," (p. 15066). Rep. Hoeven explained that the amendment eliminated the provision giving the Secretary authority "to place any restrictions on the countries of the free world into which surplus agricultural commodities may be exported." (p. 15066) One provision eliminated by this amendment advised the Secretary to endeavor to consummate agreements for disposals under the barter authority at a rate of \$350 million each fiscal year. The substance of this and the preceding amendment was debated at length (pp. 15039-60).

One amendment is pending: by Rep. Keogh, to require that shipments of surplus agricultural commodities destined to foreign countries, exported under Titles I, II, and III, shall be delivered directly to the export vessel (the vessel transporting the commodities from U. S. port of landing to foreign port of discharge) (pp. 15066-7). Rep. Hoeven stated the amendment "seeks to build up the ports on the eastern seaboard at the expense of the Midwest." (p. 15067)



10. **BANKING.** The Banking and Currency Committee reported H. R. 8159, without amendment, to amend the national banking laws to clarify or eliminate ambiguities, repeal obsolete provisions (including provisions for national agricultural credit corporations), etc. (S. Rept. 730), and H. R. 8160, with amendment, to liberalize in several respects the limitations on borrowing and lending by national banks (see Digest 124 for summary of bill as passed by the House) (S. Rept. 731). p. 14941
11. **SCIENCE; RESEARCH.** The Labor and Public Welfare Committee reported with amendment S. 2463, to amend the National Science Foundation Act of 1950 to strengthen scientific research (S. Rept. 732). p. 14941
12. **PEANUTS.** Passed over, at the request of Sen. Ervin, H. R. 4938, to amend the Agricultural Adjustment Act of 1938 so as to continue the exemption of green peanuts from acreage allotments and quotas. p. 14970  
Sen. Keating announced that he intended to offer amendments to this bill to include "a package containing the administration's civil rights proposals." pp. 14942-4
13. **FISHERIES.** Passed without amendment H. R. 5854, to clarify a provision of the Black Bass<sup>Act</sup> relating to the interstate transportation of fish to require that such fish must have been taken lawfully (p. 14980). This bill will now be sent to the President.  
Passed as reported S. 1262, to direct the Secretary of the Interior to establish a research program in order to determine means of improving the conservation of game and food fish in dam reservoirs. p. 14981  
Passed without amendment H. R. 2398, to authorize the Interior Department to construct a fish hatchery for stocking streams in that area in the northwestern part of Pennsylvania (including Forest Service streams). (p. 14984). This bill will now be sent to the President.
14. **RESEARCH; WILDLIFE; WATER.** Passed as reported S. 1575, to authorize continued studies on the effects of insecticides, herbicides, fungicides, and other pesticides, upon fish and wildlife. p. 14981  
Passed over, at the request of Sen. Engle, S. 2086, to provide for the establishment of a National Wildlife Disease Laboratory. p. 14981  
Passed without amendment S. 1576, to provide for the construction of a salt-water research laboratory at Seattle, Wash. p. 14982
15. **TRANSPORTATION.** The Interstate and Foreign Commerce Committee voted to report (but did not actually report) H. R. 5067, to repeal section 217 of the Merchant Marine Act of 1936, which section has been interpreted to mean that Government agencies are still required to use the service of freight forwarders even though unneeded. p. D793
16. **FORESTRY.** Passed without amendment S. 2421, to amend the Klamath Indian Termination Act so as to change from April 1, 1961, to September 30, 1959, the date after which the U. S. may take title to the Klamath Marsh and make payments to the Klamath Indians for the land. p. 14971  
Sen. Neuberger announced that hearings will be held in Ore., Oct. 5 and 7, on proposed legislation to establish the Oregon Dunes - Sea Lion Caves National Seashore Area. p. 14945
17. **FARM LABOR.** Sen. Dodd expressed concern over the working conditions of migratory farm workers, and inserted the results of a study of migratory Puerto Rican agricultural workers on farms and nurseries in the New Haven, Conn., area. pp. 14950-1



Aug. 19, 1959

24. **SCIENTIFIC AWARDS.** Passed with amendments H. R. 6288, to establish a National Medal of Science to provide recognition for individuals who make outstanding contributions in the physical, biological, mathematical, and engineering sciences. pp. 15030-1
25. **SMALL BUSINESS.** The Banking and Currency Committee reported without amendment H. R. 8599, to amend the Small Business Act so as to increase the revolving fund of the Small Business Administration from \$900,000,000 to \$1,100,000,000 (H. Rept. 946). p. 15033
26. **PUBLIC BUILDINGS.** Rep. Huddleston commended the GSA for using bituminous coal for the heating of Government buildings. p. 15068.
27. **RECLAMATION.** Rep. Hagen commended the conferees for including funds in the supplemental appropriation bill for loans for construction of an irrigation distribution system in Tulare County, Calif. pp. 15068-9
28. **MONOPOLIES.** Rep. Patman inserted an article on the danger of monopolies, including a statement that big dairy plants are "moving swiftly toward control of the entire dairy industry." p. 15078
29. **WATER RESOURCES.** The Judiciary Committee reported with amendment H. R. 5711, to grant the consent of Congress to the Wabash Valley compact (H. Rept. 948). p. 15080
30. **FOOD STAMPS.** The "Daily Digest" states that the Rules Committee tabled a motion to grant a rule on H. R. 1359, to provide for the establishment of a food stamp plan for the distribution of \$1 billion worth of surplus food commodities a year to needy persons and families in the U. S. p. D795
31. **THE AGRICULTURE COMMITTEE** voted to report (but did not actually report) the following bills with amendment: H. R. 8639, "to create an Agricultural Research and Development Commission" (industrial uses research bill); H. R. 8578, to permit the harvesting of hay on conservation reserve acreage under certain conditions; H. R. 4374, to provide for preserving wheat acreage history on farms on which the farm marketing excess is adjusted to zero because of underproduction; and H. R. 8043, to authorize certain conservation reserve payments to producers due to erroneous contract approval. p. D794
32. **RESEARCH.** The Merchant Marine and Fisheries Committee voted to report (but did not actually report) H. R. 5813, to undertake continuing studies of the effects of insecticides upon fish and wildlife for the purpose of preventing losses of those invaluable natural resources; and H. R. 5004, to undertake continuing research on the biology of the migratory marine species of game fish of the U. S. and contiguous waters; and the "Daily Digest" states that the committee re-referred to subcommittee H. R. 5814, to provide for cooperative unit programs of fish and wildlife resources research and demonstration between the Federal Government of the U. S., colleges, the several States and private organizations. p. D795

#### ITEMS IN APPENDIX

33. **STATEHOOD.** Rep. Porter inserted an editorial discussing why Puerto Rico "does not want to be a State." pp. A7156-8
34. **FARM LABOR.** Extension of remarks of Sen. Williams, N. J., inserting several articles discussing the economic and social problems of migrant laborers with special reference to the migratory workers in Maryland. pp. A7158-9, A7162



35. ELECTRIFICATION; RECLAMATION. Extension of remarks of Sen. Gruening inserting an address by Harold Moats, Corps of Engineers, favoring the proposed construction of a dam at Rampart on the Yukon. pp. A7159-60  
Extension of remarks of Rep. Ullman expressing his opposition to private development of the Middle Snake River and inserting an editorial on this subject. p. A7180
36. CONSERVATION. Extension of remarks of Sen. Williams, N. J., favoring the proposed Youth Conservation Corps bill and inserting an article, "Revived CCC Might Do Great Job." p. A7165
37. CIVIL DEFENSE. Extension of remarks of Sen. Young inserting an editorial, "Parkinson's Law," and stating that he believes the editorial "presents convincingly the waste of taxpayers' money on an ever-increasing futile bureaucracy which will only perpetuate the already useless and inept Office of Civil and Defense Mobilization." pp. A7173-4
38. DEBT MANAGEMENT. Extension of remarks of Rep. Curtis, Mo., expressing his "regret" that no action has been taken on the legislative recommendation of the President designed to provide for economical management of the public debt. p. A7179

BILLS INTRODUCED

39. SURPLUS COMMODITIES. H. R. 8730, by Rep. Dent, and H. R. 8736, by Rep. Holland, to provide for the donation of surplus commodities to the States for distribution to needy persons; to Agriculture Committee.
40. PERSONNEL. H. R. 8729, by Rep. Chelf, to amend sections 111 and 1114 of title 18, United States Code; to Judiciary Committee.  
H. R. 8738, by Rep. Murray, and H. R. 8739, by Rep. Rees, Kan., to improve the work of Federal employees through evaluation of work performance and to amend the Performance Rating Act of 1950; to Post Office and Civil Service Committee.
41. REA; ELECTRIFICATION. S. 2563, by Sen. Ellender (for himself and Sen. Aiken) (by request), to amend the Rural Electrification Act to provide a revolving fund for certain loans by the Secretary of Agriculture, for improved budget and accounting procedures; to Agriculture and Forestry Committee.

BILLS APPROVED BY THE PRESIDENT

42. SPECIAL MILK. S. 1289, to increase by \$6 million (to \$81,000,000) for the fiscal year 1960 and by \$9 million (to \$84,000,000) for the fiscal year 1961 the maximum amount of CCC funds which may be used for the special milk program. Approved August 18, 1959 (Public Law 86-163, 86th Congress).
43. ACREAGE ALLOTMENTS; COTTON. S. 1455, to provide that beginning with the 1960 crop, the entire current farm allotment shall be regarded as planted if during the current year or either one of the two preceding years the acreage actually planted or devoted to the commodity on the farm (or regarded as planted because of participation in the soil bank) was 75 percent or more of the farm allotment, and to authorize the transfer of unused cotton acreage allotments to other farms, first within each county, and then within the State. Approved August 18, 1959 (Public Law 86-172, 86th Congress).



The Clerk read as follows:

Mr. THOMAS moves that the House recede from its disagreement to the amendment of the Senate numbered 41, and concur therein with an amendment, as follows: In lieu of the sum proposed in said amendment, insert "\$6,000,000."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 52: Page 15, line 8, insert:

"SUPREME COURT OF THE UNITED STATES  
"Miscellaneous expenses

"Not more than \$5,000 of the appropriation under this head in the Judiciary Appropriation Act, 1959, shall remain available for obligation during the fiscal year 1960 for the purchase of a portrait of the late Chief Justice Vinson as provided for by Public Law 85-20, approved April 20, 1957."

Mr. THOMAS. Mr. Speaker, I offer a motion which is at the Clerk's desk.

The Clerk read as follows:

Mr. THOMAS moves that the House recede from its disagreement to the amendment of the Senate numbered 52, and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 54: Page 15, line 20, insert:

"DEPARTMENT OF JUSTICE  
"Bureau of Prisons  
"Salaries and Expenses

"There may be transferred from the appropriation to the Department of Defense for 'Operation and maintenance, Army,' fiscal year 1960, an amount, to be determined by the Bureau of the Budget, but not to exceed \$1,500,000, to the appropriation for the current fiscal year for 'Salaries and expenses, Bureau of Prisons.'"

Mr. THOMAS. Mr. Speaker, I offer a motion which is at the Clerk's desk.

The Clerk read as follows:

Mr. THOMAS moves that the House recede from its disagreement to the amendment of the Senate numbered 54, and concur therein with an amendment, as follows: In lieu of the sum named in said amendment, insert "\$750,000."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 60: Page 16, line 21, insert:

"NORTH ATLANTIC TREATY PARLIAMENTARY CONFERENCE FOR 1959

"For salaries and expenses necessary for the annual meeting of the North Atlantic Treaty Parliamentary Conference for 1959 to be held in Washington, District of Columbia, as authorized by section 604 of the Mutual Security Act of 1959, \$100,000, to be disbursed by the Secretary of the Senate, who hereby is authorized to advance to the Chairman of the Senate delegation such sums within the appropriation as may be necessary to defray incidental expenses, sums so advanced to be accounted for in the same manner as provided by law for Senate committees."

Mr. THOMAS. Mr. Speaker, I offer a motion which is at the Clerk's desk.

The Clerk read as follows:

Mr. THOMAS moves that the House recede from its disagreement to the amendment of

the Senate numbered 60, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert:

"HOUSE OF REPRESENTATIVES  
"North Atlantic Treaty Parliamentary Conference for 1959

"For salaries and expenses necessary for the annual meeting of the North Atlantic Treaty Parliamentary Conference for 1959 to be held in Washington, District of Columbia, as authorized by section 702 of the Mutual Security Act of 1959, \$80,000, to be disbursed by the Clerk of the House."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 61: Page 9, insert:

"ADMINISTRATIVE PROVISIONS

"The Secretary of the Senate may hereafter fix the compensation of the assistant parliamentarian, the legislative clerk, and the journal clerk at not to exceed \$7,620 basic per annum each.

"(a) The second proviso in the paragraph relating to the authority of Senators to rearrange the basic salaries of employees in their respective offices which appears in the Legislative Branch Appropriation Act, 1947, as amended (2 U.S.C. 60f), is amended to read as follows: "Provided further, That no salary shall be fixed under this section at a basic rate of more than \$5,100 per annum, except that (1) the salary of one employee may be fixed at a basic rate of not more than \$8,040 per annum, (2) the salary of one employee may be fixed at a basic rate of not more than \$8,460 per annum, and (3) the salary of one employee may be fixed at a basic rate of not more than \$8,880 per annum."

"(b) Such paragraph is further amended by adding at the end thereof a new sentence as follows: 'A Senator may establish such titles for positions in his office as he may desire to designate, by written notification to the disbursing office of the Senate.'

"(c) The first paragraph under the heading 'Administrative Provisions' in the appropriations for the Senate in the Legislative Branch Appropriation Act, 1957 (2 U.S.C. 60f-1) is repealed."

Mr. THOMAS. Mr. Speaker, I move that the House concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. THOMAS moves that the House recede from its disagreement to the amendment of the Senate numbered 61, and concur therein with an amendment, as follows: Change line 1 of said amendment to read as follows:

"ADMINISTRATIVE PROVISIONS—SENATE"

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 64: Page 17, line 4, insert:

"CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

"For an additional amount for "Contributions to international organizations" for the expenses of the Secretariat of the Interparliamentary Union, \$3,000."

Mr. THOMAS. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The motion to reconsider the votes to which action was taken on the several motions was laid on the table.

# CORRECTION OF RECORD

Mr. THOMAS. Mr. Speaker, there is a printing error in the RECORD on this report. On page 14829, of yesterday's RECORD, in the right-hand column, in connection with amendment No. 66, the figure of \$4,000,000 is shown. The correct amount is \$400,000. I ask unanimous consent that the permanent RECORD be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

## EXTENSION AND AMENDMENT OF PUBLIC LAW 480

Mr. O'NEILL. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 346 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 8609) to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. O'NEILL. Mr. Speaker, I yield myself such time as I may use; and at the conclusion of my remarks I will yield to the gentleman from Illinois [Mr. ALLEN] 30 minutes.

Mr. O'NEILL. Mr. Speaker, House Resolution 346 makes in order the consideration of H.R. 8609, which would amend the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) as amended, by extending the authorities of titles I and II, and adding the program of disposals through barter, and for other purposes. The resolution provides for an open rule and 2 hours of general debate.

Public Law 480 provides the legal basis for disposal abroad of U.S. agricultural surpluses other than those sold for cash and those financed (essentially on a grant basis) under the mutual security program.

Title I authorizes the sale of surplus agricultural commodities into export for the local currency of the purchasing country and stipulates the uses to which such local currencies may be put, pursuant to agreements with the recipient countries entered into by the President.

Title II of the act authorizes donations of surplus agricultural commodities on behalf of the people of the United States to friendly peoples in



meeting famine or other urgent or extraordinary relief requirements.

Title III authorizes principally the barter of surplus agricultural commodities for strategic and other materials of value to the United States.

Mr. Speaker, during the consideration of this bill by the Committee on Rules the chairman of the Committee on Agriculture neglected to ask that points of order against the bill be waived. This is an open rule that provides for 2 hours of debate. It will be recalled that a similar situation happened last year, points of order were raised against the bill; the bill went back to the Rules Committee and a new rule had to be reported.

There are many instances in the bill made in order by this rule where points of order would lie, for instance, section 1, section 12, and section 15 would be subject to points of order.

Mr. Speaker, on behalf of the Committee on Rules, I offer an amendment waiving points of order.

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. O'NEILL: Page 1, line 8, after "purposes" strike out the period, insert a comma, and the following: "and all points of order against said bill are hereby waived."

The amendment was agreed to.

Mr. O'NEILL. As I have said, this is an open rule. I believe some amendments will be offered from the floor. I believe the gentleman from Texas will offer an amendment providing that all of the surplus must be shipped out of American ports. Personally, I am in agreement with the amendment.

Mr. YATES. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL. I yield to the gentleman from Illinois.

Mr. YATES. The effect of that amendment, however, if carried, would be to deprive all of the inland ports on the Great Lakes from participating in this program?

Mr. O'NEILL. No; I think the gentleman is wrong as far as the amendment is concerned.

Mr. YATES. As I understand it, this amendment will read that shipments are to be made exclusively from American ports. The effect of such a provision will be to prevent shipments from Chicago, Cleveland, and the inland cities which travel up the Great Lakes through the St. Lawrence Seaway now for additional loading at Montreal from being able to use those ports. I am quite sure I am exactly right in connection with this point.

Mr. O'NEILL. That is not the way the gentleman from Texas [Mr. CASEY] explained it.

Mr. CASEY. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL. I yield to the gentleman from Texas.

Mr. CASEY. This language will not interfere with the Great Lakes ports. The grain shipments through the Great Lakes ports have increased over last year. Here is the reason for my proposing this amendment: You probably know of an order of the Department of

Agriculture made on the 27th of July that effective September 1, this coming September 1, inspectors, grain inspectors of the Department of Agriculture, will be put in Montreal. To you who are interested in the Great Lakes ports, and I am just as interested in the Great Lakes ports as I am in any other American port, let me say the only reason right now that you cannot have the larger ocean-going vessels come into your ports is because you have not gotten all of the bugs out of the St. Lawrence Seaway. You do not have some of your docks in adequate condition. You are soon going to have them, I do not know when, but you are going to have them because you are interested, and the Members of Congress are interested in seeing that your ports are developed to their fullest extent. But if you allow Montreal to become the marshaling point for grain, and they are building big elevators for this purpose, you are going to find that the horse is out of the barn, they have built a new stable, and you are never going to get it back.

Mr. YATES. Until the bugs are cleared out of the St. Lawrence Seaway, however, will not the gentleman's amendment have the effect that I declared it would have? Certainly at that time in the future as the bugs are cleared from the St. Lawrence Seaway, the gentleman can offer his amendment, an amendment which would require shipping from American ports. However, until this is done the inland ports which must still transship through Montreal will be very hard hit from the effect of the gentleman's amendment. It would effectively prevent lake cities—anybody who uses the St. Lawrence Seaway now—from participating in this program.

Mr. CASEY. I have a statement from the Department of Agriculture made before the Committee on Merchant Marine and Fisheries in which it was stated there are now some direct shipments from the Great Lakes ports in some of the smaller ships. I am telling you, and you can mark it down, that your Great Lakes storage warehouses and ports are going to suffer if they continue to lean over backwards for Montreal where they can build large storage facilities and everyone have an inspection service. You are not going to have the ships making the longer trip through the Seaway to pick up your grain. They are not going to do it. You know every ocean vessel that calls at your ports buys supplies and spends about \$80,000 per ship in the port. That will all go to Montreal, you will find, and you will find your dockworkers and your business in general suffering from that. These primarily are foreign ships.

Mr. O'NEILL. You gentlemen can go on with your discussion in general debate.

Mr. FULTON. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL. I yield to the gentleman from Pennsylvania.

Mr. FULTON. The question comes up why does not the sponsor of the amendment put in the reservation suggested by the gentleman from Illinois, Mr. YATES? Why not put that restriction in so that we do not get into

the problem of the rest of us of voting against the Great Lakes ports because there is no restriction on that?

Second, has this been cleared with the State Department, because we may slap our neighbors to the north with the back of our hand. I think there are international implications. How does the administration stand on that?

Mr. O'NEILL. The gentleman from Texas [Mr. CASEY] will answer that after the rule is adopted.

I have been asked if there would be an amendment with regard to whether 50 percent of American shipping would be used for this purpose, and it was reported before our committee that it is in the basic law. I know another amendment is going to be offered to strike out the barter section of the bill. Personally, after reading and studying this bill, I am opposed to the barter provisions of H.R. 8609.

These provisions at least delegate—in my opinion they abdicate—to the executive branch, particularly to the Secretary of Agriculture, important responsibilities of Congress.

If we approve these mandatory barter provisions, and make no mistake they are mandatory, we rewrite our rules for we grant to the Department of Agriculture and the Committees on Agriculture authority and responsibilities now lodged with the House Committee on Appropriations and its subcommittees, with the Committees on Armed Services and with the Joint Committee on Atomic Energy.

The pending measure requires the Secretary of Agriculture to use \$350 million worth of Government property obtained under programs within the jurisdiction of the Committee on Agriculture, to carry out programs which should be considered, authorized, and supervised by other standing committees. The pending measure does not require that these programs be considered, authorized, and supervised by the appropriate standing committees.

Mr. Speaker, the pending measure does not require that the use of any portion of this \$350 million be authorized in appropriations acts or in acts within the jurisdiction of the Committee on Armed Services or the Joint Committee on Atomic Energy.

Mr. YATES. Mr. Speaker, will the gentleman yield at that point?

Mr. O'NEILL. I yield.

Mr. YATES. I agree with the gentleman's views on the barter provisions. I have one further question. In the event that this bill is voted down could the agricultural surpluses, which may be disposed of in accordance with the procedures set up in this bill, be distributed comparably under the foreign-aid program?

Mr. O'NEILL. You mean, under the present public law?

Mr. YATES. Under the foreign-aid program, yes. Cannot the surpluses be distributed to the needy peoples of the world through the foreign-aid program if this bill is voted down?

Mr. O'NEILL. I would say yes. My answer to that would be in the affirmative, section 402 of the Mutual Security Act.



Mr. BOLAND. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL. I yield to the gentleman from Massachusetts.

Mr. BOLAND. Essentially the barter program concerns the disposal of surplus commodities to a foreign nation in exchange for strategic material and equipment necessary for the national stockpile. I agree with the stand of the gentleman from Massachusetts in respect to the barter program, because there is not a question of a doubt that the national stockpile now has reached its objective, its maximum objective, and away beyond its maximum objective as concerns practically every strategic material, with the exception, I think, of asbestos. I think it is absolutely a waste of the American taxpayers' money. We are only compounding an evil which was started some years ago in adding to the stockpile. The stockpile is now loaded. All of this critical and strategic material is running out of our ears, and one of the big reasons for it is this particular barter program. I think we ought to stop it, and I think the amendment which the gentleman from Massachusetts supports will do precisely that.

Mrs. KELLY. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL. I yield to the gentleman from New York.

Mrs. KELLY. In answer to the question of the gentleman from Illinois [Mr. YATES] I would like to state that under section 402 of the Mutual Security Act we are able to give, loan, or sell agricultural surpluses to foreign nations. It is included in the mutual security program. I would also like to compliment the gentleman from Massachusetts on his statement on the barter provision whereby too much ores and minerals material under this act is being stockpiled. We are already overstocked with those minerals, and I hope that that section will be stricken from this bill. At present time we are importing into the United States under Public Law 480 minerals and ores which are in excess of maximum objectives. In brief, we are bringing into the United States under barter arrangements minerals and ores which are already literally coming out of our ears. We are giving agricultural products in return for minerals and ores we no longer need under the stockpiling program.

Mr. O'NEILL. Mr. Speaker, I believe that the members of these committees will, as they study the effects of sections 1, 12, and 15 of the pending measure, agree with me that the Commodity Credit Corporation, encumbered as it already is managing billions of dollars of Government property, should not be appointed purchasing agent for other Government departments.

To suggest that this price stabilizing corporation, created to carry out price support programs for agriculture, should be a purchasing agent in fields outside of agriculture, is on the surface, an implausible suggestion. The suggestion that these purchases, totaling \$350 million be made on a purely negotiated basis in areas where that agency's personnel is admittedly inexperienced, is unthinkable.

I am impressed with the Department of Agriculture's position on the barter proposals of the pending measure. I am particularly impressed with the observation attributed to a Department official at page 55 of the committee's report on the pending measure. This observation is as follows:

The reason your committee had no complaints concerning the operations of the barter program then was because no one suffered except the taxpayer and he didn't know what was going on. \* \* \*

If I may speak very frankly, gentlemen, the Congress gave the minerals importers a blank appropriation account and guaranteed them complete immunity of any price-depressing effect on their cash market. This, in simple unvarnished terms, is what unrestricted barter means when it is stripped of all the romantic and exotic propaganda about trading something we have in surplus for something of lasting value.

Congress, in my opinion, should not grant additional barter authority to the Department of Agriculture and require that this unwarranted authority be exercised.

Except for limited purposes we should not encourage barter transactions by this Government or by any Government agency. Under Government barter programs materials received by us go into a stockpile and are there locked up. There these locked up materials are removed from the available world supply. To release these materials requires congressional approval. And when congressional approval is sought, I suspect that to the extent a free world market in these materials exists, the dollar value of these materials will decrease. I therefore question the validity of the observation that materials received by us for barter transactions increase in value while these materials are held locked up in our stockpile.

For these reasons I will vote to strike the barter provisions from the pending measure.

I expect an amendment will be offered by one of the gentlemen who appeared before the Committee on Rules the gentleman from Iowa [Mr. HOEVEN] to strike out the barter provision. I concur in the minority amendment. In any event, I hope the rule is adopted.

Mr. Speaker, at this time I yield to the gentleman from Illinois [Mr. ALLEN].

Mr. ALLEN. Mr. Speaker, it is my understanding that there are many Members who are opposed to several provisions in this bill. An amendment will be offered to attempt to correct the bill. As far as I know, there is no one who is opposed to the rule. I yield back the balance of my time.

Mr. O'NEILL. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

Mr. COOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8609) to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 8609, with Mr. BOLLING in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. COOLEY. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, I should like to say at the outset that our Committee on Agriculture reviewed more thoroughly the programs authorized by Public Law 480 on this occasion than on any former occasion. We conducted extensive hearings, mornings and afternoons, for approximately 2 weeks. I think we heard more than 50 witnesses. At the outset of the hearings I stated to those attending that we were conducting the hearings for the purpose of providing everyone an opportunity to present their views and to be heard fully concerning these important programs. I especially invited criticism. I was mindful of the fact that when this bill was presented here a year ago I stated to the House that these programs of such great magnitude have been carried on in a highly satisfactory manner, so much so that I had not received a single complaint from a single source. The complaints that we heard during our hearings were very few. One was to the effect that barter transactions had displaced dollar sales in some parts of the world. I asked for specific information concerning any particular transaction and we were cited only one instance. Then we called upon the officials of the Department, the person administering the program. We were advised that he, himself, had scrutinized and had approved the program or the transaction which was then and there being criticized.

We heard another criticism to the effect that in some of these transactions, our Government had been paying for metals and materials a price that was too high. We inquired into that phase of the matter and we were advised that the prices were not fixed by any one individual in the Department, but were fixed by the stockpile experts of the General Services Administration. So the bill, as presented here, which was adopted in our committee by a vote of 30 to 2 is presented with a minority report because of the barter sections.

I think all Members are familiar with the Agricultural Trade Development and Assistance Act. It first became a law on July 10, 1954, with an authorization of \$700 million. That amount has been increased from time to time and the commitments now amount to \$6,250 million. Of this authorization, somewhat over \$5 billion has been committed in agreements signed to June 30, 1959.

To give you some idea about the popularity of this law, when the vote was taken in 1957, the record indicates on a rollcall vote 345 Members voted for the bill and only 7 voted against the bill.

In 1958, the last time Public Law 480 was extended, there was not a rollcall vote, but on a division, 195 Members



voted for the bill and there were 52 "noes."

Mr. Chairman, I do not know what has happened in the last year to bring these programs into disrepute. Certainly, our committee has not been provided with any evidence that would reflect unfavorably upon any person who is responsible for administering these programs. Nor, have we been able to find any evidence which would indicate exorbitant profits had been made by any of the private businessmen who have been engaged in negotiating and consummating these contracts. Actually, the situation is, perhaps, so complicated that no one can definitely determine what profits have been made. We even asked the representative of the General Accounting Office if he could follow through on any particular transaction and tell us the amount of profits that had been made by any of the dealers. His answer was that he was not in a position to provide that information. We asked officials of the Department of Agriculture if they could tell us anything about the margin of profits involved. Unfortunately, no one has been able to give us any information.

Mr. Chairman, I shall refer to a report filed by the special stockpile advisory committee, known as the Peltikone committee, and quote some excerpts from this report.

The report, I may say, was submitted by a very distinguished committee and these following Government agencies assisted the committee with presentations or documents: The State Department, the Department of Defense, the Department of the Interior, the Department of Agriculture, the Atomic Energy Commission, the Federal Civil Defense Administration, the General Services Administration, the National Advisory Committee for Aeronautics, the Materials Advisory Board of the National Academy of Science.

And here is an excerpt that I think is pertinent to a consideration of the barter section, and I might say before quoting these excerpts, that under the unlimited barter programs we bartered away in round numbers a billion dollars worth of surplus agricultural commodities which we did not need and did not want, and exchanged those commodities for strategic materials which we did need and which we did want.

Mr. GROSS. Mr. Chairman, will the gentleman yield at that point?

Mr. COOLEY. I yield.

Mr. GROSS. Could any part of those strategic materials have been the \$265 million worth of coconut oil covered in legislation the other day, the purpose of such legislation being to dispose of such oil by dumping it on the American market?

Mr. COOLEY. I am sorry, I do not have before me at the moment a list of the materials for which we have been bartering, but I am quite certain that coconut oil is not one of them. There has been no barter for coconut oil. I will, during the course of the debate, place in the RECORD a list of strategic materials.

I have been advised that these materials we have acquired by barter are now

worth \$50 million more than they were at the time we acquired them. The storage cost compares to our surpluses we gave in exchange has decreased by \$105 million annually.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. YATES. In the report of the Independent Offices Subcommittee on Appropriations for the fiscal year 1960 this statement is made, and it was substantiated in the hearings as follows:

The total inventory of raw materials in various Government stockpiles on December 31, 1958, was \$8,082,000,000, and of that amount \$4,212,000,000 of material is excess to stockpile objectives.

Roughly 50 percent of the material in the stockpile is in excess of the stockpile objectives.

Mr. COOLEY. I am sure the gentleman realizes that our committee had nothing whatever to do with making up the list of strategic materials.

When we extended this law before, we provided clearly that the President should make up the list of strategic materials for which we should barter. We must trust someone, and certainly Congress itself is not prepared to make up a list of strategic materials. I am not prepared to do it, but I assume that the President or the Secretary of Agriculture, acting with the advice and approval of other officials of the administrative branch of Government made up the list.

Mr. YATES. One further observation, if the gentleman will permit: I spoke to the officials of the General Services Administration this morning on the question as to the status of our stockpile. I was told that we were above the maximum objective for every metal in the stockpile except asbestos.

Mr. COOLEY. If we are, then I assume that we will not barter for any further materials. But we contemplate by these barter transactions acquiring not only the things we need in defense, but also certain things in which we are in short supply in our own economy.

This \$350 million objective we have in the bill for bartering only takes precedence over title 1 transactions, and title 1 transactions are transactions for foreign currencies. We have millions and hundreds of millions of dollars worth of foreign currencies piled up in every part of the earth.

What good is that money to us? We considered this thing and we determined that we would rather have strategic or short-supply materials in this country, in our own country, than have bundles and bales of foreign currency which would ultimately end up in some sort of giveaway program. It is a question. Would you rather have rupees? Or would you rather have diamonds? Would you rather have paper money from Baghdad to Shanghai? It is just that simple. When the Secretary can barter for something that is of value then we want him to do it.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. YATES. But are we not actually providing the money? We have to ap-

propriate money to the CCC which does the bartering; we have to appropriate money to reestablish the credit of the CCC.

Mr. COOLEY. We already have the money invested in the commodities; the money has already been spent. We now have \$3.5 billions invested in wheat and approximately \$9 billion invested in surplus commodities, things we do not need.

Mr. YATES. We do not need the metals either.

Mr. COOLEY. Certainly we do.

Mr. YATES. Not according to GSA.

Mr. COOLEY. If we do not need them, then clearly somebody is guilty of misfeasance or malfeasance in office.

Mr. ROGERS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Colorado.

Mr. ROGERS of Colorado. Is not the effect of the proposed amendment to section 303 which begins on page 6 of the bill to enlarge the right and duty of the Secretary of Agriculture and the amount of strategic materials that he may purchase? Under the old law for him to make the purchase he had to find, that is the President had to designate, that they were not being produced domestically in this country? That is the old law, as I understand it.

Now, under the proposed amendment, the Secretary of Agriculture is scot-free to go ahead and trade anything he wants to that is indicated in the Strategic and Critical Materials Stock Piling Act.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. COOLEY. Mr. Chairman, I yield myself 10 additional minutes.

Mr. Chairman, let me read a provision, and it is as plain as it can be:

SEC. 303. The Secretary shall, unless he determines that any such action is not in the best interest of the United States, barter or exchange agricultural commodities owned by the Commodity Credit Corporation for (a) any materials included within the national stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98-98h) which entail less risk of loss through deterioration or substantially less storage charges—

Mr. ROGERS of Colorado. The gentleman is reading from page 33.

Mr. COOLEY. I am reading from the bill before the House.

Mr. ROGERS of Colorado. All right. Now, let us read what is in the bill that you are changing. You say under section 303 that the Secretary shall, when he determines that any such action is not in the best interest of the United States and to the maximum extent, "barter or exchange agricultural commodities owned by the Commodity Credit Corporation for"—here is the thing that I am trying to get at—"strategic and other materials of which the United States does not produce its requirements."

Mr. COOLEY. Let me read you the law before us.

Mr. ROGERS of Colorado. I am reading from it.

Mr. COOLEY. The gentleman is not reading from the act.

(b) says this: "raw materials of which the United States does not produce its



requirements and strategic and other materials, goods, or equipment important to the economy or the security programs of the United States, as designated by the Secretary."

Now, what is wrong with that?

Mr. ROGERS of Colorado. You are talking about the present law?

Mr. COOLEY. I am talking about this bill we have before us now.

Mr. ROGERS of Colorado. First of all, you include and bring in all of the strategic and critical materials under a certain act passed by the 79th Congress. That authority is not given in the previous law as it now stands. That is No. 1.

No. 2. Why should the Secretary of Agriculture determine whether or not this is strategic material that we need? Why is it not a function of the General Services Administration?

Mr. COOLEY. My time is running out. The gentleman knows that the Secretary does not do this all by himself. He acts through the GSA and with the advice of all relevant Government agencies. He fixes the prices of material he buys and he fixes the price of the commodities bought or sold.

Mrs. KELLY. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from New York.

Mrs. KELLY. Would the gentleman accept an amendment reading like this:

*Provided, That no barter contracts, agreements, or arrangements may be agreed to, entered in or executed, which calls for receipt into the national stockpile program of these categories of commodities which have reached or are in excess of the maximum stockpiling objectives for such categories as determined by the Director, Office of Civilian Defense Mobilization, and so reported by the Administrator of General Services.*

This would cure both problems.

Mr. COOLEY. I see no objection to the amendment, but I do not think it strengthens the situation at all or makes us any more secure. I think that is exactly what happens now.

Mrs. KELLY. As I understand, it does not, and this would correct it.

Mr. COOLEY. I see no objection to the amendment, but I am not in position to accept it at this time.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Mississippi.

Mr. WHITTEN. I would like to say that I have serious misgivings about one important aspect of this matter. I had earlier asked for time, but it is rather short and perhaps I will not get any.

In the first place, these materials that we need would be purchased and would generate dollars. I think in effect that could be handled through the committee of which I happen to be chairman. In bartering, we find that in many cases these people go in and buy strategic materials below the average price, take them in and buy our export commodities. I am advised many American interests have gone into Hong Kong and into the big manufacturing districts and have opened up textile mills in Hong Kong and other places, then they have gone into the barter program on the

Hong Kong market buying strategic materials cheaper than normal. Then they buy cotton at our price, and prior to that they have contracts with American chainstores and ship the goods back to this country. I am also told that through barter being available it has seriously affected our regaining a real market. Therefore, I hate to see this program increased.

Mr. COOLEY. The evidence before our committee was to this effect: When the Secretary restricted bartering, stopped bartering, in the hard currency countries, we lost in exports direct to those countries approximately one-half billion dollars.

Now, it seems to me that if any textile manufacturer is being imposed upon by these programs, he would be interested enough to have his representative come to our committee room and express his views. May I say this, they have a matter before the Tariff Commission right now, and under section 22 of the law as written by this Congress the President has the right to protect our foreign program.

Mr. WHITTEN. And the Department of Agriculture at the present time is taking the view, since this is American cotton—

Mr. COOLEY. Oh, I do not know of any industry in the country that has more champions here on the floor of the House than the cotton textile industry. Certainly, it is important to me, and I would not want my friends and businessmen in my district to suffer on account of this program, and I have not had a letter from one of them.

Mr. WHITTEN. I am quoting your report.

Mr. COOLEY. Maybe, but not members of the industry.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Illinois.

Mr. SPRINGER. I hope that the Members of the House will listen a little later on on this question of barter, especially those who have raised it from the Committee on Foreign Affairs. I know they are greatly interested in this problem, but there is a whole lot more to barter than has been discussed yet. Part of that is in the field of foreign affairs, especially as regards the stockpile, and I want to get a chance to talk on this later on, insofar as Public Law 480 is concerned.

Mr. ALGER. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Texas.

Mr. ALGER. I would like to ask the distinguished gentleman from North Carolina if he or any one member of the committee has ever thought of the possibility that the problems that we are confronted with on this important bill might stem from the fact that this distribution of food is not actually the role of the Federal Government.

Mr. COOLEY. It is the policy of the Federal Government and it is the policy of this Congress decided by a vote of 390-and-some Members voting for it, and 7 against.

Mr. ALGER. That is precisely what prompted my asking the question, because there are still some people left in the country, at least Member of the House, that does not feel it is the role of the Federal Government to supply food and fiber and other necessities.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. I would like to ask the distinguished gentleman from North Carolina, the able chairman of the Agriculture Committee, to what extent were rumors of excessive profit in the barter program investigated? What steps are being taken to investigate these charges of excessive profit. In the Committee on Foreign Affairs we take steps to investigate rumors of waste in the foreign aid program.

Mr. COOLEY. We spent 2 weeks investigating the proposition, and we have not found any evidence yet that anybody has made any exorbitant profits. I am sure profits have been made, but to the extent that they have been exorbitant, we do not have any information. We had one man who was fair about it in the committee room, who said, "I am perfectly willing to show my books to the committee in executive session." But, he was sure he had not made any outrageously large profit, and I did not think it was up to us to look into his books.

Mr. ZABLOCKI. Perhaps the gentleman from Illinois will advise the committee whether the rumors are true. I suggest that where there is smoke there is fire. The rumors should be investigated.

Mr. SPRINGER. Mr. Chairman, if the gentleman will yield, I think that if the gentleman will have an opportunity to read the hearings, especially the testimony given by the gentleman from North Carolina [Mr. FOUNTAIN] and his Subcommittee on Government Operations on what he found, it will reflect a portion of it. On the other hand, it is somewhat nebulous. It is a question of what could be proved.

Mr. COOLEY. I would like to quote from the Pettibone report:

Raw material consuming facilities are generally more vulnerable bombing targets than are raw material producing facilities and inventories. This lessens the probability of serious material shortage problems in nuclear war.

Therefore, the need for strategic and critical materials would be greater in a limited war, or in an economic or political conflict, than in a nuclear war.

A further quote:

Quantities of any metals and minerals in excess of defense needs, to be obtained in exchange for agricultural surpluses, should be judged on a transaction-by-transaction basis, rather than under a rigid formula. Consideration should also be given to acquiring survival and relief items in exchange for agricultural surpluses.

One further quote:

SUPPLEMENTAL STOCKPILE

With respect to the supplemental stockpile created by the Agricultural Trade Development and Assistance Act of 1954, as amended,



the committee concurs in the existing practice of acquiring metals and minerals, beyond the quantities considered essential for defense purposes, when they can be obtained in exchange for U.S. stocks of agricultural surpluses. However, the Commodity Credit Corporation's request for appropriations to cover such transactions should not be designated as applicable to a defense activity.

Instead of following rigid formulas the committee recommends that quantities of materials suitable for inclusion in the supplemental stockpile be judged on a transaction-by-transaction basis. Consideration should also be given to acquiring survival and relief items in exchange for agricultural surpluses.

It seems to me that this report should have some influence with the Members of this House.

Mr. Chairman, we have disposed of enormous amounts of surpluses under these programs. I cannot see any reason to curtail any part of the program at this time. I do know that we have accumulated surplus money in foreign currencies in many parts of the world and we cannot find any need for it. Certainly it will never benefit our own economy. Here we have a program through which we are selling surplus commodities for dollars, foreign currencies, bartering commodities for strategic materials and other materials we need, and we have not been able to give away our food as fast as we have been producing it.

In 1953 we had less than \$2.5 billion invested in commodities and commodity loans. Since that time we have lost gigantic sums of money and now we have an investment of almost \$9 billion in surpluses. This year we will have the largest corn crop in all history. The wheat problem will be aggravated again this fall. So there seems to be no solution for the surplus problem that we have. But at least through these programs we are sharing our abundance with other people in other parts of the world.

This program has been popular with both Houses of the Congress. There is nothing mandatory about the barter section. It says that the Secretary shall have as his goal \$350 million in barter transactions, but it does not tell him what to barter for, it does not tell him where to barter, except we say that he may not restrict this bartering to a limited area of the world, to wit: the undeveloped areas of the world. We want him to feel free to barter in the hard currency countries and to sell on long-term commitments for dollars.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. EDMONDSON. Mr. Chairman, I want my good friend from North Carolina to explain to me if he will the reason why the Secretary of Agriculture rather than the President of the United States is given discretion in determining what materials are acceptable in the United States.

Mr. COOLEY. In making those selections the Secretary is now acting under delegation of authority from the President. Certainly the President himself at the White House would not make these selections or fix up this list. It is done after conference with all the interested agencies of the Government.

Mr. EDMONDSON. Is it the feeling of the gentleman that the Secretary of Agriculture is well advised as to the situation concerning minerals, for example; and the mineral producers are very much concerned?

Mr. COOLEY. In my opinion he would be far better advised than would be the President. Why would he not be? He works in the Department, in constant touch with these matters.

Mr. EDMONDSON. My only question is that I do not think the Department of Agriculture has any responsibilities in connection with the stable mineral industries of the United States.

Mr. COOLEY. They have an inter-agency committee; GSA comes into the picture, as well as ODM, the AEC, and all the other agencies.

Let me now present an analysis of what this bill contains and what it does:

#### SURPLUS DISPOSAL POLICY

The central issue developed at the hearings was whether the disposal of agricultural surpluses under Public Law 480 should tend more and more in the direction of donations and semidonations as a tool of foreign policy, or whether the emphasis should be on the export of agricultural surpluses on as nearly a businesslike basis as possible. As exemplified in the provisions of the bill herewith reported, the committee believes that it is entirely possible to move along both these roads at once. It has liberalized provisions providing for outright donation of surplus commodities abroad and at the same time it is insisting that those export operations which are conducted on a sales basis be carried out in such manner as to bring the largest possible return to the American taxpayer. It has included: (1) a provision requiring "maintenance of value" in repayment of foreign currency loans made under title I; (2) an entirely new provision authorizing sales of surplus commodities on long-term credit to be repaid in dollars, which will replace some sales for foreign currencies and substantially expand market possibilities; and (3) the requirement that where a country's needs for surplus commodities can be met by barter, under which the United States receives full value for its surplus, rather than under a title I sale for which it receives only depreciable foreign currency, the requirements shall be filled through barter.

Our agricultural abundance is indeed a tremendous weapon for peace stability, and development throughout the world, but it can be used for such purposes only so long as the American taxpayer is willing to foot the bill. All other reasons aside, and there are many of them including the dignity and national independence of recipient countries, the committee believes that the long-range benefit of programs such as those authorized by Public Law 480 will best be served by carrying out those programs which are designated as sales or commercial transactions in a manner calculated to keep them on a businesslike basis and return the greatest possible value to the American taxpayer.

#### EXTENSION OF TITLE I

Sections 1 and 2 extend title I of the act for 1 additional year (through December 31, 1960) and provide an additional authorization of \$1.5 billion for title I operations during this extended period. The authorization is in terms of reimbursement of CCC for its operations under title I. Such reimbursement is based on the total cost of the transferred commodities to CCC, not on the amount of foreign currency CCC receives in return for these commodities. These costs, other than the redemption of foreign currencies, include CCC's original investment in

the commodity, storage, handling, and interest charges while in inventory, selling costs, and ocean transportation to the extent that this is not included in foreign currency receipts.

#### EXTENSION OF TITLE II

Sections 10 and 11 extend for 1 year (through December 31, 1960) the authority conferred in title II of the act on the President to donate surplus agricultural commodities abroad under certain circumstances and for certain purposes. Section 10 also increases by \$300 million the amount of funds (based on CCC costs) which the President may commit for this purpose.

#### MARKET DEVELOPMENT

Section 3 of the bill is designed to make certain that greater emphasis will be given to the development of new and expanded markets for U.S. agricultural products—one of the major objectives of the act—in both hard currency and underdeveloped areas. Despite the clear intent of Congress, adequate foreign currencies are not being made available in the principal commercial market areas for this important work. To insure that sufficient amounts of these foreign currencies are used for market development as authorized under section 104(a) of title I, this section directs that the equivalent of not less than 5 percent of the total sales under title I be made available for this purpose. This will eliminate the delays and difficulties which have been involved in the process of allocation by making this minimum amount available to the Secretary of Agriculture for this activity. It is not intended that a sum equivalent to 5 percent be set aside in each country but that an amount equivalent to 5 percent of the total sales be made available in the currency of the countries in which market development activity is to be conducted.

#### PURCHASE OF VITAL MATERIALS

Section 4 of the bill revises section 104(b) of Public Law 480 to authorize the acquisition with foreign currencies of materials and products which should be stockpiled as essential to the survival of the civilian population in the event of nuclear attack on this country. In its present form the section authorizes the use of foreign currencies accruing from the sale of surplus agricultural commodities for the acquisition only of strategic and critical materials within the applicable terms of the Strategic and Critical Materials Stockpiling Act. Survival items required for civil defense stockpiling do not qualify within the meaning of this language.

The Office of Civil and Defense Mobilization has the responsibility under the Federal Civil Defense Act of 1950 for stockpiling items of this type. To the limited extent which this responsibility has been carried out, it has involved the expenditure of dollars appropriated by the Congress. To the extent that foreign currencies owned by the Government could be used for this purpose, the proposed amendment of section 104(b) of the act contained in section 4 of the bill will provide such authority.

#### LOANS TO PRIVATE INDUSTRY

One of the most successful aspects of the Public Law 480 operation has been the provision for using local currencies for loans to private industry for commercial development and trade expansion in foreign countries. Known as the Cooley amendment, this provision was added to section 104(e) in the 1957 extension of the act. It provides that not more than 25 percent of the currencies received under title I sales shall be made available to the Export-Import Bank for loans (a) "to U.S. business firms and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries" and (b) "for loans to domestic or foreign firms for the establishment of facilities for aiding in



the utilization, distribution, or otherwise increasing the consumption of, and markets for, U.S. agricultural products."

Table 16 shows by countries the foreign currencies which have been set aside for this purpose and the commitments which have been made by the Export-Import Bank through July 15, 1959. It will be noted that in some countries commitments are already up to the maximum (shown in the last column on the table), while in others there are substantial amounts of local currencies against which no commitments have been made. In general, this program has proved to be an acceptable and constructive part of the 480 program. In eight countries, eligible applications for the funds exceed the maximum amount of funds expected to be available. These countries are shown in table 17.

Section 104(e) makes no provision as to the disposition of the Cooley amendment funds when they are repaid and the amendment to that subsection made by section 5 of this bill will provide that such funds shall remain with and be available to the Export-Import Bank for additional loans under the subsection.

#### MAINTENANCE OF VALUE ON LOAN REPAYMENTS

Section 6 requires that foreign currency loans made back to purchasing countries under the provisions of section 104(g) shall have a maintenance-of-value provision which will require that repayments be on an equivalent dollar basis. Most of these loans have been made on this basis up to April 1959, when a reversal of the policy was announced. In accordance with the new policy, there will be no maintenance-of-value provision in loans made after July 1, 1958.

One of the major uses of the foreign currency accruing to the United States under title I agreements is for "loans to promote multilateral trade and economic development" in the purchasing country. As will be noted by reference to table 4 of the appendix, 47.7 percent of the money scheduled to be received under existing agreements is planned to be used for such loans.

This amendment, requiring maintenance of value in the repayment of these loans, is another action by the committee to place the 480 programs on a more businesslike basis. The importance of the provision is seen particularly in reference to the whole matter of currency valuation as employed in sales for foreign currency under title I.

It is likely that in the up to 40 years in which many of these foreign currency loans are repayable, the currencies involved will suffer even further depreciation. The amendment made in section 6 will automatically offset that depreciation and require that the amount of currencies repaid on these loans shall be the equivalent of the obligation expressed in dollars, regardless of the then current exchange value of the foreign currency.

#### USE OF FOREIGN CURRENCY FOR EMERGENCY RELIEF PURPOSES

Section 7 adds a new subsection to section 104 of the act which will authorize, where the agreement with the country permits such action, the use of not to exceed \$2 million per year to be used in such countries to procure locally food or other emergency supplies not available under our own surplus distribution programs. It is understood that this authority will be exercised only on the direct authorization of the President and will be used only under emergency relief conditions which would warrant donation of our own surplus commodities under title II of this act.

As proposed to the committee by the Department of Agriculture, this new provision would have authorized a total of only \$2 million of foreign currencies to be used for this purpose throughout the world in any fiscal year. To the committee, it seemed that this is a good and proper use which

may be made of foreign currencies accruing under the act and that the limitations suggested by the Department might be such as to make it virtually ineffective. It has, therefore, liberalized the Department's proposal to provide that the \$2 million limit shall apply only to any one country.

#### FOREIGN STOCKPILES

Section 8 of the bill was also proposed by the Department of Agriculture in its testimony. It will authorize the inclusion in title I agreements of provisions for a relatively small stockpile of surplus commodities to be established in recipient countries, under the ownership and control of the recipient country, to be later used either for emergency relief donations or for sale under the regular provisions of Public Law 480. The phrase beginning on page 5, line 7 "and that the recipient country shall assume full responsibility for the storage, preservation, and delivery of such commodities" was added to the Department language by the committee to make it clear that full responsibility for the condition of the commodities, and for handling and storage charges, shall be assumed by the recipient country upon transfer of title and the placing of the commodities in storage. In this phrase the word "delivery" means the delivery of the commodity from its storage in the foreign country and the domestic distribution thereof.

#### USE OF DONATED COMMODITIES FOR ECONOMIC DEVELOPMENT

Section 9 of the bill was also proposed by the Department of Agriculture in its testimony. It would amend title II of the act to permit agricultural commodities donated by Presidential order to foreign countries to be used "in meeting the requirements of needy peoples and in order to promote economic development in underdeveloped areas." Following is the statement made by the Department of Agriculture witness in support of this proposal:

"We also recommend an amendment to title II to authorize grants of CCC commodities to countries for use in economic development work projects. We believe that considerable expansion is possible in the use of commodities for funding work projects. In Tunisia, for example, U.S. wheat is being used to pay part of the wages of workers on public works projects to relieve severe unemployment and famine conditions. About 40,000 workers have been employed to construct and renovate earth dams, fire-breaks, cisterns, wells, and for other projects. Workers are paid in a combination of U.S. wheat and cash supplied by the Tunisian Government."

#### BARTER

Section 12, section 15, and the proviso in section 1 reexpress the policy of Congress that the CCC should accept strategic and other valuable materials in exchange for surplus agricultural commodities, that this method of surplus disposal should be given a preference second only to cash sale for dollars and that no greater restrictions should be placed on the disposal of surpluses exchanged in this manner than on surpluses sold by CCC for dollars.

While authority for barter existed prior to 1954, it was not until the enactment of Public Law 480 that the Congress gave a clear legislative directive to the Secretary of Agriculture to carry on such a program. The language of the law was clear, and the committee report said "establishes barter as a priority disposal method."

Until May 1957, this program was carried out by the Department of Agriculture in accordance with the policy enunciated by Congress and on a highly successful basis. Almost \$1 billion worth of surpluses were exchanged for strategic and other materials which are today worth more than we paid for them. In describing the program as it was then administered, the spokesman for

the Department of Agriculture frankly admitted its successful operation in his testimony before the committee:

"In the days of unrestricted barter \* \* \* the U.S. exporter of agricultural commodities had his regular export outlets. When he was offered a million bushels of wheat delivered shipside by CCC as a result of a barter transaction, he was willing to accept that wheat and dispose of it in the normal course of his business for a very nominal brokerage fee. This brokerage fee was a discount but since it merely covered services rendered and did not become a factor in the export price, no one complained. It has been reported to us that on occasion, when free stocks of U.S. agricultural commodities were temporarily in short supply, exporters of agricultural commodities actually competed for bartered commodities because of the ready access it gave to Government stocks \* \* \*. The foreign importer bought his U.S. agricultural commodity needs as usual and in many instances was completely unaware that they had ever been a part of a barter transaction."

Starting in 1957, when the program was virtually killed by administrative regulations, the Congress initiated steps to reestablish the program on the basis set out in Public Law 480. The Department of Agriculture opposed any changes being made to reestablish the program and actively worked against any change being made in the law, but in 1958 it was amended to reestablish a program of the type carried out before 1957. Under the impact of this new legislation, the volume of barter business increased from below \$50 million annually to approximately \$150 million annually, but it is still far below the level envisioned and intended by the Congress.

It has been held to this low volume by restrictions on the disposal of the surplus commodities exchanged for the bartered materials. These restrictions have limited the countries of the world into which surpluses moving under the barter program may be disposed of, chiefly blocking off the major hard currency markets of the world and preventing the free movement of bartered surpluses into these markets. This has been done although the legislation itself and the statement of managers on the part of the House which accompanied the conference report appeared to be clear in directing that "no restrictions should be placed on the countries of the free world into which surplus agricultural commodities may be sold" under barter. These restrictions have not only drastically curtailed the export of surpluses under the barter program but have created the conditions which are disturbing to world markets and were complained of in testimony before the committee. The spokesman for the Department of Agriculture, in his testimony, best described this situation in the following words:

"(Under the barter program as now administered) the U.S. exporter of agricultural commodities finds his usual sales outlet at least partially closed to bartered commodities. He has to expend energy, time, and money to find other outlets which he can convince the CCC give hope of being additional. \* \* \* So the U.S. exporter exacts from the materials importer not a nominal brokerage fee as he did (under the old program), but that plus compensation for finding a market that is over and above normal movement, and an amount necessary to permit him to cut the price enough to create that market. So there you have the discounts that are deplored so much."

It is apparent, therefore, that if our disposal program is to compete successfully with Soviet trade expansion in the hard-currency areas of the world and the United States is to get an equivalent return for surplus commodities in the form of materials needed in our future economy or during national emergency, the philosophy existing in



certain parts of the Department of Agriculture must be changed and the regulations implementing that philosophy set aside.

Every effort has been made by the Committee on Agriculture and by others in the Congress to accomplish this without legislation. Those representations have been ineffective in improving this situation and the Department of Agriculture has served notice on the Congress during the recent hearings that it contemplates making these restrictions even more stringent. Therefore, legislation is necessary and the present law is amended in several significant parts by the proviso to section 1, section 12, and section 15.

Following are the major changes made by the committee bill:

First. The new language is not mandatory. The Secretary is not required to make any specific barter transactions and he is directed by the provisions of the bill not to enter into barter or exchange agreements which are not in the best interest of the United States. Everything else in the amendments to existing law must be considered in the light of this latitude given the Secretary.

Second. The proviso in section 1 does not require the Secretary to carry out a barter program of the size envisioned in section 12 before he can enter into any title I agreements to sell surpluses for local currency. This proviso merely requires that where the Secretary has a choice between disposing of surpluses into a country under the barter program or by sales for foreign currency, with respect to that country and to the extent the choice exists, he shall give a clear preference to disposals by the barter method rather than by sales for local currency.

Third. In order to break the logjam having to do with the designation of materials which can be taken through barter, where the objection or failure to act of one member of an interdepartmental committee can prevent a material from being designated, the bill provides that any of the materials of the type presently in the strategic stockpile shall be taken if they are cheaper to store and do not deteriorate. No further studies of these particular materials need to be made.

Other materials that can be taken in payment for surplus commodities include raw materials of which the United States does not produce its requirements (not processed materials), and strategic and other materials, goods, or equipment that are important to the economy of the United States, such as high-temperature metals needed for the missile program, or the various security programs of the United States. In these instances, the Secretary of Agriculture has the authority and the duty to determine which materials, goods, or equipment will be taken.

By interpretation, under the present law the Atomic Energy Commission cannot secure through the barter program certain needed materials even though they are prepared to pay the CCC dollars for them. Nor can the Department of Defense secure needed materials or services through barter, nor can end items for survival purposes be acquired by the Office of Civil and Defense Mobilization to be held in the supplemental stockpile. Therefore, the amendments concerning materials are designed to make it possible for the Secretary, if he determines that it is not against the best interests of the United States to do so and that the items should be included among those eligible for barter, to include materials and items required by these agencies.

Fourth. The next significant change in the present law is absolutely essential if any reasonable barter program is to be carried out. It removes the restrictions on the movement of bartered surplus agricultural commodities into the countries of the free world. It would permit the Secretary to

make the same restrictions with respect to surplus commodities which CCC sells for strategic and other materials that it places on surplus commodities sold for cash—this much and no more. It is these administrative restrictions which have been so disruptive to normal marketings and which are preventing the United States from using the device of barter as a means of competing with Soviet bloc exports in the hard-currency countries of the free world. Without this prohibition against such restrictions, the disposal program through barter can never approach its optimum; such disposals as will be made will continue to disrupt normal trade, and the other amendments made by this bill will be meaningless.

Fifth. The next significant change is that within the discretion given the Secretary to reject transactions not in the best interests of the United States, a goal of \$350 million is established for each fiscal year. This is not a mandatory goal but merely an objective which the bill says the Secretary "shall endeavor" to reach. This rate, if achieved is approximately one-fifth of the volume authorized for each fiscal year for foreign-currency sales under title I and is less than one-eleventh of our normal agricultural exports of about \$4 billion annually.

Sixth. Another significant change requires the encouragement of barter for materials on the barter list processed in the United States, whether the raw materials are of foreign or domestic origin, providing that the agricultural commodities exchanged for such materials are exported to friendly countries. Although the Secretary has had the authority to permit the domestic processing of materials accepted in barter, he has been reluctant to do so. The committee can see no reason why domestic processors and domestic producers of materials eligible for barter should not be permitted to compete on even terms with foreign processors and raw materials of foreign origin. This provision does not change the basic eligibility requirements and would not serve to make eligible for barter any material of which the United States does produce from indigenous sources adequate quantities to meet its needs.

#### IDENTIFICATION OF DONATIONS

Section 13 of the bill amends section 305 of the act to require that, in addition to a mark of identification (such as the American flag), each package or container of surplus commodities donated under the authority of this act or of section 416 of the Agricultural Act of 1949 be identified also insofar as practicable by a statement in the language of the locality where the stocks are to be distributed that the commodity is being furnished by the people of the United States. The section also provides, for the first time, that where available, funds accruing from sales for foreign currency under title I of this act shall be used for the purpose of applying such identifying language.

#### LONG-TERM SUPPLY CONTRACTS

Section 14 adds to Public Law 480 a new title IV authorizing the Secretary to enter into long-term supply contracts. This new authorization has been discussed generally earlier in this report. Its purpose is to increase the sale of surplus agricultural commodities for dollars to friendly nations through long-term supply agreements and through the extension of credit. This credit will serve to assist in the economic development of such friendly nations. Under this title, surplus agricultural commodities may be sold through supply agreements over periods not to exceed 10 years. Payment for such commodities may be made over periods not to exceed 20 years in approximately equal installments. Payments would be in dollars. Therefore, sales may be made to any friendly country and will make pos-

sible greater sales into commercial market areas as well as into the so-called underdeveloped areas. Since sales of surplus agricultural commodities under this title will return dollars to the United States the sales are not subject to the limitations applicable to title I sales for local currencies.

Interest would be paid on the unpaid balances. The rate of interest could not exceed the cost of money to the United States as determined by the Secretary of the Treasury. The rate of interest to be paid would actually be determined by the Secretary of Agriculture through negotiations for the sale of the commodities with the purchasers. The rate of interest is of secondary importance. The objective is to increase sales of surplus agricultural commodities for dollars and to encourage sales for dollars into hard currency markets where exports have been declining. Not only will these sales return dollars but they will also return many indirect benefits such as savings on storage costs where the commodities are owned or controlled by the Commodity Credit Corporation, removal of surpluses which depress domestic market prices, and assist in increasing consumption and in the development of markets.

Section 402 authorizes the President to enter into agreements to carry out the purposes of this title. Under such agreements the U.S. Government would not undertake the physical delivery of any agricultural commodities but would merely agree to finance exports of such commodities, in stipulated amounts and providing the commodities are actually in surplus at the time they are to be delivered, by accepting notes of the recipient country to pay for such commodities in dollars in periods of not to exceed 20 years.

Section 404 of this title makes it clear that the Secretary is to endeavor to maximize sales under this title, but in so doing reasonable precautions are to be taken to avoid replacing sales which the Secretary finds and determines would otherwise be made for cash dollars. It is intended that such precautions established shall be reasonable and not arbitrary. It is intended that the Secretary should have a substantial basis to support a finding and determination that sales would otherwise be made for cash. Sales under this title should be made upon such terms and rates of interest as may be necessary to the end that maximum quantities of surplus agricultural commodities will be sold for dollars.

Section 405 authorizes the Secretary of Agriculture to permit other exporting nations to participate in the sales agreements entered into under this title on a proportionate and equitable basis if other historic supplying nations are willing to make sales on the same terms. This provision gives ample protection to other friendly nations. It is intended by this section to assure other friendly exporting nations of equitable treatment and at the same time, however, not permit sales to be delayed or market opportunities to be lost.

Section 406 provides that certain provisions of title I shall be applicable to operations under the new title IV including: The carrying out of such operations through private trade channels, the authority for the CCC to finance operations under the title, the definition of "surplus agricultural commodity," the definition of "friendly nation," and the requirement for the President to report to Congress on the program each 6 months.

#### LONG-STAPLE COTTON

Section 16 provides that the national marketing quota for the 1960 crop of long-staple cotton shall be not less than 90 percent of the 1959 marketing quota, which amounts to approximately 70,000 acres. This country produces only about 50 percent of its requirements for long-staple cotton but the



producers thereof are nevertheless faced at this time with a serious and peculiar problem. In recent years, Egypt, the world's largest producer of this type of cotton, has been selling the major portion of its crop to the Soviet bloc. Within the past year or so, however, Egyptian imports have been coming into the United States in increasing quantity until they have now taken over approximately 85 percent of our domestic market at prices with which domestic producers cannot compete, although at their own request the support level for this cotton has been reduced to 65 percent of parity. With the administration understandably reluctant to take any restrictive action with respect to imports of Egyptian cotton at this time, producers of this crop in the United States appeared to be the victims of a diplomatic situation over which they have no control. Under the marketing quota law, their acreage allotment for 1960 would probably be reduced, because of the large Egyptian supplies in this country, from approximately 70,000 acres in 1959 to less than 40,000 acres in 1960.

The producers proposed an amendment to Public Law 480 which they believed would improve their situation but that proposed amendment was rejected by the committee in favor of the provision appearing in section 16. This is, admittedly, a temporary palliative but it will at least keep the long-staple cotton producers of the United States from being put out of business until further consideration of their problems can work out a more permanent solution.

(Mr. SPRINGER asked and was given permission to extend his remarks at this point in the RECORD.)

[Mr. SPRINGER addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. HOEVEN. Mr. Chairman, I yield myself 5 minutes.

(Mr. HOEVEN asked and was given permission to revise and extend his remarks.)

Mr. HOEVEN. Mr. Chairman, I think most Members of the House are in favor of the extension of Public Law 480. This law provides for the orderly disposal of surplus agricultural commodities. The law as it is now operating has worked very successfully. It is a record of which we may all be proud. In my book Public Law 480 is one of the best mediums for the disposal of surplus agricultural commodities. I think the law should be perfected and it should not be restricted as is being attempted in this bill by inserting certain mandatory provisions as to barter. It is true that this bill, as reported to the House, was reported out of the Committee on Agriculture by a vote of 30 to 2. But that is not indicative that the minority members of the committee support the barter provisions of the bill. We voted for the bill in committee on order that the House might work its will on one of the most important pieces of legislation confronting the Congress today. The extension of Public Law 480 is "must" legislation. It must be enacted before the Congress adjourns. I know we are anxious to get away from a very rugged and long session, but in my humble judgment, this Congress is not going to leave Washington before extending Public Law 480 for another year, as the other body has done. They have reported such a bill, which I think is sensible.

Mr. Chairman, the minority report speaks for itself. It is my purpose at the proper time to submit two amendments to strike the so-called barter provisions. If you are interested, the first amendment will be on page 2, line 6, commencing with the word "Provided" and striking out all the language from line 6 to line 15 inclusive. The second amendment will be to strike the language on page 6, line 17, the remainder of page 6, all of page 7 down through line 13 on page 8.

Mr. Chairman, the provisions of H.R. 8609 which deal with barter would, if enacted into law, make four major changes in the present barter provisions of Public Law 480. So I shall direct my remarks to the barter provisions which are the most controversial. We believe all these changes are undesirable. First of all, barter would have specific priority over sales for foreign currencies, and sales for foreign currencies would only be made after a determination by the Secretary of Agriculture that the country could not meet its requirements through barter.

Now if that is not a mandatory provision, I do not know the English language.

This change completely ignores the basic purpose of the Agricultural Trade Development and Assistance Act which is to expand trade and increase exports of U.S. surplus agricultural commodities. The problem today is to find countries willing to buy additional agricultural surpluses even for their foreign currencies. There is no long waiting line of countries clamoring for our surpluses on any terms. This provision can have only one effect, and that is to prolong and make more difficult, if not impossible, the development of title I agreements and thereby reduce the total amount of agricultural exports.

Secondly, the bill, H.R. 8609, greatly expands the list of materials eligible for acceptance under barter, and places on the Secretary of Agriculture rather than the President of the United States responsibility for determination of acceptable materials.

The question was raised why of all persons should the Secretary of Agriculture determine what strategic materials we need. That is a job for the President of the United States or the head of Defense Mobilization or the Defense Department rather than the Secretary of Agriculture who is not an expert in that line.

Other committees of Congress which have made a much more exhaustive study and analysis of our stockpiling program than has the Committee on Agriculture have indicated that the present level of stockpiled materials is excessive. So it is absolute folly to build up these stockpiles.

We frankly do not believe that our committee should attempt to legislate on materials for the stockpile nor do we believe the Secretary of Agriculture should be authorized to determine what materials are in the best interests of the United States to stockpile.

Further, the bill, H.R. 8609, removes any authority to place restrictions on the free countries of the world into which

surplus agricultural commodities may be exported under the barter program.

Fourth, H.R. 8609, directs the Secretary of Agriculture to endeavor to barter at a rate of \$350 million each fiscal year.

We are now doing a very good business to the tune of \$160 million per year, which is very acceptable, and we are not displacing cash sales.

It is interesting in considering this type of legislation to know who is for it and who is against it. There is no clamor from the agricultural interests of this country for the barter provisions.

The Farm Bureau is against it.

The Department of Agriculture is against it.

The State Department is against it.

The National Cotton Council is against it.

The American Cotton Shippers Association is against it.

The National Foreign Trade Council is against it.

The Foreign Marketing Committee is against it.

The National Council of Farm Cooperatives is against it.

Who is for it? A small group of very aggressive and interested importers in one of our large cities. They are very vocal and working hard to get the barter provisions written into the bill.

Why are they so interested? I do not know, but it gives us food for thought.

So I hope that the amendments I propose to offer to strike out the barter provisions will have your support.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. HOEVEN. Mr. Chairman, I yield 5 minutes to the gentleman from Utah [Mr. DIXON].

(Mr. DIXON asked and was given permission to revise and extend his remarks.)

Mr. DIXON. Mr. Chairman, Public Law 480 is one of the finest statutes we have. It is imperative that the law be extended. I am for it; I surely believe in it. But I believe in the version which the other body has passed which does not have this barter provision in it.

Mr. Speaker, I respectfully urge every House Member to support Representative HOEVEN's amendment to strike out of H.R. 8609 the features changing the present barter program. I urge this for the following reasons:

First. There is virtually unanimous agreement on the need to extend Public Law 480 immediately. This will enable us to dispose of another \$1½ billion worth of our farm surplus products by selling them for foreign currencies. It is nearly midnight of this congressional session and we cannot run the risk of torpedoing the desirable features of this bill by cluttering it with the unsatisfactory and controversial provision to direct the Secretary to increase bartering. If this barter section goes through it will require an extended conference between the House and Senate conferees because the Senate bill to extend Public Law 480 does not alter the existing barter program. Last year the Senate conferees showed that they were unwilling to accept this kind of a barter change.



However, if the barter feature were in the final bill which passed the House and Senate it would subject this bill to the possibility of a veto, so late that Congress would have difficulty and further delay in extending Public Law 480 on a satisfactory basis.

Second. There is no evidence that it will increase exports of our agricultural surpluses by giving priority to the barter program. The probability is that our present sales for cash would be replaced by sales for foreign minerals, many of which we do not need.

Third. Not only would this program fail to increase materially our agricultural exports but it would create a serious hazard for our mineral industry.

Our existing mineral stockpiles already amount to \$8.1 billion. There are some groups which indicate that this stockpile is already sufficient if not excessive. Therefore, there is no justification for directing the Secretary to endeavor to barter at a rate of \$350 million each fiscal year thereby further expanding these stockpiles.

These minerals stockpiles overhang the market even more seriously than does the agricultural surplus. This was displayed by the fact that merely talk of selling a part of the copper stockpile brought the world price in copper down by 5 cents. Even though no copper was actually sold from the stockpile, this was the result of the rumor.

However, the major reason that stepped up barter is opposed by most of the members of the America mining congress is the fact that barter stimulates foreign metals production and the opening of more foreign mines. Then when the barter stops, increased foreign production is competing for the American markets thereby lowering the metals price to a point where our mines are driven out of business.

In Utah, for example, two-thirds of the lead-zinc miners have lost their jobs during a little more than the past decade.

We can nowise afford, therefore, a program which without solving the agricultural problem will seriously aggravate our mining problem.

In conclusion, I would like to insert a brief statement prepared by Mr. Charles Schwab, president of the Emergency Lead-Zinc Committee, explaining their opposition to this proposal to force the USDA to expand barter:

AUGUST 19, 1959.

To: Congressman Dixon, of Utah.

From: C. E. Schwab, chairman, Emergency Lead-Zinc Committee.

Subject: Extension of Public Law 480, with particular reference to the proposed barter provision.

1. In the case of lead and zinc, in lieu of accepting a unanimous recommendation by the Tariff Commission for increasing duties in 1954 the President, on August 20, 1954, initiated defense stockpile purchases and very substantial acquisitions by barter transactions.

2. The flood of imports which had caused distressed conditions in the U.S. lead-zinc mining industries were, by means of barter transactions diverted to the U.S. supplemental stockpile.

3. During this interval of time, however, foreign mining production increased substantially under the impetus of large barter acquisitions.

4. On May 28, 1957 the Department of Agriculture essentially stopped barter in lead and zinc, and nothing short of catastrophe followed. U.S. prices plummeted forcing many U.S. mines to close as lead and zinc previously acquired by barter flooded the U.S. commercial markets in unneeded and excessive amounts.

5. Thus the lead-zinc mining industries' experience with barter, in lieu of adequate import controls, has been a sad one. This program stimulated foreign production and, ceased—practically wrecked our domestic industry.

6. After a second unanimous decision by the Tariff Commission in 1958, the President finally imposed import quotas October 1, 1958. These quotas have proven woefully inadequate during the 11 months they have been in effect and the domestic lead-zinc mining industry remains seriously depressed.

7. It has long been the position of the domestic lead-zinc industry that adequate import controls must first be initiated, before any acquisitions by barter should be used to firm-up world market prices, which in turn reflect improvement in U.S. prices.

8. Of growing concern to commodities, such as lead and zinc, is the recent attitude in many quarters that the U.S. stocks of various minerals and metals are excessive and some plan of disposal should be initiated. If this ever happens, it will serve only to compound the present difficulties. Thus, any program to step up barter transactions can only have the net result of further increasing minerals and metals in stockpile control by the U.S. Government. If it is now considered that stocks of various minerals and metals, acquired by outright purchase contracts for the defense stockpile and barter acquisitions for the supplemental stockpile, are in excess of U.S. needs, in event of an emergency, to continue to add to these stockpiles by means of barter will serve only to further increase metal and mineral stocks which in any instance are now said to be far in excess of defense needs. It will create an even greater specter to haunt domestic producing mineral industries if pressure continues to grow to liquidate and dispose through normal commercial channels quantities of any metal or mineral in these stockpiles.

9. It is also of major importance of lead and zinc that these two metals have been the subject of three United Nations meetings. At the third meeting during April and May of this year, foreign companies and foreign countries voluntarily made certain commitments to reduce their production in an effort to bring production and consumption outside the United States into better balance during the last half of 1959. Although these commitments are voluntary, and despite that they are not adequate, nonetheless a major step forward has been taken in prevailing on foreign companies and foreign countries not to overproduce. If barter were again initiated for lead and zinc, unquestionably these commitments would be abrogated and overproduction outside the United States would again occur. When a renewed barter program would again cease, the situation would be similar, if not worse, than that which occurred when barter ceased in early 1957.

There are several objectionable provisions concerning barter in this bill. Time will permit my commenting on only a few. The bill places on the Secretary of Agriculture the full responsibility for determining the best interests of the United States in accepting materials under the barter program. The ramifications of artificially interfering with the normal world and domestic trade in metals and minerals is far beyond the

abilities of the Department of Agriculture to analyze and appraise. This responsibility is now shared by the entire executive branch by Presidential designation of acceptable materials. The best interests of the United States can be better served by no change in this provision.

The removal of the authority to place any restrictions on the countries of the free world into which surplus agricultural commodities may be exported completely ignores two basic concepts of the act. Section 2 of Public Law 480, 83d Congress, declares as "the policy of Congress to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States." The foreign policy of the United States encompasses other agricultural exporting nations as well as importing nations. To completely ignore the traditional and historical markets of friendly exporting nations and permit U.S. exports to supplant them through the discounts in price which seem to inevitably accompany the movement of agricultural commodities under barter would do irreparable damage to our foreign relations. It furthermore would not alter the necessity of our friendly competitors finding a market for their exports which they would be forced to find in either our or others' traditional markets by further price concession. Ample evidence exists of disruption of normal trading and chaotic world market conditions created by U.S. bartered commodities even with diligent efforts to avoid such under existing authority to limit the disposal of agricultural commodities through the barter program.

The same section of the basic act declares as "the policy of Congress providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment therefor." I subscribe wholeheartedly to the policy that movement of surplus agricultural commodities under this act should be in excess of the usual marketings of such commodities. It is inconsistent to require the President, in connection with title I sales for foreign currency to "take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this act will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries" and in an amendment to the same act remove from the Secretary of Agriculture any authority to exercise judgment as to similar effects of the movement of agricultural commodities through the barter program.

The bill virtually establishes a mandatory level for barter activity of not less than \$350 million each fiscal year. It is impossible to state in advance the magnitude of barter proposals which can be accepted within a given period of time on a basis which will give reasonable assurance of not replacing dollar sales and disrupting world markets. The establishment of a mandatory goal of \$350 million per year, or any other man-



datory level for a barter program serves to establish for the importers and exporters of materials a market of that magnitude for surplus world materials which have no more lucrative outlet through normal channels of trade. It completely ignores the effect of movement of agricultural commodities in that magnitude on normal patterns of trade and world prices. This puts the cart before the horse. The additional movement of agricultural surpluses is the only justification for a barter program. Providing a surplus removal program for world production of so-called strategic and critical materials at a profit to a few importers should not be the responsibility of the Department of Agriculture.

I have no quarrel with domestic processors but I believe the inclusion of this provision is evidence of the concern of domestic processors over the artificial stimulation afforded by the barter program to foreign production of materials. The dissipation and disruption of normal cash dollar markets for U.S. agricultural exports should not be required in order to maintain profitable outlets for either foreign or domestic processors of so-called strategic and critical materials of which some Members of Congress contend we now have twice as much as needed.

Mr. ASPINALL. Mr. Chairman, will the gentleman yield?

Mr. DIXON. I yield.

Mr. ASPINALL. I wish to associate myself with my distinguished friend from Utah in the statement he has just made.

It is most difficult for the metal and nonmetal domestic mining industry at the present time to operate with any economic success in conformity with the present program that is permitted under the existing law. If the amendment which is in the bill as reported out of committee should happen to prevail, I am sure it would be the death blow to the domestic mining industry.

Mr. DIXON. The gentleman is correct.

Mr. HOEVEN. Mr. Chairman, I yield 5 minutes to the gentlewoman from Washington [Mrs. MAY].

Mrs. MAY. Mr. Chairman, I wish to speak in opposition to the provisions of this bill dealing with priority of barter over title I agreements.

It appears desirable to review the purpose of Public Law 480, 83d Congress, to which this bill is proposed as an amendment, "An act to increase the consumption of United States agricultural commodities, to improve the foreign relations of the United States, and for other purposes." This amendment would include provisions under the other purposes which would nullify the basic objectives of the act in that no assurance could be had of increased exports of agricultural commodities and the foreign relations of the United States would be damaged.

The provision of section 1 which requires a determination by the Secretary that the requirements of a country for agricultural commodities cannot be met through barter before a title I agree-

ment can be considered is objectionable for several reasons.

First, it implies that the Agricultural Trade Development and Assistance Act is primarily a foreign relief act and ignores the market development features which we believe have great value. It minimizes the value of section 104(e) under which United States firms benefit from the availability of up to 25 percent of foreign currencies generated for loans to establish facilities to aid in the utilization, distribution, or otherwise increase the consumption of, and markets for, United States agricultural products.

Second, the inclusion of such a provision in law would impair rather than further our foreign relations. Title I agreements can now be negotiated with foreign countries on a basis of mutual benefit which permits the foreign country to retain their pride and self-respect and increase their acceptance of the United States as a leader in the free world. This provision if written into the law could serve to make beggars of the foreign countries coming to the United States for assistance with their hat in hand. The United States through the Secretary of Agriculture would be required to further insult their pride and self-respect by making a determination that they had nothing of value to offer in exchange before he would consider accepting their currency for agricultural commodities. There is ample authority to do what is proposed without legislation.

Third, this provision would delay operations and slow down the movement of agricultural exports. Instead of the United States being able to explore, propose and discuss potential agreements under title I which gave promise of mutual benefit we would be compelled to sit and wait until a foreign country's needs became sufficiently acute to compel them to seek assistance under the terms of this provision. Each case would then have to be analyzed in the terms of materials now or potentially available in that country which we would accept in lieu of their currency. Interminable negotiations would result with respect to availability of materials, exchange value of the materials, diversion of the materials from existing outlets in the world market and other factors before a determination could be made by the Secretary opening the door to where negotiations now begin leading to a title I agreement. Classic examples of this type of delay exist in the Department's files now. It required 18 months to finally consummate an exchange of Turkish chrome for wool. Nineteen months have been spent in attempting to develop an exchange of Indian manganese for wheat, and it has still not been completed.

Fifth, this provision would foster State trading and subordinate free enterprise to the role of middlemen between the United States and the foreign countries. The physical location of acceptable materials within a foreign country does not necessarily mean that that country can automatically make that material available for exchange with the United States for agricultural commodities. The de-

posits of the materials as well as the production facilities are in most instances controlled by private capital and in many instances by foreign capital. Making such materials available at acceptable exchange values would force a degree of Government control over free enterprise in these foreign countries which does not now exist and the growth of which we deplore in the free world.

Sixth, this provision would tend to increase world production of surplus materials. To the extent that the production is now in line with world demand the only alternative to diverting these materials from existing exchange producing outlets would be to increase the production. The primary impetus for the barter approach now stems from the outlet it provides for materials which are now surplus to the cash market and further production stimulus would be economically unsound. It is a fallacy that the United States can obtain through barter materials which are truly critical and needed. The U.S. dollar is still a more attractive medium of exchange than our surplus agricultural commodities.

Title I agreements have been negotiated for over \$5 billion worth of agricultural surpluses. This is over five times as much as barter has moved since its inception. Why jeopardize a larger program for the sake of a smaller program. We need to move agricultural surpluses into export without playing favorites with barter as a means of doing so.

(Mrs. MAY asked and was given permission to revise and extend her remarks.)

Mr. HOEVEN. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. QUIE].

(Mr. QUIE asked and was given permission to revise and extend his remarks.)

Mr. QUIE. Mr. Chairman, one of the most far-reaching and important laws on the books today is Public Law 480—legislation which truly has been working for the benefit of America, for our people, our agriculture, and our relations with other people in friendly lands.

Thanks to Public Law 480 our country has been able to remove much of its surplus of food from Government bins—with a resultant saving to the taxpayers. Thanks to this beneficial legislation, we have been able to sell our food for foreign currencies, barter it for strategic materials, and feed not only famine-stricken people in friendly nations throughout the world, but millions of Americans right here at home.

The genius of Public Law 480 is its ability to put our overabundance of food to work for us. As a result of its operation, more than 5 million needy Americans in family units are fed every month. As a result of this law, we are strengthening our neighbor nations who we need to have on our side in this cold war. As a result of this law, we are helping them help themselves—enabling them to develop new industries and improve the health and nutrition stands of their people.



The benefits of this law come churning back to us. Because other nations conquer famine, they remain strong to the threat of communism. Because they grow more economically strong, they develop new tastes and markets for America.

The manifold benefits of Public Law 480 have been pointed out before—and are apparent. But it is good to pause here and take note of the success this legislation has achieved.

Now, with this wonderful record of Public Law 480 I hope we will not allow this program to go into a state of disrepute because we hang onto it a compulsory mandatory barter provision, and so I hope when the time comes that we vote on the amendment to be offered by the gentleman from Iowa [Mr. HOEVEN] to strike out mandatory barter section, that we will support it.

Under this provision of mandatory barter we give the Secretary of Agriculture the authority to decide what materials we barter for. When I came to this Congress a year ago, the law provided that OCDM made the decision as to which strategic materials should be bartered, but then it was decided that this did not open up a large enough variety of materials for barter, so we put the authority in the hands of the President, and let the President decide which materials could come into this country. Now, evidently the proponents of mandatory barter have decided that the President will not allow enough in, so they want to turn it over to the Secretary of Agriculture. The President is in a position to make this decision, because all the other departments of the Government are responsible to him. But, I do not know another department of this Government that is responsible to the Secretary of Agriculture. So, he would not be able to obtain the help and assistance as is presently the case when the President makes that decision. These programs have enabled the State Department to pave the way toward expanded health and nutrition in other countries of the world, helping them in their economic development, but the program would be curtailed by this mandatory barter provision, because barter would have priority over title I sales. Since it takes so long to work out a barter agreement, these would be greatly reduced and, in effect, this may slow down a great deal of the disposal of surplus commodities through Public Law 480.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from Texas.

Mr. POAGE. Is the gentleman going to offer an amendment to insert "President" in lieu of "Secretary of Agriculture"?

Mr. QUIE. I am supporting the amendment to be offered by the gentleman from Iowa, which would in effect do that, yes.

Mr. POAGE. If the gentleman will offer that amendment, it is certainly in order. I did not know the gentleman was going to offer it.

Mr. QUIE. That is what the gentleman of Iowa's amendment will do. You

see, if we are successful in knocking out this mandatory barter provision in this bill, it will not eliminate barter, but it will keep us under the present law in which the President makes the decision on which materials should be added to the stockpile.

One of the most important parts of Public Law 480 is developing markets. Now, under this mandatory barter provision the Secretary will not have to take into consideration whether this will replace dollar sales. But, if we replace dollar sales it will not do anything but replace the dollars that we could have received for our agricultural commodities and it will not in those cases increase the amount that will be exported under Public Law 480. So, I think that this mandatory barter provision definitely ought to be eliminated. It is a simple thing to show how we want this program to operate by simply eliminating this provision of the bill. That will give a straight extension of Public Law 480 for 1 year. Title I and title II need extension. Title III providing for barter of surplus agricultural commodities presently exists in the law and does not need extension. It will carry on even though we do not take any action here, and will allow the President of the United States and the Secretary of Agriculture to control the program in the best interests of the taxpaying public in our country. With this type of control over the program, I believe we will continue to have the type of Public Law 480 program which will be of benefit to the farmers and the taxpayers of this country and the needy people overseas and will not put it in jeopardy as this provision would do.

Mr. HOEVEN. Mr. Chairman, I yield such time as he may desire to the gentleman from South Dakota [Mr. BERRY].

(Mr. BERRY asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. BERRY. Mr. Chairman, we have no alternative except to extend Public Law 480 and to keep on extending it, year after year, until the people of the United States rise up and force a care-free, innocent Congress to protect American agriculture from complete destruction through the importation of foreign agricultural products.

Mr. Chairman, any person who has the ability to add a column of figures knows that the imports of foreign agricultural products, either directly or indirectly, supplant the production of more millions of acres than are today producing surplus crops in America.

The greatest task of the Department of Agriculture today is in taking out of production domestic acres displaced by foreign imports.

The purpose of Public Law 480 and all of these other giveaway food-for-peace plans and schemes is simply to get rid of crops raised on acres supplanted by the imports of agricultural products from abroad.

The sad part of it is, my friends, that we cannot give it away as fast as they import it.

I say to you: Repeal the Reciprocal Trade Act, place protective tariffs and quotas on agricultural imports, and we

do not have enough acres in these United States to produce the food and fiber we actually consume and use.

We have no surplus. The bushels that are in storage today, that are causing the Department of Agriculture and this Congress such headaches, and which Public Law 480 was enacted to try to give away, are nothing more than the production of the millions of acres supplanted by foreign imports.

Let us take a look at the records:

Beef imports is a good example. In 1958 we imported 1,152,407 head of live cattle. In addition to that, we imported the carcass equivalent of 909,049 head, or a total of 2,061,456 head.

In my congressional district, which is typical of much of the midwestern wheat area, we produce wheat and cattle. When we turn the prairie upside down we produce wheat. When we leave it in its natural state, we produce beef. The Indian Department and the Department of Agriculture require 30 acres of that land to produce 1 beef. In other words, the 2 million head of beef imported in 1958 supplanted more than 60 million domestic crop acres. These acres are similar to the 55 million total wheat base acres that are causing the Department of Agriculture and this Congress so many headaches and yet more than the entire national wheat allotment was supplanted by imported beef alone.

Another example is wool and lamb. While the lamb and mutton imports last year probably did not displace more than 325,000 acres the wool imports displaced upward of 75 million acres. If the American farmer were permitted to produce only 90 percent of the wool that is used domestically it would require more than 75 million acres of land that are now producing some other crop—crops, if you please, which are in surplus, and crops, if you please, which we are trying to give away under Public Law 480 and these other programs.

Let us take another example:

In 1958 we imported 9,094 head of live hogs and the carcass equivalent of 193,091 head in processed meats, or a total, if you please, of 202,185 head. I am unable to give you the figures of the acreage displacement of this imported pork but I say to you it would have taken a good many thousands of bushels of surplus corn to have produced this pork supplanted, if you please, by imports.

In January of 1959 the Department of Agriculture was warning the American farmers that there would be a serious overproduction of pork in this country and urged them to drastically cut down production. Yet while they were warning the domestic farmer to cut down on production between January and May of 1959 we imported, either in live hogs or the carcass equivalent of 88,484 head of hogs.

Last week the Department of Agriculture announced that it was going to buy pork to alleviate the surplus situation, using it for the school lunch program, and so forth, in order to bolster the pork market. It is impossible to obtain the figures on pork imports since May, but I do know this. The Department will not be able to purchase, in its pork buying program, as many pounds



of domestically produced pork as is imported in 1959.

Our annual sugar imports, which amount to approximately 50 percent of all the sugar used domestically, displaces more than 1 million acres of the very finest cropland in America—acres which are forced into the production of crops which we now consider in surplus.

I would point out to you that while the Secretary of Agriculture reduced the support price on feed grains on the basis that we have in surplus today 200 million bushels of barley and 375 million bushels of oats, which costs the taxpayers the tidy sum of \$26 million annually for storage, we find that nearly every bushel of that surplus has been imported. During the past 10 years we imported 224 million bushels of barley and 344 million bushels of oats; in other words, 24 million bushels of barley more than there is in storage and almost as much oats. The picture in rye is even worse. We have in storage today 4½ million bushels of rye, and yet in not 1 single year in the past 10 years have we produced as much rye as our annual disappearance. Actually, our disappearance in rye includes 5½ million bushels of imported rye.

It is time, my friends, that Congress tackle this problem at its source. The source of the difficulty in agriculture is not domestic production but foreign imports. The solution is not Public Law 480, the International Wheat Agreement and all of these other international agreements by which we subsidize the sale of agricultural production, but the solution lies in stopping the importation of competitive agricultural imports, which is supplying the food and fiber to the domestic consumer, while the production of our domestic farmer is being sold to the Government to be given away all over the world where we can just get the people to accept it.

Congress does not have the will or the courage to attack the problem at its source. Paying subsidies to keep the farm industry from being put out of business with cheap foreign imports is like attempting to cure a cancer by putting a Band-aid over the open sore. The cheap foreign imports is the cancer. The sore is only the place where the cancer is draining. Sooner or later the American people must make their choice—either they remove the cancer and save the patient or continue to treat the cancer with Band-aids at the open sores and let the patient die.

The patient is sorely sick. When \$2.4 billion of our agricultural exports are either given away, or sold only with export subsidies, running from 8 cents a pound on cotton to as much as 50 cents per bushel on wheat, then I say to you my friends the end is not far away.

No—we must extend Public Law 480 today. We must put another Band-aid over this open sore. We must continue to patch up this old body politic that we call America, until we gain sufficient courage and stamina and determination to attack the problem at its source and

remove the import cancer that has already eaten away most of the vitals of American agriculture, mining, and industry.

Mr. HOEVEN. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. PIRNIE].

(Mr. PIRNIE asked and was given permission to revise and extend his remarks.)

Mr. PIRNIE. Mr. Chairman, I rise to oppose that portion of the proposed extension of Public Law 480 which invokes mandatory barter provisions.

The barter program has been a part of Public Law 480 since the act was passed in 1954. Five years of operating the barter program has not proven that it helps the American farmer dispose of any additional agricultural surpluses as claimed by the importers of minerals. In fact, it gives these importers a blanket appropriation account and guarantees them complete immunity from any price depressing effect on the cash market for materials. To say it another way, this program takes minerals and metals that are produced in world surplus and isolates them from the market until an act of Congress puts them out in the market again. On the other side of the transaction, it takes surplus agricultural commodities and pushes them into the marketplace in full competition with all our sales for dollars.

During 1958 the Congress recognized this situation and changed the law to protect more adequately our dollar markets for agricultural commodities. This action placed some restrictions on these importers of minerals and now they are asking that these restrictions be removed.

The proposed legislation contains eight major changes to effect this purpose. Let me pinpoint them for you. Under the measure before us:

First. Barter transactions would have specific priority over sales for foreign currencies.

Second. Sales for foreign currencies would be allowed only and to the extent that the Secretary of Agriculture determined that the countries could not meet their requirements through barter.

Third. The present provision limiting barter to materials of which the United States does not domestically produce its requirements is eliminated. In other words, we would barter for items of which we produce more than our domestic needs.

Fourth. Responsibility for determining which materials are to be acquired by barter would be placed upon the Secretary of Agriculture rather than upon the President of the United States.

Fifth. The current authority of the Secretary to take reasonable precautions to safeguard usual marketing and to assure that barter will not unduly disrupt world prices of agricultural commodities is eliminated.

Sixth. The existing authority of the Secretary to take reasonable precautions to assure that barter will not replace cash sales for dollars is eliminated.

Seventh. The present directive that the Secretary cooperate with other exporting countries to preserve normal

patterns of commercial trade in commodities covered by international agreements is eliminated.

Eighth. The Secretary would be directed to endeavor to barter at a rate of \$350 million for each fiscal year.

I am opposed to these changes because I believe they impose an unnecessary burden on the taxpayer, they are detrimental to our foreign relations and are not helpful to the American farmer.

Testimony presented to the committee by the representatives of the trade for both cotton and grain showed that the barter program has been disrupting world prices for agricultural commodities and displacing sales for dollars. Responsible farm representatives have recommended that the barter program should not be extended and be given preference over title I sales.

The proposed legislative changes in the barter program take away from the President and place with the Secretary of Agriculture the responsibility for determining the materials to be acquired by barter. The Department of Agriculture does not have material specialists on its staff and would have to rely upon the other agencies in the executive branch of the Government for this information.

At present, the imports of materials by the Commodity Credit Corporation are restricted to such strategic or other materials of which the United States does not domestically produce its requirements, but the proposed amendment would extend this range to any materials included in the strategic stockpile, whether or not they are produced in this country, and further would include any materials, goods or equipment important to the economy and including but not limited to various defense needs. Thus it would appear that virtually anything could be imported for use by any branch of Government, whether or not detrimental to U.S. industry, labor, and agriculture. Can we justify that to the American people?

Even the present nominal use of barter, involving approximately \$150 million has had some undesirable effects in the world markets. If we direct the Secretary of Agriculture to consummate barter agreements at a rate of \$350 million for each fiscal year, over double the present rate, we would be forcing him to approve agreements that will replace sales for dollars and to take metals and minerals in excess of our needs. Other committees of Congress which have made a much more exhaustive study and analysis of our stockpiling program than has the House Agriculture Committee, have indicated that the present level of stockpiled materials is already excessive. The warning signals are up and have been for some time.

In addition, many of us have noted the numerous reports from friendly foreign countries that the U.S. barter program is depressing their markets for agricultural commodities. Some reports indicate the disturbing possibility of retaliatory action by such governments.

There is a danger in overestimating the value to us of a stockpile insulated from the market yet supporting the



world price of surplus metals. If we make any attempt to dispose of the stockpile, we will be charged with ruining our domestic market and of disrupting the world market.

It is another frozen asset in a world of make-believe.

Mr. HOEVEN. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. LATTAL].

Mr. LATTAL. Mr. Chairman, at the beginning of my remarks I would like to say I am going to support this bill with some amendments. I feel Public Law 480 has done a good job of disposing of some of our agricultural surpluses and should be continued. I will, however, support the Hoeven amendment to take out the mandatory barter provisions of this bill, which is presented to us today.

I wish to point out the inconsistency of the report from the Committee on Agriculture with respect to the treatment of "usual marketings" in dealing with title I and in dealing with barter.

It was basic in the original concept of Public Law 480 that usual marketings should be protected. By "usual marketings" was meant the trade which we had enjoyed without the added export incentive of Public Law 480. Great stress was made of the fact that it was not the intent of the Congress for the exports that came about as a result of Public Law 480 to interfere with or replace export sales that would be made anyway. This was sound because after all the main justification for this legislation was to move more of our agricultural surpluses into export.

The present provisions of the law require all agreements entered into with respect to title I foreign currency sales to contain guarantees of that country maintaining its "usual marketings" of the commodities made available for foreign currency.

The present provisions of the law also authorize the Secretary of Agriculture to place restrictions on countries into which bartered agricultural commodities may be exported in order to protect the usual marketings of the United States in those countries.

This protection of what we already have in the way of export trade seems to me to be so clearly desirable as to leave no possible question in anyone's mind. However, we find the Committee on Agriculture to be completely inconsistent in its treatment of this principle in the proposed legislation.

In talking about exports of dairy commodities under title I, the committee says:

It is repugnant to the whole intent and purpose of Public Law 480 that commodities exported to another country under the subsidies provided in title I should be used in such country in such a manner as to compete with and reduce exports from the United States to the same country of similar commodities on a commercial basis. The committee believes it is the clear intent of the law that the Department of Agriculture in making its "usual marketings" determinations (which are used as a guide in determining eligibility of a country to receive products under title I) the "usual marketings" not only of the particular products (in

this case nonfat dry milk) but of similar or related products (such as evaporated whole milk) should be taken into consideration.

Here we find the committee taking the position that "usual marketing" is a sacred point to be observed when the interests of a few exporters of condensed milk are concerned.

However, when the committee deals with the subject of barter, they have this to say:

Because the currencies of Western Europe and Japan are stable, they are virtually ineligible for a local currency transaction under title I. For this same reason, our traders are not permitted to export freely to them surplus commodities exchanged by CCC under the barter program. The technique is to set up a "usual marketing quota" of commodity exports from the United States to each country and until this usual marketing quota has been filled, our officials will not permit bartered commodities to move into that country.

In carrying out this absurd policy of "usual marketings" the Department of Agriculture has rejected, during the fiscal year 1959, 90 firm offers to barter \$137.5 million worth of agricultural surpluses into six major hard-currency countries.

Apparently "usual marketings" is sacred when the export of dairy commodities is concerned under title I, but when the application of the same principle interferes with the opportunity of a few international traders in mineral and metals to convert our surplus agricultural commodities into dollars for their own benefit at the expense of our normal export trade, it becomes an absurd principle.

I say the protection of our "usual marketings" is, was, and should continue to be a sound principle in the administration of all aspects of Public Law 480. The Hoeven amendment would insure the continuation of this sound approach to expanding our agricultural exports.

Mr. POAGE. Mr. Chairman, I yield 8 minutes to the gentleman from New York [Mr. ANFUSO].

Mr. ANFUSO. Mr. Chairman, the President of the United States has often expressed himself in favor of barter and so has the Secretary of Agriculture and many in the Department who administer the program. Congressional leaders of both parties have told the President and the Secretary of Agriculture that we should do more bartering.

Where then is the opposition which has been so effective as to make those rugged American pioneers, who braved all sorts of dangers to bring strategic materials to this country in furtherance of our national security and defense, look almost like criminals engaged in a nefarious occupation? It comes from those men in very high places in Government who sincerely, but nevertheless misguidedly, believe that it is wrong for this country to engage in honest-to-goodness competition with our allies; that whenever our competition interferes with the foreign trade of any or our allies, we alone should back down and let their products through even though what they are doing always hurts our taxpayers and many times helps our enemies.

The question then should be asked these well-intentioned men: Is it right for our competitors to undersell us and make use of barter, and wrong for us to do the very same thing?

Mr. Chairman, this barter program is a good one. If properly administered, not only will it dispose of surpluses equaling the value of the needed materials which we acquire, but we have had ample testimony before the committee from competent exporters of agricultural commodities to the effect that disposals through barter materially assist in their disposals for cash. And, as the distinguished chairman of the House Agriculture Committee has very eloquently demonstrated time and time again, there has never been one single instance where a barter transaction prevented a cash sale for dollars. In other words, our total disposals have been increased by the barter program operating before the Department of Agriculture decided to curtail it.

Mr. Chairman, I cannot honestly find any logic or justification in the arguments advanced against barter. I know that the record shows that as the sales through barter increased, our total exports increased and so did our cash sales. I know that as the barter program decreased, so did our total exports and our cash sales until they have sunk to their present low levels. I know that the storage costs for our surplus agricultural commodities now cost approximately \$2 million per day, and the Department estimates a considerable increase in the next few years. I know that the materials that we have been receiving in exchange for our surpluses are not only a valuable insurance against a national emergency, but more importantly they are materials which we will urgently need in our future economy, and are, therefore, valuable national assets. I know that the value of the materials that we have taken in exchange for the deteriorating and expensive-to-store surplus commodities have increased significantly since their acquisition. I know that barter, and barter alone, has permitted us to acquire materials from many of the underprivileged nations of the world which they could not privately sell for dollars to the United States. And, Mr. Chairman, I know that since we have curtailed our barter sales the Soviet bloc has moved into the vacuum and increased their exports to the very nations to which the Department of Agriculture and our State Department will not permit us to export through the barter program.

Mr. Chairman, for about 2½ years, until May 1957, the Department of Agriculture carried out a barter program as intended by Congress. During this period it exchanged more than \$900 million of surplus agricultural commodities for an equivalent amount of foreign minerals and other materials of permanent value. These materials went into the strategic or supplemental stockpile from which they can be released only by Presidential proclamation or joint resolution of Congress. These materials cannot be a threat to the market, nor do they affect adversely any do-



mestic minerals market or production and in fact support domestic prices by drawing surplus materials from world markets.

This is the best business we have ever done in disposing of surpluses. As shown in the extremely well-prepared staff study of the House Committee on Agriculture during the years 1954-58 we exchanged \$979.6 million in essentially worthless farm surpluses for barter materials. On March 27, 1959, these materials were worth \$1,035.2 million or \$55.6 million more than we paid for them. At the same time, we have been saving more than \$100 million a year in storage costs. The Department of Agriculture estimates the annual cost of storing the farm surpluses we have exchanged by barter would be \$109.1 million, while the annual storage cost of the materials we have received in exchange is only \$4.4 million.

Why in May 1957 the Department of Agriculture suddenly brought this highly successful program to a halt is still a mystery.

In spite of the clear intention of Congress, this program has continued to be hedged about by restrictions and obstacles which will prevent it from attaining more than one-third of the volume Congress had in mind.

For 3 months the Department refused to accept any offers to barter cotton, although U.S. cotton exports are running 51 percent below last year and American cotton has virtually ceased to move on the world market because of our export pricing policies. Listen to this: It refused to approve the barter of soybeans into West Germany although that country is increasing its purchase of soybeans from Communist China. It refused to approve barter of feed grains into the Benelux countries although their purchases of feed grains from the Soviet bloc are increasing. It refused to approve a barter of cotton and tobacco to France, entering instead into a sale of these commodities for French currency, although the French were willing to pay for the commodities by valuable materials instead of with soft currency, which as time goes on will be reduced in value. It refused to approve a multilateral transaction involving movement of American cotton to Japan, although Japan was negotiating and has since entered into its first barter deal with Russia for Soviet-controlled cotton.

While our Department of Agriculture is preventing surplus agricultural commodities from moving into European markets under the barter program, while our agricultural exports are at the lowest point since 1955, agricultural commodities from the Soviet bloc are moving into the West European market in steadily increasing quantities. Numerous new trade agreements with the Soviet bloc involving agricultural commodities have been signed by West European countries within the past year.

Under these trade agreements alone, more than an estimated 1.5 million metric tons of wheat, feed grains, tobacco, cotton, and rice will move during the calendar year 1959 from the Soviet bloc into countries where the Depart-

ment of Agriculture will not permit our surpluses to move under barter.

To me, Mr. Chairman, the collateral benefits arising from a barter program such as that carried on by the Department before May 1957 are even more important to the United States than is the primary benefit of disposal of essentially worthless surpluses for valuable minerals. Among these collateral benefits are the following:

First. Resistance to Soviet trade expansion. Many of the materials acquired under the barter program come from economically underdeveloped countries of Africa, Asia, the Near East, and South America. With the curtailment of the barter program, we have cut off this trade relationship with many of these countries and in so doing are aiding and abetting the efforts of the Soviet bloc to extend their sphere of economic influence.

Second. Barter is an effective form of foreign aid. In the case of many of the countries listed in the committee staff study, the commodities obtained by the United States under the barter program are substantially the only products those countries have to sell to this country and in many instances they are extremely important to the economy of the country involved. Without one dollar of cost to the taxpayers of the United States we were providing these countries with millions of dollars worth of purchasing power and providing it in the place where it does their economic development the most good—in the direct channels of trade and commerce.

Third. Barter stabilized our own minerals industry. Under the barter program, the world price of lead and zinc was stabilized at a level satisfactory to virtually all concerned. Only after the Department of Agriculture discontinued the barter program and acquisitions of these metals under that program ceased, did the world price of lead and zinc drop to the point where assistance had to be provided for the domestic mining industry.

Fourth. Barter is good foreign relations. A large part of the unpleasantness which the Vice President encountered in South America was the outgrowth of the curtailment of the barter program. Although the quantity of materials which had been obtained from South American countries was not large, it had been sufficient to provide an important prop to their economy, not only through direct sales but through stabilization of world minerals prices. In the opinion of competent observers, unrest and hardship related directly to termination of the barter program provided the environment which made possible organization of the demonstrations against the Vice President. It is probable that this situation is being repeated in other countries and other parts of the world.

Fifth. Barter is good business. No other form of surplus disposal gives the United States as much in return for its surplus commodities as barter. Under barter, surpluses are exchanged at their full export value for strategic and other materials which—considering the effects of inflation—are actually worth more

than dollars, and the exporter pays the ocean freight. Even cash sales take dollars out of the importing countries, while barter transactions put dollars or their equivalent into the countries from which the materials are acquired, and the record is convincing that these dollars are immediately spent in the United States—thus giving us two full-rate commercial transactions for our surplus commodities.

In conclusion, Mr. Chairman, I want to state most emphatically that barter is the best proven method of increasing our agricultural exports, reducing our surpluses, assisting friendly nations, and building our economic resources—a method which has strengthened the United States to wage economic war against the Soviet and enabled us to better protect the very Allies who are complaining.

(Mr. ANFUSO asked and was given permission to revise and extend his remarks.)

Mr. HOEVEN. Mr. Chairman, I yield 6 minutes to the gentleman from Maine [Mr. McINTIRE].

(Mr. McINTIRE asked and was given permission to revise and extend his remarks.)

Mr. McINTIRE. Mr. Chairman, first, I would like to say that Mr. COOLEY, the chairman, deserves to be commended for the very extensive hearings that were held on this legislation before reporting it to this floor for consideration. I honestly believe that since the act has gone into effect, there has not been a more complete discussion of the program than that which appears in the record developed from these hearings.

In making an examination of the program's operation, one finds that it is conspicuous in its complexity. Certainly nobody expected the program to be less than intricate, but on the other hand I do not think that anyone believed it could or would become so complicated.

Of course, it is not possible to know all the details related to the program, but we do know that it is a king-size surplus removal program which, since the beginning of operations under the act in July of 1954, has involved a total value in exchanged commodities of well over \$8 billion.

I have had the opportunity of attending hearings on this program both here and abroad, and these hearings have given evidence that Public Law 480 has been superbly managed. In the light of this, I want to pay special compliment to the Department of Agriculture, the Department's officials here in Washington and those abroad who are carrying out various aspects of the program and handling many of the negotiations and follow-up so essential to a well-administered operation.

Mr. Clarence D. Palmby, Vice President of the Commodity Credit Corporation, has presented us with a very clear and competent report, and other officials of the Corporation have provided enlightening and helpful information. And from these reports it becomes eminently clear that Mr. Myer, Administrator of Foreign Agriculture Service, his associates, and the agricultural attachés



abroad deserve a great deal of credit for the vital part they are playing in moving our agricultural commodities into export markets and developing new outlets abroad.

The record proves that a good job has been done under this act in the face of a multitude of problems related to the handling of commodities, negotiating with foreign officials, protecting our normal marketing procedures, and many other intricate details associated with the program's operation. However, in spite of this, this bill before us today sets forth to impair what has proved to be efficient administrative procedure by insisting that barter transactions be broadened and by denying the Secretary of Agriculture the authority to impose such restrictions as are essential in providing a well-managed barter program.

It is recognized that the barter program moves surplus agricultural commodities into export, but by the same token we must realize that the barter aspect functions only to bring minerals and metals into this country, with these heading only for one place—our Nation's stockpile.

The gentleman from New York [Mr. ANFUSO] emphasized that barter should be continued, and those of us who will support the proposed amendments are in complete accord that barter be continued. There is no issue involved here in removing barter transactions. It was stated by the gentleman from New York [Mr. ANFUSO] that barter is good if properly administered. Well, let me say not only to the gentleman from New York but to this committee that that is exactly the issue that is involved here, and we are anxious that barter be properly administered. We are concerned that the amendments proposed in this legislation will make it most difficult for the Department to properly administer the barter program. While it can be said that these amendments are not mandatory in their language, let me say that they are very definitely mandatory in their purpose.

Mr. Chairman, there have been a number of our colleagues who have expressed concern relative to the accumulations in the stockpile. I am sure that those who come from metal producing areas in this country have a valid reason to be very much concerned. This stockpile has reached the proportion of approximately \$8 billion, and certainly anyone with any degree of realism in relation to this stockpile knows full well there will come the day when some of the items have got to be moved out because of the high inventory. The barter program has but one end product—materials into the stockpile. It performs as a world price support program on the materials which are eligible for placing into the stockpile. This heavy inventory of these materials is a threat hanging over our metal producers in this country. And, what will happen in relation to these items when they are moved out into use? Well, reference was made to the situation in connection with coconut oil. Let me say to you that coconut oil is in the strategic stockpile. On June 23 the announce-

ment was made that coconut oil would be offered into channels of trade. On June 5 coconut oil sold for 21 cents a pound. The rumor got out that some discussion was being had relative to the release from the stockpile, and the price has broken from 21 cents to 15.75 cents as of today, and that is a program, as you can well see, that is terrifically important to those who are interested in coconut oil.

The point has been made that if barter transactions decline, the cash sales decline. I would like to refer my colleagues to page 65 of the committee report which is a part of the minority report, chart 5, and you will see that that statement does not hold, because cash transactions increased on coarse grains exported from the United States while barter transactions were decreasing. I think the challenge before us as we consider this legislation is, Shall we have a constructive, orderly program, or shall we let those who are interested in an expanded barter program supersede our good, sound judgment?

Mr. POAGE. Mr. Chairman, I yield 3 minutes to the gentleman from Texas [Mr. CASEY].

Mr. CASEY. Mr. Chairman, while the discussion on the rule was had, there was reference made to a proposed amendment to be offered to this bill. It is a simple amendment, and yet it is going to create some controversy. The amendment requires that all commodities shipped under titles, I, II, and III of this act must be shipped from a U.S. port. I think it is time that we started thinking of what is good for the United States as well as what is good for foreign countries. The reason for this amendment is this. The U.S. Department of Agriculture announced on July 27 that effective the 1st of September they would place inspectors to inspect grain for overseas shipment under this program at the port of Montreal. That means that Montreal will become a marshaling point for overseas commodities shipped under this program. You are going to develop the port of Montreal at the expense of the taxpayers of the United States.

The opposition is going to come from our friends on the Great Lakes. They want to see the St. Lawrence Seaway used, and I do, too. But I want to ask my friends on the Great Lakes to remember this. You are trying to become deep water oceangoing ports. But if you allow the Department of Agriculture to develop the port in Montreal you are going to continue to be just lake ports, you are going to be just hand-maidens to the port of Montreal.

Mr. HOEVEN. Mr. Chairman, will the gentleman yield?

Mr. CASEY. I yield to the gentleman.

Mr. HOEVEN. How is the United States going to contribute to improve the port facilities at Montreal?

Mr. CASEY. When you allow inspectors to inspect the grain at Montreal, and there is now under construction in anticipation of this, two enormous grain elevators; they will use the lake ports merely to transport the grain to Montreal and from there it will be loaded for overseas shipment.

Mr. HOEVEN. The gentleman does not mean to say that the U.S. Government is paying for the storage facilities? I understand that the individual grain companies provided for such storage.

Mr. CASEY. You certainly are, because whenever the exporter buys that grain he takes that into consideration and he makes his bid accordingly. He makes his bid and the bids are accepted by the Department of Agriculture from day to day. They make them on the basis of the difference between the U.S. market price and the foreign market price. When he makes his bid he takes into consideration the cost of transshipment, storage and transportation to the foreign country. He has to be competitive in the foreign market and they give him that difference in additional grain. That additional grain comes out of the Commodity Credit Corporation stockpile and you and I pay for it.

I trust that answers the gentleman's question, because what we are doing is subsidizing the port of Montreal in that respect. That means a cost to every port in the United States including Great Lakes ports, because all the Great Lakes ports will get out of this is what returns they get for loading the grain for transshipment. They will have no oceangoing vessels calling at their ports and buying supplies; and incidentally that amounts to about \$80,000 a ship. They will not have new grain facilities, new elevators built. You will be penalizing your dock workers, your port workers and in every respect your business and industry as a whole. Be a little farsighted. Do not be penny wise and pound foolish. In 2 years you are going to be deep sea ports, there is no question about it, and you will have those ships coming directly to you and not stopping at Montreal to load up.

Mr. HOEVEN. Mr. Chairman, I yield 6 minutes to the gentleman from Oklahoma [Mr. BELCHER].

(Mr. BELCHER asked and was given permission to revise and extend his remarks.)

Mr. BELCHER. Mr. Chairman, there is no issue here today as far as Public Law 480 is concerned. I think every Member of the House is in agreement that Public Law 480 should be extended. The only controversy here today is over the provision in the present bill before us in regard to barter.

The statement has been made many times that there are no complaints as far as the barter program is concerned. I think that is practically true because the Secretary of Agriculture has had great discretion in whether or not to accept barter transactions. I think he has done a good job in making sure that barter transactions did not replace cash sales. If the present program is continued as it is now upon the statute books, I believe the barter program will continue to be a practical and profitable program. But, for a number of years, there has been a constant pressure on the Committee on Agriculture to step up barter. Every time the Secretary of Agriculture or the director of this program has appeared before the Committee on Agriculture, he has been constantly criticized for not stepping up the



barter program or he has been criticized because there were not more barter transactions. The barter program at the present time is going at the rate of \$160 million a year.

The proponents of the amendment to this bill want to increase that to \$350 million. It is my opinion, and it is my position that any time we can make a profitable barter transaction with any nation, which does not replace cash sales and is in the best interests of the United States and of all the people and not just necessarily agriculture, I think the Secretary of Agriculture should make that transaction. But for this Congress to attempt to say that regardless of how he feels that the Secretary should make barter transactions and that the barter program should be stepped up \$200 million only means that there will not be any more agricultural products exported, but it means that more metals will be imported.

Now I do not know anything about the profits. There have been charges made that excess profits have been made in this program. I do not know anything about that. But, if profits have been made, they are strictly legitimate under the law. I do know one thing—that the only pressure that I have found for the stepping up of the barter program has been from a group of importers and not from anybody in America connected with agriculture or connected with the exporting of agricultural products. I have no objection to these importers making a profit out of these transactions because they do take the risks and perform a legitimate service, which is necessary if we are going to have a barter program. The only thing I object to is their using the Congress of the United States to increase their profits to the extent that they can make a profit on over \$200 million a year in additional barter transactions regardless of whether or not those transactions are good for the American people. I really cannot understand why the Committee on Foreign Affairs and the Committee on Interstate and Foreign Commerce have not said a word today about the Committee on Agriculture taking over the foreign affairs of this Government as well as the foreign commerce of this country. If the Secretary of Agriculture is in complete charge of this program, he supersedes the Department of State and regardless of whether or not it interferes with our foreign relations with friendly nations all over the world, he can go ahead and it also puts him in charge so far as foreign commerce is concerned. Now where those two great committees are today, and I have not heard a word out of either one of them, I cannot entirely understand the fact that you are permitting us to take over your responsibilities and your prerogatives. Another thing I cannot understand is why we should trade one surplus program for another surplus program. We have surplus agricultural commodities, why should we export our surplus agricultural commodities and bring in another surplus commodity right back into the United States to interfere with the legitimate industry that now exists. If we have to get rid of

the agricultural surpluses, and I suppose we have to, let us do it without putting other men in the United States out of work, and I say that as a member of the great Committee on Agriculture.

There has been no attempt to stop the barter program. Those of us who signed the minority report and those of us who are going to support the Hoeven amendment to strike out the barter provisions in this bill have no desire to change the present barter program. We want the Secretary of Agriculture to barter at every opportunity that he has to make a practical and profitable trade. We want that type of program to continue.

Mr. COOLEY. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. YATES].

Mr. YATES. Mr. Chairman, the gentleman from Texas [Mr. CASEY] said he proposed to offer a very simple amendment. His amendment is not a simple amendment at all. As a matter of fact, it is a killer amendment. It is an amendment that is a dagger aimed at the heart of every city on the Great Lakes—Chicago, Milwaukee, Duluth, Detroit, Cleveland—yes, every city on the Great Lakes that hopes to use the St. Lawrence Seaway to open its pathway to the trading centers of the world.

His amendment will dynamite the St. Lawrence Seaway as far as the grain trade is concerned as effectively as if explosives were touched off in the locks and dams.

His amendment goes further than that, his amendment will hurt every farmer in the Middle West and in the Great Plains region who grows the commodities that are the subject of this bill, let alone the taxpayers, because the cost of transportation will be upped considerably as a result of his amendment.

If his amendment is adopted the farmers will have to ship their products by rail to seaport cities of this country and then load their grain on the ships in order to reach its foreign destination.

Mr. HOEVEN. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield.

Mr. HOEVEN. The gentleman from Illinois has made a splendid farm speech. I congratulate him and want him to know I agree with him 100 percent.

Mr. YATES. I thank the gentleman. I urge the House not to be confused by the Trojan horse of patriotic language that is being used by the gentleman from Texas who advances his proposed amendment as a buy-American amendment. Let us not build up the Canadian ports, he says. But American ports are involved, too. During debate under the 5-minute rule we will have an opportunity to explain that this amendment is not a buy-American amendment. It affects all the American communities on the Great Lakes to their detriment. It affects the entire center of this country. It is a very bad amendment.

Mr. COOLEY. Mr. Chairman, I yield to the gentleman from Illinois [Mr. SPRINGER] 2 minutes.

Mr. DIXON. Mr. Chairman, I yield the gentleman 2 minutes.

Mr. SPRINGER. Mr. Chairman, I cannot say much in the 4 minutes that

have been yielded to me, but I hope that under the 5-minute rule I can cover some parts I am not able to cover at this time.

First of all I would like to say this has been a good program for 5 years. I personally was happy to have been a part of the origin of it. You know there were five in the House, Mr. HARRISON, Mr. BURLESON, Mr. JUDD, Mr. POAGE, and myself, who introduced identical bills which finally turned out to be Public Law 480. I might say that I have traveled today in 27 countries over 35,000 miles in behalf of Public Law 480. Back in 1954 when the bill was first introduced I remember some of the opposition that I received from the State Department, and in the first countries I visited there was considerable resistance to the initiation of the program. After the lapse of 3 years visiting those countries again, 1957, particularly in the case of Spain regarding transactions involving \$69 million the Ambassador to Spain told me this was the best thing that could have been done in behalf of furthering Spanish-American relations.

I would like to talk to you about barter for just a moment because in some of the countries I have visited this matter of barter has been a serious problem. Why?

I think for this reason: The Soviets seeing the kind of program that we have had where we have been selling for native currencies have not been able to put into effect a similar program of their own. They simply could not spare the rubles from their own budget in order to make it possible to transfer goods, so they stepped up their barter program tremendously all over the world. Prior to 1954 their barter program was pretty much restricted to eastern Europe. I am talking about the Soviet bloc with the exception of Denmark, Sweden, and Norway.

Since then their barter program has become tremendously important in other countries, especially in the South American countries. You cannot step into a South American country but what the first thing the minister of trade or commerce asks you is why they should deal with you under Public Law 480 when they can get such favorable terms from the Russians under barter. This is the way the Russians operate: They go to a country and ask: "What do you want? Put the items down on a sheet of paper. If you want 18 or 20 items put them down. We will give them to you, and all we ask from you in return is that you give us what you have." In Brazil they will take coffee. Then they will barter that coffee all over their bloc wherever a need for it or a market for it happens to be and dispose of the coffee in some three or four-way trade agreement.

So you can see this kind of program is of tremendous importance. This competition is very real and we must meet it in some way.

During the last 2 years we have seen the success of this program even in competition with the Soviets, the Communists and the communist bloc in Europe. I am not sure that this is perhaps the final version that should be written into law. At the present time I am inclined



to support the first amendment, and I am inclined to oppose the second and I do so for a very good reason.

The first amendment does restrict the Secretary's ability to maneuver.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. HOEVEN. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. SPRINGER. Mr. Chairman, the first amendment does restrict the ability of the Secretary of Agriculture to maneuver. In other words, it puts upon him certain handicaps with reference to negotiation for barter before he can enter into sales under title I. In my estimation, that is a restriction.

As to the second amendment, I am inclined to oppose it because I believe it is a proper expansion of our barter program in accordance with what I have pointed out and will make it possible in this area of Public Law 480 to barter.

Now, there has been some talk with reference to the amount of money that could be saved. I am not sure there would be a lot of money saved, but it would be a program wherein we would not be giving it away. We receive something in return. I realize there is a serious question here with reference to the import of strategic materials that are in good supply in this country. However, I am encouraged by page 7 of the bill, beginning at line 3, which states:

Raw materials of which the United States does not produce its requirements and strategic and other materials, goods or equipment important to the economy or the security programs of the United States, as designated by the Secretary.

I take it in these instances, unless it was needed and unless there was a shortage of supply in this country, the Secretary would not be able to barter.

The third problem I want to cover is the long-term supply contracts. I should like to congratulate the chairman of the committee, the committee itself, as well as the ranking Republican member, the gentleman from Iowa [Mr. HOEVEN], for putting in this additional title which I think has been needed for a long time. I testified in 1955, 1956, and 1957 before the Committee on Agriculture of the House attempting to get this kind of title into the program because I felt over a long period of time it was most important to have this in the act.

Mr. ALGER. Mr. Chairman, I have asked permission to revise and extend my remarks in order to expand on the viewpoint expressed earlier when I had the opportunity to question the gentleman from North Carolina [Mr. COOLEY], the chairman of the committee.

As expressed then, and on further reflection, I am constantly reminded of the fact that everyone accepts this program which quite possibly is neither constitutional nor by definition the role of Federal Government. Rather, the program is accepted, amended, and continued more by habit than by the earlier necessity. True, it was something of an emergency program at the outset. As is so often the case, the emergency program to dispose of surpluses is continued and made permanent. Now, it might well be questioned whether it is not nec-

essary to build the surpluses in order to have the food available for distribution under Public Law 480. On sober reflection, I cannot accept the principle that it is the role of Federal Government to provide food and clothing; not in this bill nor the school milk bill nor through any other welfare program. This is not the role of Federal Government as I interpret the Constitution.

If this is accepted as a fact, then the complicated, bewildering, even self-defeating situation in which the United States finds itself, as reflected by the complicated provisions of the bill and the explanation of the report can be understood. In that sense a bad bill cannot be corrected just by amendment. It must be repealed.

Since the basic situation has changed so little since the similar debate in July of 1958, I shall include at this point my remarks made at that time. The objectives contained therein need little editing since I have pointed out the basic wrong; namely, that of Government distributing food has not changed:

[From the CONGRESSIONAL RECORD, July 21, 1958, pp. 13194-13195]

Mr. ALGER. Under the foreign disposal of food, we have not correlated this program with our foreign-aid program, and, of course, it is foreign aid. There is no policy to guide this hodgepodge giveaway. Sure, we get foreign currency, but it must be spent in the recipient country. So we continue to manipulate or mastermind other nations or attempt to do so. And without an overall policy. It is not enough to just get rid of our surpluses. It is a question of the best way to do so. Faulty programs should not be continued. \* \* \* Our improper handling of foreign currency within the respective foreign nations can gain us enemies, not win friends.

Here in the United States we do not believe in socialism, the Government's feeding, clothing, or housing us. Yet, in this bill last year the Federal Government gave away 621 million pounds of food. I am confident, further, that others than the needy got this food. Besides, we have local and State means to provide for our needy. The heavy income taxes from all States, if part were kept at home, could provide the necessary funds. What we are doing, and it is readily recognizable, is providing a permanent, not temporary, program for surplus disposal. We are assuring the continuance of agricultural surpluses, with the resultant heavy drain on the taxpayers, who must support high farm prices, and pay higher prices in the stores as food consumers. \* \* \*

Some say the administration of the law is bad. I say what else can you expect from such all-comprehensive, socialistic, foreign-benevolent legislative wording?

Finally, how proud can we be of helping atheistic Yugoslavia, our dedicated enemy? Yugoslavia has received \$432 million of our food under this program. What do we do with the local currency paid for our products? We arm them with our best military weapons. We are our enemy. \* \* \*

It is time we had a policy study of Public Law 480. How does it relate to the foreign aid program? Should United States objectives in this bill be reevaluated as to their effects on friends and foes? We should do this before continuing the program.

Mr. Chairman, during debate I questioned the propriety of the Government's undertaking to distribute food. I was told that it is the law. All right, right or wrong, we are doing it. How well are we doing it? In Texas we produce a lot of

cotton. I have heard some maintain that the support price of cotton is too high while others hold that it is too low. But at any rate it has been sufficiently high to encourage the production of a lot more cotton in recent years than we can use—surplus cotton.

One of the means by which the Government has undertaken to market this cotton is under the barter provision, of Public Law 480. What has been the result?

The American Cotton Shippers Association is the national trade association whose members, I am told, handle about 90 percent of all the cotton sold to mills here and abroad. In testifying before the Agriculture Committee in July, this Association's representative pointed out in chapter and verse how our barter program has proven useless, costly and demoralizing to the cotton trade here and abroad. He pointed out how a bartered bale of cotton does not increase our exports but merely replaces a bale which could have been exported for dollars. He pointed out how the program increases the price disadvantage of our domestic mills and how it is peculiarly unfair to small American cotton exporters. The whole story was laid before the committee and appears in the RECORD—of how these same barter sales, while competing with dollar sales, are at the same time saddling the taxpayer with the cost of so-called strategic materials imported ex-quota and tariff free, at higher than normal prices and added to our stockpile, about half of which has already been declared surplus to our needs.

To sum up, it was the considered judgment of this trade association representing a vast majority of exporters and merchants in the cotton trade, that, and I quote: "The present barter program, as it applies to cotton exports, stifles competition among cotton merchants, impairs the selling ability of U.S. cotton at normal prices in the most important foreign markets, undermines confidence in world cotton prices and increases substantially the cost to the taxpayer of the minerals stockpile program. It does not help agriculture and it has added to Government-held stocks of minerals which have been declared recently to be in surplus supply themselves to the extent of about half the total holdings. Economically, barter is a backward step and the program, as applied to cotton, is not in the interest of the taxpayer."

All this in the avowed aim of marketing our agricultural surpluses. Even if one were to concede that the Federal Government should have undertaken this program to begin with—and I am not prepared to concede that at all—this is but one example of how well we are doing the job.

Mr. HOEVEN. Mr. Chairman, I yield the balance of the time on this side to the gentleman from Wisconsin [Mr. LAIRD].

Mr. LAIRD. Mr. Chairman, I have supported the extension of Public Law 480 in each of the last Congresses. I have taken the floor and reviewed the progress made since its enactment on several occasions. I do not feel it is necessary for me to go into the various operations of Public Law 480 again this afternoon.



The debate today has been largely centered around enactment of the new barter provisions which are included in H.R. 8609. Public Law 480 should most certainly be extended. It has proven to be good legislation for America and for the American farmer. It should be extended without the inclusion of the new mandatory barter provisions. I wish to vigorously protest against the enactment of the new barter provisions of H.R. 8609.

What I have to say is directed at the proposed unbridled type of program which H.R. 8609 with the new barter provisions would bring into being. I believe barter has a legitimate place in our overall surplus disposal program. I believe the present legislation and the regulations now in existence concerning barter places barter where it belongs in the overall efforts to expand exports of agricultural commodities. It assures that we get worthwhile materials in exchange for our agricultural commodities and gives at least some assurance that the agricultural commodities moved under barter are not merely replacing sales for dollars that would have been made anyway. This bill however is an entirely different matter and it is high time for frank talk on this problem of barter. It is time to unmask the beneficiaries of this new program and reveal it for what it is. It is a most blatant attempt to force the Department of Agriculture to carry out a \$350 million dollar program for the profit of a handful of international traders in metals and minerals. This attempt is being made in spite of vigorous protests from farm organizations, the regular grain export trade, the national cotton council, the Cotton Export Shippers, and the Department of Agriculture.

This business of bartering surplus agricultural commodities for so-called strategic materials has been sugar-coated so as to have a great deal of false appeal for those who are not familiar with the true aspects of the program.

It has fallaciously been made to appear as a foolproof panacea for the problem of disposing of our agricultural surpluses. A picture has been painted of countries hungering for our agricultural surpluses but without money to buy them. We have been led to believe that those countries have materials which they are eager to exchange for additional quantities of our agricultural surpluses. The utopia supposedly created by barter, we are told, is one where we get rid of our agricultural surpluses, receive valuable materials which are less costly to store and the poor underfed and poorly clothed people of the world eat well, dress better, and everybody is happy.

This is pure unadulterated hokum and it is time to speak bluntly about what happens, who benefits, and who suffers.

In the world today we have surpluses of agricultural commodities and surpluses of so-called strategic materials in the form of certain metals and minerals. If barter was providing a useful outlet for a portion of both the agricultural surpluses and the surplus metals and minerals without interfering with the normal trade of either, I would be for it. But it is not.

The surplus foreign-produced metals and minerals we acquire under this program are also surplus to any stockpiling needs of this country. The bona fide materials stockpiling program authorized by Congress under the National Stockpiling Act has been criticized by this Congress for piling up twice as much materials as we need. But here we are asked, under the guise of barter, to pile up even more of those same materials in a supplemental stockpile.

The few powerful international traders in metals and minerals, who are the advocates of this program, have seen to it that the additional surplus materials that they can unload on this country through barter are securely locked up in the supplemental stockpile and thoroughly insulated from their normal dollar market in this country. Through this bill of goods they hope to sell this Congress that through barter they will be able to create an additional market for themselves for surplus foreign-produced materials. Many of the foreign producers of these materials are desperate for an outlet. These traders roam the world hunting for distress sellers who are willing to sell below the market in order to move their materials. They then dump them into the locked up supplemental stockpile at prices based on the normal market with a good fat profit for themselves.

Do not misunderstand me, I am not against profit or the opportunity for good businessmen to make a profit. But I am against the Congress of the United States legislating, over the protest of agricultural interests, to create an opportunity for a handful of international traders in metals and minerals to profit at the expense of the American farmer and the American taxpayer.

I have explained to you how the surplus foreign produced metals and minerals are swept under the rug by being locked up in the supplemental stockpile. Let us look at what happens to the surplus agricultural commodities that make up the other half of a barter transaction.

Of course, these traders would rather receive dollars direct from the Government for their metals and minerals as they did while we built up the over \$8 billion strategic stockpile. But we, wisely, are not appropriating any more money for that purpose. So they are forced to take agricultural commodities out of Commodity Credit Corporation inventory equal in value to the materials they dumped in the supplemental stockpile.

Do they propose to ship these commodities to the country from which they get the materials in payment for those materials? That is what barter would imply. But that is a far cry from what happens. Just as they roam the world hunting for materials to buy at distress prices, they then start roaming the U.S. agricultural export trade hunting for the lowest offer in the form of a discount to take those agricultural commodities off their hands for dollars and cause them to be exported.

What does the grain exporter or cotton exporter do with those agricultural commodities? Except to the extent that the Department of Agriculture limits

where they can be disposed of in an attempt to prevent replacing cash dollar sales, replace usual marketings, or unduly depress world prices, the commodity exporter sells them in the world market as he would any other commodity. The bartered wheat or cotton loses its identity as such and becomes an integral part of the world trade in that commodity. Contrary to the surplus material which is isolated from the U.S. market by being locked up in the stockpile, the agricultural commodity must find a home in the world market. It does not take a professor of economics to figure out that a home in the world market is found in one of two ways. Either by replacing an equal quantity of that commodity which the exporter would have to buy from the American farmer in the free market or by price cutting create an additional demand.

To the extent that the current law is successful in limiting the outright replacement of the farmer's normal export market, the exporters have been forced to resort to price cutting to find an export outlet. The cotton export trade testified before the Agriculture Committee that discounts of 10 to 20 percent below world prices had become common in order to move cotton originating from barter.

It again does not take a professor of economics to figure out the result of such action. We have all seen what happens if a filling station operator decides to cut the price on his gasoline in an effort to get more trade. All his competitors follow suit, and between them they do not sell any more gasoline than they did before, they just get less money for it. The same thing will happen in the world market and the man who takes the rap for depressed world prices is the American farmer.

This small powerful group of international traders are not easily daunted. First they lost their captive market for surplus metals and minerals when the Congress cut off the appropriations to buy for the national stockpile. Then they fostered the barter program to keep that outlet. Under the present law the somewhat successful efforts to keep them from merely replacing normal cash dollar trade have led to larger discounts out of their profits in order to cut world prices on the agricultural commodities involved. In addition to reducing their profits somewhat they have incurred the displeasure of the real exporters of agricultural commodities who have finally realized that they were being taken for a ride too.

So what do they now propose? It is simple and innocuous looking. Merely, and I quote from line 20, page 7 of H.R. 8609:

In carrying out barters or exchanges authorized by this section, no restrictions shall be placed on the countries of the free world into which surplus agricultural commodities may be exported.

The advocates of barter would have you believe this will result in the export of more of our agricultural surpluses. They proclaim loudly and vociferously that no one has ever proved that a barter sale replaced a cash sale. Granted that it is hard to prove what would have



happened in as fluid a medium as world trade if something else had not happened. But even if something cannot be proved in black and white, is that any reason for throwing commonsense and logic out the window. Just put yourself in the shoes of a U.S. grain exporter who has negotiated a deal with a minerals importer to take a million dollars worth of wheat off his hands and export it for say a 2 percent discount in price. The grain exporter pays the barter contractor \$980,000 and would be free to sell this anywhere in the free world. Is he going to scour the world for a new market for this wheat so it would be in addition to what he ordinarily sells in export? Let us not be stupid. He would move that wheat into the easiest and quickest dollar market he could find. Having satisfied that market demand there would be no need for him to enter the competitive domestic market to buy wheat so that market would lose the strengthening effect of that purchase. The farmer gets a lower price for his wheat or turns it over to the Government under the price support program. The minerals importer gets the dollars, the Government gets some more materials to lock up, of which it already has too much, and the taxpayer gets it in the neck.

I frankly am amazed and baffled as to why the Committee on Agriculture has ignored the protests of the National Cotton Council, the American Cotton Shippers Association, the National Grain Trade Council, the Grain Marketing Committee, the American Farm Bureau Federation, the National Council of Farmer Cooperatives in addition to the vigorous objections of the Department of Agriculture and chosen to sponsor legislation advocated solely by a small handful of international traders in metals and minerals. I would not discount for a minute the aggressiveness and persuasiveness of their representatives who have haunted these halls persistently and diligently. I do maintain, however, that this handful of international traders in metals and minerals have never, do not now, and never will have a genuine interest in the constructive expansion of export trade in our agricultural commodities. Why should we listen to their blandishments rather than the protests of recognized leaders of the trade and spokesmen of farmers who have always had, do now, and will continue to have a deep and sincere interest in the expansion of our agricultural exports on a sound basis?

Stripped of all its romance and false appeal the proposed barter program is merely a circumvention of the appropriating authority of Congress. The Congress has already decided that no more money should be appropriated for acquiring metals and minerals and in fact grave doubts have been raised as to whether we have not accumulated twice as much as we should have already. Then why should we let a small powerful group of international traders circumvent the appropriation route and give them access to the U.S. Treasury by the back door under the cover of a fallacious barter program to export agricultural commodities. What this group

wants and would get from this legislation is access to our agricultural commodities and an unhampered opportunity to convert them into dollars for their own sole benefit at the expense of the American farmer and taxpayer. This legislation is not for the commonweal but is blatantly preferential for a very few at the expense of many. I honestly hope that this House will see through the false facade that has been so carefully erected around barter and vote overwhelmingly for the amendment which will delete from H.R. 8609 those provisions which make mandatory a new barter program.

Mr. COOLEY. Mr. Chairman, I yield myself 6 minutes.

Mr. Chairman, I think we are in a rather unusual situation. Here is a program of great magnitude which has been in operation for several years. I thought that the Republican Party took great pride in this program. No Member of the Democratic Party on the floor of this House has indicted the administrators and those responsible for the programs that are being operated under Public Law 480.

No one appeared before our committee as a witness to criticize those responsible for administering the law. Yet here today we are faced with an unusual situation in that the President of the United States, the Secretary of Agriculture, and those associated with him administering this program are bitterly and severely indicted by Members of the Republican Party.

I made a statement previously on the floor that this program was not entirely the responsibility of Mr. Benson. The present law charges the President of the United States with responsibilities connected with the administration of this barter program. Why did we change it from the President to the Secretary of Agriculture?

I should like our lovely colleague from New York [Mrs. KELLY]—and she is a lovely colleague—to listen. The question was asked a moment ago, Who is responsible for selecting this list and providing the list of strategic materials to be brought in under the barter program? The present law vests that authority and responsibility in the President. But knowing what the President has done and knowing what the President will do, the bill before the House now strikes out "President" and inserts "Secretary of Agriculture." If you want to change it back to the President, I have no objection and I shall introduce an amendment to change it back to "President," if that will help any Member of the House.

I see the lady from New York is about to ask a question, but before she interrupts me—and I am looking forward to a discussion with her—let me make this point. On November 11, 1958, Mr. Eisenhower wrote Mr. Benson:

Since you retain responsibility for actual barter transactions, I request that you continue to take the lead in recommending materials to be designated and that you continue to consult the appropriate agencies in order to assure a broad and flexible consideration of the problems inherent in this program.

That was the letter from the President to the Secretary making the Secretary of Agriculture the head of the Barter Committee.

The agencies of the Government that collaborate with the Secretary of Agriculture are these—and those representing those agencies:

U.S. Department of Agriculture: Clarence D. Palmby.

U.S. Department of Agriculture: T. R. Rawlings.

Atomic Energy Commission: James P. Gerety.

Bureau of the Budget: Bartlett Harvey.

Commerce Department: Thomas Curtis.

Office of Civil and Defense Mobilization: Wilbert G. Fritz; William G. Smith, alternate.

Council on Foreign Economic Policy: Paul G. Cullen.

General Services Administration: W. M. B. Freeman.

Interior Department: Spencer S. Shannon.

International Cooperation Administration: Theodore L. Sweet.

State Department: Sydney L. W. Mellen; Howard R. Brandon, alternate.

Treasury Department: Robert W. Benner.

This list is headed "Agency, Members, and Alternates." It is a list of the current membership of the Supplemental Stockpile Advisory Committee for Barter.

Mrs. KELLY. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman.

Mrs. KELLY. The gentleman has read so many names, that I feel the administration or the gentleman's Committee on Agriculture is diversifying the administration of this act to the point where nobody knows who is doing what or where. Will the gentleman agree with me that there are too many making the decision? The President can delegate authority to any one if you again give him that right but that is not the answer. My suggestion had been to give this authority to the Director of the Office of Civilian Defense and the Administrator of General Services in the hope that they would control that which you would permit to be bartered under this program. But, I do feel this does not go far enough and I feel that the amendment which may be offered by the other side will be the one that I must vote for.

Mr. COOLEY. The Office of Defense and Civilian Mobilization is represented on the interagency committee.

Mrs. KELLY. But you have quite a list of names there. You must have at least 20 names.

Mr. COOLEY. Yes. Why not have these agencies of the Government since they are vitally interested in the problems?

Mrs. KELLY. I think my amendment does not go far enough. But, I think it is a perfecting amendment to the language that you have in the bill.

Mr. COOLEY. I said a moment ago I do not have any right to accept it on behalf of the committee, but I have no objection to the gentlewoman's amendment.

Mrs. KELLY. I hope the committee will accept the amendment.



Mr. COOLEY. But, I do object to restricting it as your amendment does restrict it. I do not see how the President or the Secretary of Agriculture could have provided a better committee.

Mrs. KELLY. Since the General Services Administration has to purchase these commodities—

Mr. COOLEY. Yes; they are listed here.

Mrs. KELLY. That is right. Since they would have to purchase them and since the Office of Civilian Defense would have to decide how much they need, then they would have to agree with the contract. In that way I am sure the Administrator and the Director would make a proper decision.

Mr. COOLEY. Mr. Chairman, I just want to conclude this debate by saying this, the only indictment of the President of the United States and his Inter-Agency Committee comes from the Republicans on the floor of this House. I have not indicted them and I have not criticized them. I am willing to trust them with this program and I want the Record to show that. If there is anything corrupt or any misdeals or charges of malfeasance or wrongdoings, then the Republicans on this floor should be interested and should call upon this committee to correct and remedy the situation.

Mr. BELCHER. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. BELCHER. Is the chairman thoroughly satisfied with the barter program as it is now being carried on?

Mr. COOLEY. I am satisfied with it as it is being carried on except with regard to the volume. I have not complained about a transaction, but I do complain when the Secretary has reduced the volume of barter to a mere trickle and to an inconsequential amount.

Mr. BELCHER. Then as I understand it, the chairman is indicting the Secretary of Agriculture; is he not?

Mr. COOLEY. Oh, no, no—except as to the size of the program.

The CHAIRMAN. The time of the gentleman from North Carolina [Mr. COOLEY] has expired.

Mr. HOEVEN. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and two Members are present, a quorum.

The Clerk will read.

The Clerk read as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 103(b) of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended to read as follows:*

"(b) Agreements shall not be entered into under this title during the period beginning January 1, 1960, and ending December 31, 1960, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$1,500,000,000, plus any amount by which agreements entered into in prior fiscal years have called or will call for appropriations to reimburse

the Commodity Credit Corporation in amounts less than authorized for such prior fiscal years by this Act as in effect during such fiscal years: *Providing, however, That it is specifically directed that disposals resulting from transactions authorized by section 303 of this Act shall have priority over disposals under this title and that agreements under this title shall be entered into only in those cases and to the extent that the Secretary shall determine that countries requesting assistance under the provisions of this title are unable to meet their requirements through commodities made available for export under section 303 of this Act."*

Mr. MATTHEWS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time to call the attention of the Committee to some of the wonderful programs that have been made possible because of Public Law 480, but programs that have not been given the emphasis they should have been today, not because we did not have them in mind but because the barter debate has of necessity taken so much of our attention.

I call attention, Mr. Chairman, to the Public Law 480 programs, particularly insofar as titles 2 and 3 are concerned in their relationship to the food that we give to hungry people at home and abroad.

As you know, title 2 is the title which makes it possible for us to give food to friendly governments, friendly nations, whose countries are suffering some catastrophe. You will recall the tragic incident of Hungary just a few short months ago, and I know each one of you will have a feeling of genuine pride and satisfaction in your country to realize that thousands in Hungary were given of our food and our surplus, not because we expected to make any selfish material gain, Mr. Chairman, but because that was America's way of showing our concern for suffering humanity.

I have been told that under the provisions of these programs here at home last year we fed more than 20 million Americans, indicating that this program is first of all a program to help people at home. Some of my friends who are not on the Committee on Agriculture ask: Why do you not get a program for the hungry people at home? Mr. Chairman, we have such a program through title III of Public Law 480. May I repeat again that last year we fed more than 20 million Americans here in this country. Included in that number were 5 million members of needy families. There were a million and a half children in charitable institutions. Also you may recall we fed about 14 million school-children through the school lunch program.

This program at home is administered by our State agencies. If any of you are wondering whether or not your State is receiving its share of the program that they ought to receive, we start first of all with the Governor of the State. Each State and properly so, has to have charge of the distribution of the food, but the food is here for hungry Americans and there is no reason for any man, woman, or child in America to be hungry. I am proud of America's humanity toward

its own people, and I am proud, let me repeat again, proud of America's humanity toward suffering people abroad.

I have been told, for example, Mr. Chairman, that 60 million people in 85 countries have received food through the great voluntary agencies. These agencies during the last several years have distributed, as I understand, billions of dollars worth of food. If you will look at the report of the committee on this particular bill you will find in tables 5 and 6, an outline of the amount of money that has been spent to provide suffering people abroad with the food that they need.

As we talked to these wonderful people, these missionaries, people representing all the various faiths and denominations, as we talked to them about their program they said it needed enrichment, that they needed to be able to give some fats and oils to these people, that they wanted to be able to embark on a long-range program, but that they must work on a year-to-year basis. We did not try to recommend any change in the basic law to accommodate their fine views, but I am hopeful that the Department of Agriculture—and they have been very helpful in doing just as much as was possible—we are hopeful that they will take the present law with the authority that it contains and make some of the changes that would enable us to carry out a better program. I do not know what can be done about it, Mr. Chairman, but I think we can do more to win this cold war by feeding hungry people than by doing some of the other things we have found it necessary to do, and I think that so long as we have a cold war we have got to have a food for peace program for the benefit of friendly peoples throughout the world.

Mr. HOEVEN. Mr. Chairman, I offer an amendment.

Mr. CASEY. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Seventy-one Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 139]

Alford	Hollifield	Powell
Barden	Horan	Preston
Blitch	Jackson	Rains
Bolton	Jackson, Colo.	Rivers, S.C.
Bow	Kasem	Rooney
Boykin	Kilburn	Shelley
Buckley	Kilday	Simpson, Pa.
Canfield	Lipscomb	Smith, Calif.
Cederberg	McSweeney	Spence
Celler	Magnuson	Steed
Collier	Martin	Taylor
Davis, Tenn.	Mason	Teague, Calif.
Dawson	Morrow	Teller
Dooley	Miller, N.Y.	Thompson, La.
Elliott	Minshall	Udall
Farbstein	Morgan	Van Pelt
Flynt	Morrison	Wainwright
Gubser	Moulder	Westland
Hall	Multer	Wharton
Halleck	Osmers	Williams
Hays	Pilcher	Willis
Hébert	Pillion	Withrow

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BOLLING, Chairman of the Committee of the Whole House on the State of



the Union, reported that that Committee, having had under consideration the bill H.R. 8609, and finding itself without a quorum, he had directed the roll to be called, when 368 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Iowa [Mr. HOEVEN].

The Clerk read as follows:

Amendment offered by Mr. HOEVEN: On page 2, line 6, substitute a period for the colon and strike out the remainder of the sentence through line 15.

(Mr. HOEVEN asked and was given permission to revise and extend his remarks.)

Mr. HOEVEN. Mr. Chairman, most of the general debate has been taken up with a discussion of the barter provisions of the bill, to which this amendment pertains, and also a second amendment which I will propose at the proper time. Let it be understood that this amendment does not repeal barter. We are doing \$160 million a year business in barter right now. The amendment simply allows the present program to continue as set out by Public Law 85-935, passed by the Congress last year. In other words, we continue bartering. The present law protects cash sales for dollars. The present law preserves the usual marketings of the United States and friendly foreign countries. The present law provides a reasonable and sound program based upon experience and study. So the present program should be continued rather than opening the doors wide open for an unrestricted barter program.

In my general remarks, I tried to point out who is for and who is against the barter provisions of the bill. The National Cotton Council is against the barter provisions. The American Cotton Shippers Association is against the barter provisions. The National Grain Trade Council, the Grain Marketing Committee, the American Farm Bureau Federation, and the National Council of Farm Cooperatives are all against the barter provisions of the bill. So is the State Department, and in that connection may I read a letter which I just received pursuant to my request from Mr. Douglas Dillon, Acting Secretary of State.

AUGUST 19, 1959.

The Honorable CHARLES B. HOEVEN,  
House of Representatives.

DEAR MR. HOEVEN: While Public Law 480 is an important adjunct to our foreign assistance programs, we hope it will be extended in a manner which will permit the administration of the program in an orderly way.

The Department of State does not oppose barter in principle. There are cases where American farm surpluses can be exchanged advantageously for stockpiling materials which are actually needed by the United States.

This Department is, however, firmly opposed to any barter provisions which would result in displacement of commercial sales and the disruption of commercial trade.

The minority report of the House Agriculture Committee specifies the provisions

which would be harmful. These provisions, if adopted, would not only be injurious to U.S. export trade but would create serious foreign relations problems with a number of our allies who have no objection to fair competition but whose economies would be injured by an expanded program of quasi-mandatory character without essential safeguards.

Sincerely yours,

DOUGLAS DILLON,  
Acting Secretary.

I believe I can also say to the House that the President of the United States is opposed to the barter provisions. My good friend and colleague, the chairman of the Agriculture Committee read to you only a portion of the letter which was addressed to the Secretary of Agriculture by the President of the United States on November 11, 1958. He did not read the last paragraph. I would like to read it to you:

Unless there is a net gain to the United States from the exchange of surplus domestic agricultural commodities for these foreign materials, the national interest does not lie in the accumulation of additional amounts of commercially available materials on the attached list for which there is no current or prospective governmental need. Therefore, the practice of approving only those barter transactions that will expand total exports of surplus agricultural commodities without disrupting world markets should be continued.

This should make the opposition imposing indeed.

I hope the amendment will be adopted.

Mr. COOLEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, as the author of the amendment has indicated, this amendment even if adopted would not do away with the barter program. The purpose of this amendment in plain language is to say to the Secretary or those in charge of the barter program that if they have an opportunity to acquire valuable strategic materials they shall not take foreign currencies. If you want to build up foreign currencies around the world then vote for the pending amendment.

For the life of me it is difficult to understand why anyone would prefer taking the money of India, Pakistan, Brazil, or many of the other countries of the world, rather than bringing into our economy strategic materials or materials that are needed here.

This does not mean that the Secretary or the President, whichever is finally vested with the authority, has to do \$350 million worth of barter before he can effect a title 1 transaction. It means that where he has a choice of accepting valuable or vital materials that he shall accept vital materials up to the extent of \$350 million. I cannot see anything wrong with that.

If you want more foreign currency built up all around the world, vote for the amendment. If you vote against the amendment you are in effect saying that you prefer to have strategic materials brought into America.

Mr. FEIGHAN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Ohio.

Mr. FEIGHAN. I would like to ask the distinguished gentleman two ques-

tions: First, the definition of "friendly country." Would Poland be included under that definition? In other words, I want to know whether the definition of "friendly country" may eventually describe the captive satellite nations that are dominated and controlled by the Soviet Union through Moscow?

Mr. COOLEY. I think the answer is that it includes all of those nations that have been designated by the State Department as friendly nations.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. SPRINGER. It does include Poland.

Mr. COOLEY. Here is the definition as used in the act:

"Friendly nation" means any country other than the U.S.S.R.; or, second, any nation or area dominated or controlled by a foreign government or foreign organization controlling the world Communist movement.

Mr. FEIGHAN. Under that definition I think all the satellite nations would be excluded from the category of "friendly nations"—North Vietnam, North Korea, East Germany, Inner and Outer Mongolia, Tibet, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, and Poland also. These countries certainly come under the second definition of non-friendly nations, which you just read, clearly because all of them are dominated or controlled by the Kremlin which controls the world Communist movement.

Mr. COOLEY. They would not be eligible according to this definition.

Mr. FEIGHAN. I believe we all recognize that we are in an economic war with the international Communist conspiracy. If we are going to buy and barter strategic materials from the enemy, the international Communist conspiracy, I am wondering how much thought has been given to the fact that if we accept strategic materials, from our enemy and, of course, by that same token we would not be mining strategic materials within our own country, whether, therefore, we would be in the position of becoming economically dependent upon the Russians for strategic materials and, if so, the Russians would be winning not only an economic victory, but at any moment the Russians could cut off our sources of supply of strategic materials, particularly in case of a war, thereby endangering our national security.

Mr. COOLEY. Mr. Chairman, I hope that the pending amendment will be rejected.

Mr. SPRINGER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, after listening to the distinguished chairman and the distinguished ranking minority member of the Committee on Agriculture, in my opinion neither one of them has pinpointed the problem. If you really want to vote against barter, wait for the second amendment. In my opinion, this amendment is not the one that determines barter. The second amendment, beginning on page 6, line 7, is the one that has to do with the fundamental question of barter.

Here is the reason I am supporting this amendment. As I said here a few mo-



ments ago, I do not want to support this amendment. I am not saying anything about the second. The reason I am supporting it is this: All of you who are familiar with this program know that in bartering we have had a hard time, both in the State Department and in the Department of Agriculture, in getting agreements with other countries. Some of these negotiations have gone as long as 22 months. If you put language in here on the Secretary on top of what he already has, it will add to the difficulty. And here is what it says:

It is specifically directed that disposals resulting from transactions authorized by section 303 of this Act shall have priority over disposals under this title and that agreements under this title shall be entered into only in those cases and to the extent that the Secretary shall determine that countries requesting assistance under the provisions of this title are unable to meet their requirements through commodities made available for export under section 303 of this Act.

May I say that the Secretary before he can make a sale would have to make in fact an administrative determination after sufficient investigation that no barter could be made. I do not think that any Secretary, whether he is Republican or Democrat, ought to have that put upon him before he has any authority to make a sale.

That is my reason for supporting this amendment to strike this particular language. We certainly had enough trouble getting these sales made without again putting up a road block in front of the Secretary in the determination of an entirely different thing before he can say we are ready to make a sale. That is the only reason for striking that out.

I do not believe the argument made by either the gentleman from North Carolina or the gentleman from Iowa has pinpointed the problem involved.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman from North Carolina.

Mr. COOLEY. I agree with the gentleman's statement, but I do think this section can be easily administered by the Secretary, because all he would have to do is determine whether or not the country he is dealing with had available any metals or materials that we needed and have on the barter list.

Mr. SPRINGER. That is correct. But let me say he has to make an investigation of the country with whom he is going to make a barter. Suppose one country says no, in September we do not have it, but we think we are going to have the material in December. That is exactly the situation.

Mr. COOLEY. That is not the purpose of this language. It does not force him to make an investigation into any transaction. He has to consider the barter transactions that are then pending.

Mr. SPRINGER. I disagree with the gentleman. I do not believe that is the duty that is put on the Secretary by the language contained in these lines. He has to make an investigation and come to a real sound administrative determination that no barter can be made. I

do not believe he can do that without an investigation.

Mr. COOLEY. Unless there is a barter transaction pending, it is not up to him to go into the country and ascertain whether or not there are any materials available. That is the purpose of the language.

Mr. SPRINGER. That may be, but I do not believe that is his duty. I think he would have to make an investigation to determine the question.

Mr. COOLEY. That is precisely the intent of the committee, and the report indicates that is the intention of the committee.

Mr. SPRINGER. I do not read this language that way. I will have to disagree with the gentleman.

Mr. COOLEY. Mr. Chairman, if the gentleman will yield further.

The proviso in section 1 does not require the Secretary to carry out a barter program of the size envisioned in section 12 before he can enter into any title I agreements to sell surpluses for local currency. This proviso merely requires that where the Secretary has a choice between disposing of surpluses into a country under the barter program or by sales for foreign currency, with respect to that country and to the extent the choice exists, he shall give a clear preference to disposals by the barter method rather than by sales for local currency. That is the language.

(Mr. WHITTEN asked and was given permission to revise and extend his remarks.)

Mr. WHITTEN. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I have an amendment at the desk which would reduce the amount authorized in this bill from \$1,500 million to \$1,250 million. If it is adopted it should be taken by the Secretary of Agriculture as a directive to sell that much more for dollars. I rise at the moment to address myself to the pending amendment, which I think should be adopted.

Now, in the first place, for us to ever straighten out this agricultural situation, we are going to have to do it by sales through normal channels and by pulling domestic production down to domestic and world markets. As I have pointed out to this House many, many times, the law has always authorized and contemplated competitive sales. It has authorized the Secretary of Agriculture to sell CCC stocks for what they will bring in the world market. Unfortunately, for years our Government would not use that authority and this year is not fully using it. Now, with reference to Public Law 480—though it might have been essential at the start—as long as we constantly increase this means of thinking we are sweeping our overproduction under the rug we are kidding ourselves, for it shows up in the losses of the Commodity Credit Corporation, which my committee has to come in here and recommend that you restore. And, as this report shows, it has now reached something over \$6 billion. Well, I agree that Public Law 480 to a degree was essential at the start, but I think we should

begin to dry up this approach. It is beginning to do damage to us in the long run, at home with the American people and it is playing havoc with our real markets abroad.

Now, I am not talking on the amendment at this moment, except to this extent. As long as we have Public Law 480, nearly every country is going to see if they can get commodities under 480 before you can sell them anything for dollars. Now, under this barter provision in effect, you are leading them to say if they cannot get it under barter they will take it under 480. Then if not under 480 they will buy. In the hearings before another committee of this Congress, headed by the gentleman from North Carolina [Mr. FOUNTAIN], the record shows that metal importing firms have been getting discounts ranging from 6 to 25 percent. What does that mean? It means that while we offer wheat and cotton and other commodities on the world market at competitive prices, these firms, by going to the proper place and buying strategic materials at reduced prices, can, in effect, buy the American commodity at a reduced price and make it that much worse for people buying under Public Law 480 and Public Law 480 tends to lessen demand through regular channels for dollars.

Now, I am advised by the Department of Agriculture that certain financial interests in this country have invested American capital at Hong Kong where they have set up machinery to manufacture textiles. Through this means of barter they are getting American cotton for about 5 cents a pound cheaper than we even sell it competitively. Then, by reason of contracts with American chain-stores, they are sending their finished goods produced with 5 or 6 cents an hour labor back into this country.

Now, if domestic mills go to the Secretary of Agriculture for relief, and they have under section 22 of the triple-A Act, which authorizes the Tariff Commission, or rather the President on the Tariff Commission's recommendation to limit imports into this country if it endangers the price support programs we have for any commodity, faced with the fact that this is American cotton that these American interests abroad are manufacturing, and since they are using American cotton, it will be hard to show that it endangers our farm program though it plays havoc with our domestic mills.

May I say again, we were geared up to a necessity to continue 480 for a limited time, but as long as you try to solve the problems by expanding 480 you are just making it that much harder to sell competitively, as we have the right to do, which after all restores markets, and if you push on top of 480, barter and make it worse, these dollars, whatever you may term barter or 480, show up in the recommendation our committee has to make for money to restore the capital of the Commodity Credit Corporation. And all the time *Fortune* and *Time* magazines and others use these dollars to attack all farm programs.

I am later going to ask you to reduce the amount authorized in this bill



and ask you to join with me in saying to the Secretary, "Mr. Secretary, if you will just sell these commodities for dollars, we will lose something, but we will get back something like 60 or 80 cents on the dollar and we will be back in the market."

Frankly there is nothing better you can do for needy people in foreign countries or foreign governments than to make our production available to them in the market at truly competitive prices, year in and year out, as authorized by law. And you will help the American taxpayer as well.

Remember, foreign governments sell these commodities to their people, with so much markup as 70 percent.

Under such conditions whether marking it "American" will do us any good, I do not know.

At any rate, I hope you will adopt the pending amendment.

Mr. BASS of Tennessee. Mr. Chairman, I move to strike out the requisite number of words.

(Mr. BASS of Tennessee asked and was given permission to revise and extend his remarks.)

Mr. BASS of Tennessee. Mr. Chairman, I should like to address myself to section 13 of the bill which may be found on page 8 of the bill and on page 22 of the report. During the discussion in the committee on this bill we amended the act to require that the commodities given away under title II of Public Law 480 should be labeled in the language of the country in which they are donated.

During a trip to Europe last fall I was in several countries where English was not understood to any degree and found that the only labels on the commodities we were giving away under this section were labeled in English, "Donated by the American people."

Only a very small percentage of the people in those countries could speak the English language. I would say a great majority of them even were illiterate. So I introduced an amendment which was accepted by the committee to require that the merchandise be labeled in the language of the country in which it is donated. Certainly, if we are going to give these products away, the recipients of our food products should know that Uncle Sam is furnishing the food for their tables. In many cases they are distributed through local charities and local religious organizations, and most of the time the people are of the opinion that the charitable or religious group which is doing the distributing of the products is actually the donor of the products.

I am speaking on this section because of one phrase which was inserted later over my objection, which says "insofar as practicable." This was done because in many of the countries where the food is now being distributed there are so many different dialects that it would become a very difficult matter to label them in those local dialects. But I would like for the record to show that "insofar as practicable" is not an escape clause for the Department or for the people who are distributing these products.

I should like to ask the chairman of the committee if it is not his intent and the intent of the committee that the language "insofar as practicable shall be taken to mean this: To keep it from becoming impossible for them to distribute the goods in some of these areas where the language is not a national language, but to obviate the necessity of having to label in so many dialects as to make it impossible to deliver the merchandise?

Mr. COOLEY. Mr. Chairman, the gentleman is correct. I think every member of the committee agreed with the purpose of the gentleman's amendment. I call attention to the fact that this is set out at page 22 of the report. There it says:

Section 13 of the bill amends section 305 of the act to require that, in addition to a mark of identification (such as the American flag), each package or container of surplus commodities donated under the authority of this act or of section 416 of the Agricultural Act of 1949 be identified also insofar as practicable by a statement in the language of the locality where the stocks are to be distributed that the commodity is being furnished by the people of the United States.

As the gentleman points out, in some countries they may have so many dialects it would not be practicable to identify each package by the language of the locality. We put that language in to impress upon those administering the program that it was the intent of the committee that adequate identification be made.

Mr. BASS of Tennessee. I appreciate the gentleman's statement. I should like to ask the same question of the ranking Republican member on the committee, if that is not his opinion also, that we do not mean this to be a loophole for those who are administering the program?

Mr. HOEVEN. Most certainly it is not intended to be a loophole. We are just trying to face realities. It has been pointed out, for instance, that there are about 200 different dialects in India alone, that about 95 percent of the people in Libya are illiterate, so it would be practically impossible to label all of the packages in the respective languages including all the different dialects. But certainly it is not proposed as a loophole.

Mr. BASS of Tennessee. I appreciate the gentleman's statement. I have made this statement primarily for the legislative history to show that it is the clear intent of the Congress and of the committee that these products that we are giving away shall be labeled, if it is at all possible, in the language of the locality in which they are being distributed.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from South Dakota [Mr. McGOVERN].

(Mr. McGOVERN asked and was given permission to revise and extend his remarks.)

Mr. McGOVERN. Mr. Chairman, I rise in opposition to the amendment and in support of the committee position on the barter program.

Mr. Chairman, The fear has been expressed by some—and sincerely, I am sure—that by reopening a barter program of the type that the committee recommends we would be in danger of stockpiling too large a quantity of some of the vital and essential materials which would be brought into the United States under that program. In brief answer to that, let me ask a question: How can we have within the United States too large a supply of nonrenewable natural resources, such as minerals, particularly of those minerals which are a vital necessity to our future economy and which are scarce or which do not occur at all in the United States?

In seeking the answer to this question, the committee consulted the highest authorities available to it. There appeared before the committee Dr. John D. Morgan, Jr., a minerals expert who has served in his capacity as a minerals expert with the National Security Resources Board, the Defense Production Administration, and the Office of Civil and Defense Mobilization. Dr. Morgan strongly and without reservation endorsed the barter program advocated by the committee and reported in this bill.

He pointed out that with respect to minerals—particularly those rare and unusual metals which are becoming so vital to industry and to defense in the atomic and missile age upon which we have now embarked—the United States is a "have not" nation. We must depend on sources outside the United States for approximately 85 percent of all of these minerals which are so urgently needed today and which will be even more vital tomorrow to our economy and perhaps even to our national existence. Most of these materials occur in only limited quantities and many of them entirely outside the United States. How can it possibly be feared that we can acquire too much of these vital natural resources?

Dr. Morgan's testimony will be found beginning on page 674 of the printed hearing and it is well worth the serious reading and consideration of every Member of this House.

As Dr. Morgan points out, the national stockpile established under the Critical and Strategic Materials Stockpiling Act is solely and specifically a national defense stockpile. It includes only those materials which the responsible officials of the Government have determined will be needed in the event a 3-year war for war purposes. It does not include those materials which might be just as urgently needed for reconstruction and rehabilitation in the United States in the event of an attack on this country. It does not include, as such, any of the new and rare metals which are becoming every day more indispensable to the adequate development of our missile and space age programs.

The reason why some of the materials formerly acquired for this national defense stockpile are now considered surplus is for the same reason that other



weapons and materials of war are declared surplus. They have become obsolete or obsolescent as military techniques have developed.

The materials which this bill would authorize for acquisition under the barter program would include only those materials which the OCDM still determines to be necessary for our national defense stockpile. There are, I understand, relatively few of these and if they can be purchased for surplus commodities, instead of with directly appropriated dollars, it seems to me good sense to purchase them in this manner.

The great bulk of the materials which would be authorized for acquisition under the barter program recommended by our committee would be for the supplemental stockpile, which is the one established, not for war purposes, but for purposes of rehabilitating and rebuilding this country in the case it is attacked and for the manifold purposes of our development in the missile and space age. They are rare materials that occur in only limited quantities throughout the world and which are not found at all in the United States—or are found here only in insufficient quantities—to meet our requirements. Otherwise they are not eligible for barter under this program.

To assume that we would take under the barter program any of these materials which we do not need and may not need in our future development work is to assume utter incompetence on the part of the Secretary of Agriculture, and of those Government officials, in the OCDM, the Department of Defense, the Atomic Energy Commission, the Department of Interior, and the Department of Commerce, who will be advising the Secretary on the materials which should be included. The bill leaves this decision entirely up to the Secretary.

Now to conclude that these materials would be released from the supplemental stockpile in such a manner as to destroy or impair the commercial market for such materials is to credit both the Congress of the United States and the executive branch with very little sense or discretion. Once in the stockpile, the materials may be released only by joint resolution of Congress by the President. The manner and method of their release may be stipulated in such resolution.

To assume that they would be released in a haphazard manner injurious to private industry or normal commercial trade is to assume that neither the Congress nor the executive branch are capable of managing our natural resources. That this is not true is demonstrated every day in our management of our petroleum resources. There are enough oil wells in production in the United States to wreck the petroleum market in one day if they are allowed to produce at capacity. They are not allowed to produce in this manner, however, and their flow is so regulated that it is a most stabilizing, rather an upsetting, factor in world petroleum markets.

If Government can handle the extremely complicated problem of allocating release of our oil reserves in such a manner as not to upset world and do-

mestic markets, it seems abundantly clear that Congress and the executive branch can regulate the release of materials from the supplemental stockpile so as to have the same beneficial effect.

I have such a high regard for the opinions of the gentleman from Mississippi [Mr. WHITTEN] on the matters relating to agriculture that I hesitate to take exception with him. But, he has made the point that the barter program ought to be restricted and, as a matter of fact, that the entire Public Law 480 program ought to be stopped because it makes the budget of the Commodity Credit Corporation look bad. Actually, I can appreciate the gentleman's concern at that point because we all know the Department of Agriculture has been given a lot of unjustified criticism for the cost of programs that more properly should be charged up to some other branch of the Government. But this has nothing to do with the merits of the programs at stake. As a matter of fact, most of the public criticism that has been directed against the CCC costs has been directed at the storage costs of agriculture surpluses. The barter program and the Public Law 480 program in general provides a perfect opportunity to cut down some of these unpopular storage costs that are jeopardizing our entire farm program by replacing these commodities with needed strategic material.

It will be much cheaper for the taxpayer and better for the farmer for us to exchange some of our farm surpluses for needed minerals and other strategic materials. These metals can be stored much more cheaply than can farm commodities and they do not deteriorate in storage.

Furthermore, we are confronted by an aggressive Soviet trade policy which uses barter and other devices to secure markets for Soviet goods. Why should we not make all reasonable use of this trade device in expanding markets for our farmers.

The CHAIRMAN. The Chair recognizes the gentleman from Utah [Mr. DIXON].

Mr. DIXON. Mr. Chairman, I inserted in the RECORD today a letter from Mr. Charles Schwab, representing the lead and zinc mining industries of the United States in which he stated unequivocally that to pass this mandatory barter provision would practically destroy what is left of our lead and zinc industry in the United States.

This stockpiling of the lead and zinc has already created a 5 years' supply on hand. Now zinc is down to 11 cents and lead is 12 cents and two-thirds of the mines in Utah have been forced to close. The barter program encouraged foreign countries to open up new mines and expand production of operating mines and now there is such a world oversupply that our mines cannot compete under existing prices. The mining industry pleads with you to take this barter section out by supporting the Hoeven amendment.

Furthermore, the Secretary of Agriculture should not be the one to decide on strategic minerals. It should still be the President of the United States and

the military who should say what strategic minerals should be stockpiled. As our colleague, the gentleman from Mississippi [Mr. WHITTEN] said this mandatory barter section just displaces our cash market. It will force out the cash sales just as poor currency forces out good currency. I think this barter provision is in every way wrong. We had a similar provision last year which was taken out in conference. I urge the support of the Hoeven amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. JONES].

(Mr. JONES of Missouri asked and was given permission to revise and extend his remarks.)

Mr. MARSHALL. Mr. Chairman, I ask unanimous consent that the time allotted to me may be transferred to the gentleman from Missouri [Mr. JONES].

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

(Mr. MARSHALL asked and was given permission to extend his remarks at this point.)

Mr. MARSHALL. Mr. Chairman, you will recall that I introduced a bill, H.R. 7146, which would have added a new section to Public Law 480, which, among other things, would have prohibited any dairy commodity produced in the United States being sold or disposed of under Public Law 480 for use outside the United States for filled milk or filled cheese.

My bill also provided that export assistance under any other law could not be granted by the Secretary of Agriculture for the purpose of subsidizing the exportation of nonfat dry milk to be used in the manufacture of filled milk products abroad.

First, I wish to commend the committee in its report in which it states that the operation which my bill sought to correct "is repugnant to the whole intent and purpose of Public Law 480 that commodities exported to another country under the subsidies provided in title I should be used in such country in such a manner as to compete with and reduce exports from the United States to the same country of similar commodities on a commercial basis."

Secondly, it is noted that the committee stated that while it did not include this bill, H.R. 7146, in its amendments to Public Law 480, "it is in full accord with the objectives of the proposal and has omitted it because it believes this reminder will accomplish the purpose."

Testimony before the House Committee on Agriculture and the Dairy Subcommittee of the House Committee on Agriculture showed that, while the Public Law 480 agreement under which the exportations of which we complained in our bill, is now concluded, yet exactly the same type of subsidization is being carried on under authority of other laws, such as the Agricultural Act of 1949, as amended, the Commodity Credit Corporation Charter Act, and the like.

I feel that the same considerations in expanding or maintaining export markets for U.S. agricultural products under Public Law 480, namely, that the authorities of such law should not be



used to interfere with commercial export marketings of similar commodities, should also govern in respect to export subsidization carried out under other laws, even though such consideration is not specifically stated in the laws.

It makes no sense to subsidize one commodity at the expense of the regular export market of another commodity, irrespective of the authority used to accomplish such exportation.

Now to my question: Does your committee agree that the restrictions as to noninterference with regular commercial export markets by subsidies authorized pursuant to Public Law 480 should also guide the Department in respect to subsidization of exports carried out under authority of any other law?

Mr. POAGE. The committee agrees entirely. Certainly, we intended that our surplus commodities should be used to develop, not to destroy American trade, and we surely feel that the same goal should be applicable to all of our export subsidy programs.

The CHAIRMAN. The gentleman from Missouri [Mr. JONES] is recognized.

Mr. JONES of Missouri. Mr. Chairman, I think we need to understand exactly what this amendment does and to understand that it applies to these sales for foreign currency. They would be restricted, or section 303 would have priority over the sale for foreign currency. In my opinion, I would rather have something—anything of value which could be stored in the United States without deterioration rather than to have further foreign currencies added to the billions of dollars which we now have, and which in all probability will never be utilized. That is one of the main things you are facing with this amendment, and it is one of the reasons why it should be defeated.

I have been of the opinion that we have not yet opened up this barter provision as wide as it should be. I realize that there are a lot of people who think that under the present program it goes too far; and I admit that the wording in this bill that we have before us opens it up still farther for barter, but my goodness alive. If we have got the abundance of agricultural commodities that we can trade for anything of value it is better than selling it for foreign currencies which will never be used.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. JONES of Missouri. I yield.

Mr. GROSS. If we can just get Congress adjourned that will take care of a good deal of these counterpart funds.

Mr. JONES of Missouri. Even if every Member of Congress went abroad and spent just as much money as he could every day until Congress meets next January, we would still have more money left than we would know what to do with, and I say to my colleague from Iowa that I do not want to get any more than we have to take.

A lot of charges have been made about abuse and extraordinary and excessive profits in the present program, but there was not any testimony, there was not any evidence, not anyone who came before the committee to point out where

this has taken place, and I say to you that there will be no more abuses, no more excess problems if we continue section 303 as written in the bill than there would be as proposed to be amended. We will still have the problem of foreign currencies.

Then there is another thing. I did not speak during general debate, but I want to say again to you that the transferring of this authority from the Secretary to the President does not make any difference. I do not think it makes a bit of difference who has the authority or who makes the recommendations, it is going to be the same people who make the recommendations, who approve the sales and purchases. We can say that it should be the President, the Secretary, the Director, or somebody else, but in actual practice it is going to be the same people. It is just as the President pointed out in his letter which was written to the Secretary of Agriculture wherein he made the following statement:

Since you retain responsibility for actual barter transactions, I request that you continue to take the lead in recommending materials to be designated and that you continue to consult the appropriate agencies in order to assure a broad and flexible consideration of the problems inherent in this program.

I say to you that there is nothing wrong with the bill as it is presented to us by the committee. I say to you we would be better off to adopt the bill without amendment than we would be to try to amend it here.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. LATTI].

Mr. LATTI. Mr. Chairman, I believe the main reason the American people support Public Law 480 is because we have got rid of surplus agricultural commodities in exchange for foreign currencies. By adopting the amendment offered by the gentleman from Iowa, Mr. HOEVEN, we will continue that support. If we do not adopt Mr. HOEVEN's amendment I am sure the American people will repudiate some of the support that they give this program, because by this provision that is in this bill we are putting barter sales ahead of title 1 sales.

I would like to say that these barter provisions contained in this bill are for the big fellows. I happen to be for the little fellow.

I would like to refer to testimony before our committee on page 518, the testimony of Mr. Lawson, of the National Cotton Council of America. He makes the following statement on page 519:

In the main, the barter program has resulted in a shift of business in American cotton among the various U.S. firms. Since these are complicated transactions, most small firms with low capital and small staffs have not been able to participate and the result has been to shift this business from the small to a few large firms. Expansion of the barter program as proposed would accentuate this shift.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. BOLAND].

(Mr. BOLAND asked and was given permission to revise and extend his remarks.)

Mr. BOLAND. Mr. Chairman, much has been said today, and I think the speakers have emphasized the fact that the barter program does affect the national stockpile program, and so it does. The National stockpile as of March 31 this year amounted to \$8,156 million; and it was in excess to the tune of \$4,200 million. Thus Public Law 480 acquisition under the barter program has cost the taxpayers \$621,770,700; and the excess of the objective of the program is \$601 million, or all the taxpayers have realized is \$21 million with respect to Public Law 480.

Much has been said about the fact that we have been acquiring much needed strategic materials and large stocks of material that are not essential to the national stockpile. Do you know how much the Commodity Credit Corporation under Public Law 480 has purchased of strategic materials in excess to the maximum need of the military, minerals and metals that have been bought by the CCC under this program? I will read this to you. It is from a secret document. I cannot read anything more than the percentage of the excess of the maximum stockpile over the total needs. Antimony alone, in excess of what we actually need, we have 154 percent in excess of what we need. We have for abrasives 154 percent, asbestos 174 percent, bauxite 189 percent.

There is not a single metal or mineral on this list, with the exception of mica, that is not in excess of the national stockpile needs.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. HIESTAND].

Mr. HIESTAND. Mr. Chairman, I am very much in favor of the principle of Public Law 480. It makes sense, it makes commonsense, that we should barter and receive materials that we need in exchange for our surpluses.

I do have a couple of questions, however, I would like to ask the chairman, if I may have his attention.

According to the bill, as I read it, under section 303 we have four places into which we can bring the so-called materials of which we are in need, strategic critical material stockpile, equipment important to the security or for the defense or for atomic energy, for foreign aid, or for off-shore construction.

What is the chairman's opinion as to the repository of most of the proposed added barter materials? Where would it go—mostly to the Federal stockpile?

Mr. COOLEY. To the stockpile.

Mr. HIESTAND. I understand then that they cannot be sold under the law?

Mr. COOLEY. Not without an act of Congress. It is taken out of the market completely.

Mr. HIESTAND. It cannot be turned into dollars?

Mr. COOLEY. That is correct.

Mr. HIESTAND. Yesterday afternoon we had a session of the Joint Committee on Defense Production. I asked the question, What of all these items we still want were we buying. There are



only three tiny little items. We are in vast surplus with the others.

The gentleman from Massachusetts [Mr. BOLAND] made a very effective statement. We have these materials running out of our ears. We cannot turn them into dollars. Expansion of the present program would worsen our overstocks.

The present program I believe is satisfactory and I would heartily recommend adoption of the pending amendment.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. COOLEY].

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Texas.

Mr. POAGE. I want to ask the gentleman if it is not a fact that throughout all of the discussion we have heard of the effect this program has on minerals, it has apparently been overlooked until just the last moment that what we are actually doing through this stockpiling is providing the only safeguard, the only possible support that the market for American mineral production has? Is it not true that when we buy these commodities for the stockpile we reduce the pressure on the world mineral market and that we hold up the price of these minerals all over the world, including in the United States?

Mr. COOLEY. I think the gentleman is exactly right, and I think the evidence before our committee justifies the statement he has made.

Mr. POAGE. We have just heard this discussion about how the lead and zinc market broke. Did not the lead and zinc market break only after the Department of Agriculture reduced the barter program from \$1 billion a year down to \$50 million a year?

Mr. COOLEY. I am not sure about the reduction the gentleman just mentioned, but I know they did restrict the program and after the restriction the situation became as the gentleman has indicated.

Mr. POAGE. After the restriction the lead and zinc producers found themselves in a desperate condition because the U.S. Government was not taking the surplus lead and zinc that was being produced all over the world; but as long as we were bartering these commodities for which we did not have any use and which are costing close to \$2 billion a year, just to store for something that we could store, clearly we were maintaining the mineral market as well as the agricultural market all over the country. It seems to me that it makes sense to trade perishable agricultural commodities for lasting minerals if there is even a chance that we will ever need the minerals. It seems to me to make sense to stop the fantastic storage costs we are presently incurring. And it makes especially good sense to do this when by doing so we can stabilize the market for minerals at the same time.

If we provide this afternoon for a slowdown of the barter program will it not result in more of these minerals coming on the market than ever before. Has 1 pound of any mineral which has been bought with any American agricultural product ever been sold on the American

market in competition with American produced minerals?

The CHAIRMAN. All time has expired. The question is on the amendment offered by the gentleman from Iowa [Mr. HOEVEN].

The question was taken; and on a division (demanded by Mr. COOLEY) there were—ayes 143, noes 52.

So the amendment was agreed to.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The remainder of the bill is as follows:

SEC. 2. Section 109 of such Act is amended by striking out "December 31, 1959" and inserting "December 31, 1960".

SEC. 3. Subsection (a) of section 104 of such Act is amended by inserting a period in lieu of the semicolon at the end thereof, and adding the following:

"From sale proceeds and loan repayments under this title not less than the equivalent of 5 per centum of the total sales made under this title after the date of this amendment shall be made available in advance for use over such period of years as the Secretary of Agriculture determines will most effectively carry out the purpose of this subsection and particular regard shall be given to provide in sale and loan agreements for the convertibility of such amount of the proceeds thereof as may be needed to carry out the purpose of this subsection in those countries which are or offer reasonable potential of becoming dollar markets for United States agricultural commodities. Notwithstanding any other provision of law, if sufficient foreign currencies for carrying out the purpose of this subsection in such countries are not otherwise available, agreements may be entered into with such countries for the sale of surplus agricultural commodities in such amounts as the Secretary of Agriculture determines to be adequate and for the use of the proceeds to carry out the purpose of this subsection;"

SEC. 4. Subsection (b) of section 104 of such Act is amended to read as follows:

"(b) To purchase or contract to purchase strategic or other materials for a supplemental United States stockpile of such materials as the President may determine from time to time. Such strategic or other materials acquired under this subsection shall be placed in the above named supplemental stockpile and shall be released therefrom only under the provisions of section 3 of the Strategic and Critical Materials Stock Piling Act;"

SEC. 5. Subsection (e) of section 104 of such Act is amended by adding at the end thereof the following new sentence: "Interest and principal payments received on such loans shall remain with and be available to the Export-Import Bank for additional loans under this subsection;"

SEC. 6. Subsection (g) of section 104 of such Act is amended by changing the semicolon at the end thereof to a colon and adding the following: "Provided, That such loans shall be denominated in United States dollars and payments in foreign currencies shall be in amounts calculated at the time of payment to be equivalent to the United States dollar obligation in accordance with the applicable rate of exchange;"

SEC. 7. Section 104 of such Act is amended by inserting after subsection (o) the following new subsection:

"(p) where such agreements permit such action, for assistance to meet emergency relief requirements other than requirements

for surplus food commodities: *Provided*, That not more than an amount equivalent to \$2,000,000 may be made available in any one country for this purpose during any fiscal year."

SEC. 8. Title I of such Act is amended—  
(a) by adding at the end thereof a new section, as follows:

"SEC. 110. In order to facilitate the establishment of national food reserves in underdeveloped countries, surplus agricultural commodities may be made available by the President on a grant basis for such reserve purposes pursuant to an agreement with the recipient country requiring that payment shall be made when such commodities are withdrawn from the reserve and that the recipient country shall assume full responsibility for the storage, preservation, and delivery of such commodities: *Provided*, That no payment shall be required for any quantities of such commodities which are used by agreement of the President and the government of the recipient country for purposes provided for in section 201 of this Act. Agreements under which commodities are provided pursuant to this section shall specify whether any payment made thereunder shall be in foreign currency or in dollars, and the purposes authorized under section 104 of this Act for which any such foreign currency payments may be used. In negotiating agreements under this section the President shall give effect to the requirements prescribed in section 101 for agreements entered into under that section."

(b) By inserting the words "or for grant" after the words "domestic exporters" in item (1) of subsection (a) of section 102, and by inserting the words "or grant" after the word "sale" in item (2) of subsection (a) of section 102.

SEC. 9. Section 202 of such Act is amended by striking out "The" at the beginning thereof and inserting "In order to facilitate the utilization of surplus agricultural commodities in meeting the requirements of needy peoples, and in order to promote economic development in underdeveloped areas in addition to that which can be accomplished under title I of this Act, the".

SEC. 10. Section 203 of such Act is amended by striking out "\$800,000,000" and inserting in lieu thereof "\$1,100,000,000," and by inserting before the period at the end of the third sentence "and charge for general average contributions arising out of the ocean transport of commodities transferred pursuant hereto, may be paid from such funds".

SEC. 11. Section 204 of such Act is amended by striking out "1959" and substituting in lieu thereof "1960".

SEC. 12. Section 303 of such Act is amended to read as follows:

"SEC. 303. The Secretary shall, unless he determines that any such action is not in the best interest of the United States, barter or exchange agricultural commodities owned by the Commodity Credit Corporation for (a) any materials included within the national stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98-98h) which entail less risk of loss through deterioration or substantially less storage charges, or (b) raw materials of which the United States does not produce its requirements and strategic and other materials, goods, or equipment important to the economy or the security programs of the United States, as designated by the Secretary, including but not limited to those requested by the Atomic Energy Commission, the Department of Defense, and the Office of Civil and Defense Mobilization, or (c) materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs, or (d) materials or equipment required in substantial quantities for offshore construction programs. He is hereby directed to use



every practicable means, in cooperation with other Government agencies, to arrange and make, through private channels, such barter or exchanges or to utilize the authority conferred on him by section 4(h) of the Commodity Credit Corporation Charter Act, as amended, to make such barter or exchanges. In carrying out barter or exchanges authorized by this section, no restrictions shall be placed on the countries of the free world into which surplus agricultural commodities may be exported. The Secretary shall endeavor to consummate agreements for disposals authorized herein at a rate of \$350,000,000 for each fiscal year. The Secretary shall permit and encourage the barter for materials processed in the United States providing the agricultural commodities to be bartered for such materials be exported to friendly foreign countries. Agencies of the United States Government procuring such materials, goods, or equipment contemplated herein are hereby directed to endeavor to obtain such materials, goods, or equipment through the Commodity Credit Corporation by means of barter or exchanges as directed by this section. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchanges of agricultural commodities in their possession for such materials, goods, or equipment."

Sec. 13. Section 305 of such Act is amended to read as follows:

"All Commodity Credit Corporation stocks disposed of under title II of this Act and section 416 of the Agricultural Act of 1949, as amended, shall be clearly identified by appropriate marking on each package or container and insofar as practical in the language of the locality where such stocks are distributed as being furnished by the people of the United States of America and where available funds accruing under title I shall be used for this purpose."

Sec. 14. The Agricultural Trade Development and Assistance Act of 1954, as amended, by adding thereto the following new title:

#### "TITLE IV—LONG-TERM SUPPLY CONTRACTS

"SEC. 401. The purpose of this title is to utilize surplus agricultural commodities and the products thereof produced in the United States to assist the economic development of friendly nations by assuring such nations a stable supply of agricultural commodities on long-term credit for domestic consumption during periods of economic development so that the resources and manpower of such nations may be utilized more effectively for industrial and other domestic economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use.

"SEC. 402. In furtherance of this purpose, the President is authorized to enter into agreements with friendly nations under which the United States shall undertake to provide for delivery annually of certain quantities of such surplus agricultural commodities for periods of not to exceed ten years, pursuant to the terms and conditions set out in this title, providing such commodities are in surplus at the time delivery is to be made.

"SEC. 403. Payment for such commodities shall be in dollars with interest at such rate as the Secretary may determine but not more than the cost of the funds to the United States Treasury as determined by the Secretary of the Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States having maturity comparable to the maturities of loans made by the President under this section. Payment may be made in approximately equal annual amounts over periods of not to exceed twenty years from the date of the last delivery of commodities in each calendar year under the

agreement and interest shall be computed from the date of such last delivery.

"SEC. 404. In carrying out the provisions of this title, the Secretary of Agriculture shall endeavor to maximize the sale of United States agricultural commodities taking such reasonable precautions as he determines necessary to avoid replacing any sales which the Secretary finds and determines would otherwise be made for cash dollars.

"SEC. 405. In entering into such agreements, the Secretary shall endeavor to reach agreement with other exporting nations of such commodities for their participation in the supply and assistance program herein authorized on a proportionate and equitable basis.

"SEC. 406. In carrying out this title, the provisions of sections 102, 103(a), 106, 107, and 108 of this Act shall be applicable to the extent not inconsistent with this title."

Sec. 15. Section 206(a) of the Agricultural Act of 1956 is amended by inserting before the period at the end thereof a comma and the following: "or strategic or other materials required by other Government agencies".

Sec. 16. Section 847(b) of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out the period at the end thereof and inserting a colon and the following:

"Provided, however, That the national marketing quota for the 1960 crop of such cotton shall not be less than 90 per centum of the 1959 marketing quota for such cotton."

Sec. 17. This Act may be cited as the "Food for Peace Act of 1959".

Mr. HOEVEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOEVEN: On page 6, line 19, strike out line 19 and all thereafter down through line 13 on page 8.

(Mr. HOEVEN asked and was given permission to revise and extend his remarks.)

Mr. HOEVEN. Mr. Chairman, this is the second amendment which would strike the mandatory barter provision from the bill. It strikes out the authority of the Secretary of Agriculture to place any restrictions on the countries of the free world into which surplus agricultural commodities may be exported.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from North Carolina.

Mr. COOLEY. I was just going to say, in view of the action taken on the amendment just voted on, I certainly would not object, if the House indicates its approval.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. HOEVEN].

The amendment was agreed to.

Mr. KEOGH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KEOGH: On page 8, following line 23, insert a new section 14 reading as follows, and renumber succeeding sections to conform:

"SEC. 14. Such Act is further amended by adding at the end of title III the following new section:

"SEC. 306. Shipments of surplus agricultural commodities destined to foreign countries, exported under titles I, II, or III of this Act, shall be delivered directly to the export vessel at a United States port. For the purpose of this section "export vessel" shall mean the ocean vessel transporting the sur-

plus agricultural commodities from the United States port of landing to foreign port of discharge."

(Mr. KEOGH asked and was given permission to revise and extend his remarks.)

Mr. KEOGH. Mr. Chairman, I submit that reading of this amendment is perhaps the clearest and the quickest way to explain it.

I realize, as all of us do, that the development along the St. Lawrence Seaway would, of necessity, have its impact on all the coastal ports of the United States. But, I submit, Mr. Chairman, and it is my opinion, that the House, in enacting that law, never intended that the impact should come prior to the completion of the seaway.

The Department of Agriculture has recently announced that beginning on September 1 of this year it will modify its long-established policy with respect to the shipment of the surplus commodities under this existing law and indicated that it would permit the exportation through Canadian ports of grain moving under this law.

It is quite simple to realize that that will ultimately be detrimental to all of the ports of the United States, including those of the Great Lakes.

Mr. Chairman, all this amendment seeks to do is to legislate into law that which has been standard administrative procedure, and which procedure has been followed not only with respect to the shipment of grains under Public Law 480, but I am reliably informed that this amendment would conform to the administrative policy followed in connection with the shipment of dairy products.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield at that point?

Mr. KEOGH. I yield.

Mr. ASHLEY. Is it not true that under all of our surplus commodity programs where grain has been shipped via the Great Lakes in years past, transshipment has been allowed?

Mr. KEOGH. I do not know.

Mr. ASHLEY. This is the established policy of the U.S. Department of Agriculture.

Mr. KEOGH. I do not know. But let us concede the gentleman to state the fact, as he usually does. This amendment is not directed at the discontinuance of any established policy. Rather it is directed to a change in the policy which has been announced by the Department of Agriculture. And I say to the gentleman that if he is really interested in the ports of the Great Lakes, and I assume he is, he should be the first to support this particular amendment.

Mr. ASHLEY. Can the gentleman tell me how the Department of Agriculture directive changes established policy?

Mr. KEOGH. It simply permits of the transshipment of these grains out of a Canadian port. It is perfectly possible under that announced program that those grains will never touch a port on the Great Lakes or anywhere else in the United States.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?



Mr. KEOGH. I yield to the distinguished chairman of the committee.

Mr. COOLEY. It is a fact that the directive to which the gentleman refers goes into effect September 1.

Mr. KEOGH. That is right.

Mr. COOLEY. And it has caused great concern all up and down the east coast and the gulf coast. We are now providing U.S. Department of Agriculture inspectors in a foreign port for the purpose of inspecting outgoing cargo; that is, we would be under this new provision.

Mr. KEOGH. Precisely.

Mr. COOLEY. Heretofore U.S. Department of Agriculture inspectors have been used to inspect incoming cargoes in foreign ports, but I know of no authority to inspect outgoing cargoes.

Mr. KEOGH. I agree with the gentleman that there is grave doubt as to the legality of the suggested change.

Mr. YATES. Mr. Chairman, will the gentleman yield at that point?

Mr. KEOGH. I yield.

Mr. YATES. I would ask the distinguished chairman of the committee if the hearings do not disclose that there were discrepancies in gradings on the cargoes that go out under this act, and if that might not be one of the reasons for placing inspectors at a point where they could supervise outgoing cargoes. There is a reason for putting inspectors at a point where they can supervise outgoing cargoes.

Mr. KEOGH. That may very well be, but I point out that we have for years adopted a policy of insuring transportation in American bottoms 50-50. The proposed change would remove control of that.

The CHAIRMAN. The time of the gentleman from New York [Mr. KEOGH] has expired.

Mr. HOEVEN. Mr. Chairman, I rise in opposition to the amendment.

(Mr. HOEVEN asked and was given permission to revise and extend his remarks.)

Mr. HOEVEN. Mr. Chairman, this is the anti-St. Lawrence Seaway amendment, the anti-Corn Belt amendment, the antiwheat amendment, it adversely affects the entire Midwest section of the country.

Mr. DORN of New York. Mr. Chairman, will the gentleman yield at that point?

Mr. HOEVEN. Just for a question.

Mr. DORN of New York. On the "anti" point. Is it not true that what this amendment seeks to do is build up U.S. ports and not build up Montreal? It has been the long-standing policy—

Mr. HOEVEN. Mr. Chairman, I do not yield further.

This amendment seeks to build up the ports on the eastern seaboard and the gulf at the expense of the Midwest section of the country. It is just that simple.

I refer you to the last sentence of the amendment, which says:

For the purpose of this section "export vessel" shall mean the ocean vessel transporting the surplus agricultural commodities from the U.S. port of loading to foreign port of discharge.

You cannot transfer cargo anywhere along the way. Everyone knows that the locks in the St. Lawrence Seaway today cannot carry the heavy loaded ocean ships. They have to unload part of their cargo, in order to get through the locks which they call topping.

We have spent millions of dollars on the St. Lawrence Seaway and even before we get it actually completed this amendment would seriously restrict its operation.

Mr. ANDERSEN of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman.

Mr. ANDERSEN of Minnesota. The effect of this amendment would be to take away from the Midwest the greater portion of the benefits of the St. Lawrence Seaway, would it not?

Mr. HOEVEN. There is no question about it. The amendment speaks for itself, and I hope it is defeated.

Mr. YATES. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, earlier in the debate this amendment was known as the Casey amendment. It was to be offered by the gentleman from Texas [Mr. CASEY]. But after a colloquy earlier in the debate, the forces behind this amendment changed their mind and they brought up a more powerful proponent to represent the sponsors of this amendment, that proponent being the gentleman from New York [Mr. KEOGH].

It is natural that they should do so because they are trying a power play here. They are trying by this amendment to start a new War Between the States—a war between the seacoast cities of this country and the great urban communities on the Great Lakes. It is a power play to move the centers of transportation for farm commodities from the middle of the country to Galveston, Houston, New Orleans, New York, and Boston.

As a matter of fact, this is the traditional fight in another form against the St. Lawrence Seaway. It is the fight that took place for a period of 30 years which prevented for 30 years the building of the seaway all during that time. Now that the seaway has been completed at a cost of over a half billion dollars to the taxpayers of America, we find the antisewaway forces reviving their opposition.

But this is only the first step. This is only the first skirmish in the war. What will the next battleground be? When will the next crippling blow come? If we are to bar from the St. Lawrence Seaway, as a result of this amendment, farm commodities that are in surplus, what products will next be forbidden to use the seaway? Will the foreign-aid bill be the next vehicle to be used to prevent the products of American farms and American manufacturers from using the St. Lawrence Seaway? Will every agricultural bill that is brought to the floor be the target for a similar amendment? Will every appropriation bill that comes to the floor be limited in the expenditure of the funds so that the transportation of American goods will be forbidden on the St. Lawrence Seaway?

Are we going to close down the seaway now? Because that is exactly what this amendment does. A vote for this amendment is a vote to dynamite the St. Lawrence Seaway because this amendment will shut it down as effectively as though an atomic bomb were placed in its channel. I urge the committee not to accept this subterfuge. That is exactly what this amendment is. It is a subterfuge to hide the real purpose of the amendment. I urge the committee to vote this amendment down.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield.

Mr. JUDD. The gentleman correctly said this is a regional amendment requiring discrimination against one part of our country. But further than that it is a discrimination against one of our strongest and best allies to the north of us, namely, Canada. Canada went along with us in building the seaway and put more money into it than we did. Now we would deny them the benefits of the seaway by this amendment.

Mr. YATES. Of course, that is the Trojan horse form this amendment takes. It is argued that this is a "Buy American" amendment. They say, "we want to stop Canada—Canadian cities not American cities." "Beware of Montreal," they say, when actually, they propose to destroy the trade not only of Montreal, but of Chicago, Cleveland, Detroit, Buffalo—every American metropolis on the Great Lakes. What they actually want us to do is not only to discriminate against Canada, but against every city in the northern part of this country.

This is a destructive amendment. I urge the House to vote it down.

Mr. COOLEY. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BOLLING, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 8609) to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes, had come to no resolution thereon.

#### CORRECTION OF ROLL CALL

Mr. CURTIS of Massachusetts. Mr. Speaker, on roll call No. 137 of Wednesday, August 13, I am recorded as having failed to answer to my name. I was present and answered to my name. I ask unanimous consent that the permanent Record and Journal be corrected accordingly.

The SPEAKER. Without objection, the permanent Record and Journal will be corrected accordingly.

There was no objection.

#### COMMITTEE ON RULES

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the Com-



mittee on Rules may have until midnight tonight to file certain reports.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

#### HEATING GOVERNMENT BUILDINGS WITH COAL

(Mr. HUDDLESTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HUDDLESTON. Mr. Speaker, recently the distinguished senior Senator from Kentucky, the Honorable JOHN SHERMAN COOPER, brought to light some little known facts about the heating of Federal buildings in the District of Columbia area. I refer to Senator COOPER's speech of August 6 concerning the saving of nearly half a million dollars annually through the use of bituminous coal to power local Government heating plants.

As a representative of a coal-producing area and as an advocate of economy in Government operations, I took particular interest in Senator COOPER's remarks, and just a few days ago personally toured the Government's central heating plant.

The central plant is one of four local Federal heating installations. It serves Washington's downtown Government buildings, including the Nation's No. 1 residence, the White House. Operated by the General Services Administration and supervised by Supt. Carl Johnson, this plant is the largest boiler plant supplying steam for space heating in the country.

Senator COOPER commented that the economy features of modern bituminous coal would come as a revelation to those under the mistaken impression that coal is an old-fashioned fuel, unable to meet the demands of the mid-20th century energy market. I am now equally convinced that a tour of the coal-burning facilities at the central heating plant would be an even greater revelation to those uninformed on the subject.

I found a clean, efficient operation, proof that modern technology makes coal as equipped to meet the fueling needs of today as it was a half century ago, when the Nation's Capital first converted from wood-burning as a primary source of heat. For the bituminous coal industry has not stood still. It has kept pace with the times, investing large sums and thousands of man-hours in technological research and development.

As a result, the industry has nearly doubled its productive capacity at the mine in the past decade, a factor which has led to coal's remarkable economy in an era of rising costs and inflation. The operation of the central heating plant and similar installations is still another result of these great technological strides.

Let me point out that the central plant has been in operation for over 20 years. Much of the equipment it uses is not the most modern now available, for during these two decades coal equipment has been developed, which makes today's coal use even more streamlined, automatic and up-to-date. Nevertheless, central's operation is modern in every

sense of the word. Those who think of coal-burning in 19th century terms, visualizing hand shoveling and ash disposal problems, would benefit by a tour of this plant. They would see, first hand, how one basic American industry has met the challenge of a changing market and has reshaped its thinking and its product to answer the growing energy needs of the Nation.

By taking advantage of this technological progress, the General Services Administration and engineers of the Capitol Architect's office are saving our taxpayers over \$413,000 a year in heating bills for our Government installations. Federal buildings in this area consume over 315,000 tons of coal annually. To supply an equivalent amount of heat with No. 6 oil, the lowest priced industrial oil on the market, would cost \$3,440,630. The bituminous coal used costs only \$3,027,360.

Another point made by Senator COOPER was that the Washington area remains the cleanest, most beautiful metropolitan area in the country, thereby refuting the notion that coal burning is a "dirty" process. The fact is that modern coal utilization, as exemplified by the operation of the four local central heating plants, is not only one of the cleanest, but is the safest and most reliable method of modern space heating.

I can only agree with Senator COOPER that all of this must come as a revelation to those not familiar with the modern fuel market. But as we know, popular notions, however ill-founded in fact, die hard. The coal industry would be the first to admit that the public impression of its product is based on vague and spurious dictums handed down from a former day. Many persons, including officials, journalists, educators, and engineers simply do not know the facts about modern coal fueling. They do not consider its advantages in formulating heating plans for schools, hospitals, and other government and tax-supported institutions. As a result, the coal industry suffers, but it is not the only victim.

Perhaps the greatest victim is the taxpayer, who must pay higher government heating bills as a result of this ignorance of today's bituminous coal market. The taxpayer is now saving over \$400,000 a year in the operation of our local Federal heating operation. How much more could be saved if Federal installations, both civilian and military, investigated the fueling situation in their particular areas and arrived at fueling decisions from facts rather than preconceived notions? Considering the importance of the Nation's defense dollar, this is particularly important in the case of our military installations.

I join Senator COOPER in his commendation of those officials of the General Services Administration who are saving the taxpayers' hard-earned dollar through the efficient, modern, and economical use of bituminous coal to heat local government installations. I congratulate these officials for their recognition of the fact that coal is a fossil fuel only in the geological sense of the word. In all other ways, it is truly the modern fuel for a modern market.

#### LOAN PROGRAM ADMINISTERED BY THE BUREAU OF RECLAMATION

(Mr. HAGEN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. HAGEN. Mr. Speaker, I am greatly pleased at the action of the managers on the part of the House in accepting in conference the item included by the Senate making an appropriation of \$5,147,000 for the loan program administered by the Bureau of Reclamation.

This item is of particular importance to me since \$3,034,000 of the total amount is earmarked for use in making a loan to the Saucelito Irrigation District, located in Tulare County, Calif., for purposes of construction of an irrigation distribution system pursuant to the provisions of Public Law 130.

A recitation of the history of the project would appear to be in order.

Funds originally were requested for the loan last year by the Bureau of Reclamation. At that time the Bureau officials were instructed by the members of our Appropriations Committee to take all necessary steps prior to execution of the repayment contract. After this was done, said the committee, the funds would be made available.

This year, unfortunately, the Budget Bureau steadfastly refused to recommend the appropriation which would permit either the Saucelito loan or a similar loan to the Chowchilla Water District, located in the district of my friend and colleague, the gentleman from California [Mr. SISK].

Despite this administration opposition, the House Appropriations Committee honored its pledge and included \$4,384,000 for the Saucelito loan and \$2,633,000 for the Chowchilla loan in the public works appropriation bill for fiscal year 1960. This action subsequently was ratified by the House.

In the Senate, however, the Appropriations Committee saw fit to reduce the appropriation for Sausalito to \$1,350,000 for Chowchilla to \$910,000. This action permitted the appropriation of money for certain projects which had only recently qualified for assistance under the Small Projects Act and at the same time kept the total amount of the appropriation bill at a figure near that recommended by the administration.

This action, had it prevailed, would have caused a considerable problem for the Sausalito and Chowchilla districts because Bureau of Reclamation attorneys had ruled that piecemeal appropriations were not permissible in the instance of Public Law 130 projects—that of all the money had to be available when the contract was executed.

The Senate Appropriations Committee then rectified the situation by including the \$5,147,000 item in H.R. 7978, the supplemental appropriations bill on which we now are considering the conference report. The Senate report specifies that the item will be divided in this fashion: Sausalito, \$3,034,000; Chowchilla, \$1,723,000, and Jackson Valley Irrigation District, \$390,000.

The House conferees have agreed to the Senate action in this instance and in



Testimony was heard from Representatives Moeller, Sikes, Foley, and Wilson. The subcommittee will meet in executive consideration of this matter on Wednesday, August 26.

#### PASSPORT LEGISLATION

*Committee on Foreign Affairs:* Held hearing with respect to passport legislation and heard testimony from Representatives Celler and Coffin; and also a representative of the Americans for Democratic Action.

#### COMMITTEE MISCELLANY

*Committee on Interior and Insular Affairs:* Ordered favorably reported to the House the following bills:

H.R. 8437, to provide for the reinstatement and validation of U.S. oil and gas lease BLM 028500;

H.R. 1769 (amended), re Yellowstone County, Mont., land conveyance;

H.R. 725 (amended), to provide for the establishment of the Wilson's Creek Battlefield National Park, Mo.; and

H.R. 5764 (amended), to change the name of the Abraham Lincoln National Historical Park at Hodgenville, Ky., to Abraham Lincoln's Birthplace.

The committee also discharged the Subcommittee on Irrigation for further consideration on S. 258, H.R. 4279, 4952, and S. 281; and the Indian Affairs Subcommittee was discharged of consideration of H.R. 24, 6136, and 6508.

#### CONTIGUOUS CONGRESSIONAL DISTRICTS

*Committee on the Judiciary:* Subcommittee No. 2 heard testimony from Representative Hagen on H.R. 8266, and Representative Quigley on H.R. 8473, both relating to the establishment of congressional districts composed of contiguous and compact territory for the election of Representatives. Also ordered favorably reported to the full committee four private claim bills of the House.

#### JUDICIAL APPEALS

*Committee on the Judiciary:* Subcommittee No. 3 held hearing on H.R. 4186, relating to appeals by the U.S. A Department of Justice representative was heard.

#### COMMITTEE MISCELLANY

*Committee on Merchant Marine and Fisheries:* Met in executive session and ordered favorably reported to the House the following bills:

H.R. 4 (amended), to authorize the construction of a nuclear-powered icebreaking vessel for operation by the U.S. Coast Guard;

H.R. 8042 (amended), to resell four CI-SAY-1 type vessels to the Government of the Republic of China for use in Chinese trade in Far East and Near East waters exclusively;

S. 2334, to transfer from the Department of Commerce to the Department of Labor certain functions in respect of insurance benefits and disability payments to seamen

for World War II service-connected injuries, death, or disability;

H.R. 5004, to undertake continuing research on the biology of the migratory marine species of game fish of the U.S. and contiguous waters; and

H.R. 5813, to undertake continuing studies of the effects of insecticides upon fish and wildlife for the purpose of preventing losses of those invaluable natural resources. The committee also re-referred to subcommittee H.R. 5814, to provide for cooperative unit programs of research and demonstration between the Federal Government of the U.S., colleges and universities, the several States and private organizations.

#### BANKRUPTCY PROCEEDINGS

*Committee on Rules:* Granted an open rule with 1 hour of debate on each of the following bills: H.R. 2236, limiting priority and nondischargeability of taxes in bankruptcy; and H.R. 7242, amending the Bankruptcy Act re statutory liens and the powers of the trustee. Witnesses heard on the rule on H.R. 2236 were Representatives Forrester, Whitener, and Poff; and on H.R. 7242, Representatives Poff and Forrester.

#### FISHING VESSEL CONSTRUCTION

*Committee on Rules:* Granted an open rule with 2 hours of debate and providing for consideration of committee substitute amendment as original bill for purpose of amendment on H.R. 5421, providing program of assistance for construction of fishing vessels. Witnesses heard on the rule were Representatives Bonner, Tollefson, Macdonald, Bates, and Oliver.

#### FOOD STAMP PLAN

*Committee on Rules:* A motion to grant a rule was laid on table with reference to H.R. 1359, to establish a food stamp plan with use of certain surplus food commodities.

#### PUBLIC LAW 480

*Committee on Rules:* Agreed to offer an amendment on the floor on the rule on H.R. 8609, to amend Public Law 480, 83d Cong., waiving points of order.

#### NASA

*Committee on Science and Astronautics:* Subcommittee on Patent Laws heard testimony on patent provisions affecting the National Aeronautics and Space Administration from the General Counsel and Assistant Counsel for NASA. Hearings continue tomorrow.

#### WAYS AND MEANS MISCELLANY

*Committee on Ways and Means:* Continued its executive consideration of H.R. 5, reaching decisions for purposes of drafting. A detailed press release indicating the decisions reached thus far is available in the main office of the committee, Room 1102, New House Office Building.



every practicable means, in cooperation with other Government agencies, to arrange and make, through private channels, such barter or exchanges or to utilize the authority conferred on him by section 4(h) of the Commodity Credit Corporation Charter Act, as amended, to make such barter or exchanges. In carrying out barter or exchanges authorized by this section, no restrictions shall be placed on the countries of the free world into which surplus agricultural commodities may be exported. The Secretary shall endeavor to consummate agreements for disposals authorized herein at a rate of \$350,000,000 for each fiscal year. The Secretary shall permit and encourage the barter for materials processed in the United States providing the agricultural commodities to be bartered for such materials be exported to friendly foreign countries. Agencies of the United States Government procuring such materials, goods, or equipment contemplated herein are hereby directed to endeavor to obtain such materials, goods, or equipment through the Commodity Credit Corporation by means of barter or exchanges as directed by this section. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchanges of agricultural commodities in their possession for such materials, goods, or equipment."

SEC. 13. Section 305 of such Act is amended to read as follows:

"All Commodity Credit Corporation stocks disposed of under title II of this Act and section 416 of the Agricultural Act of 1949, as amended, shall be clearly identified by appropriate marking on each package or container and insofar as practical in the language of the locality where such stocks are distributed as being furnished by the people of the United States of America and where available funds accruing under title I shall be used for this purpose."

SEC. 14. The Agricultural Trade Development and Assistance Act of 1954, as amended, by adding thereto the following new title:

"TITLE IV—LONG-TERM SUPPLY CONTRACTS

"SEC. 401. The purpose of this title is to utilize surplus agricultural commodities and the products thereof produced in the United States to assist the economic development of friendly nations by assuring such nations a stable supply of agricultural commodities on long-term credit for domestic consumption during periods of economic development so that the resources and manpower of such nations may be utilized more effectively for industrial and other domestic economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use.

"SEC. 402. In furtherance of this purpose, the President is authorized to enter into agreements with friendly nations under which the United States shall undertake to provide for delivery annually of certain quantities of such surplus agricultural commodities for periods of not to exceed ten years, pursuant to the terms and conditions set out in this title, providing such commodities are in surplus at the time delivery is to be made.

"SEC. 403. Payment for such commodities shall be in dollars with interest at such rate as the Secretary may determine but not more than the cost of the funds to the United States Treasury as determined by the Secretary of the Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States having maturity comparable to the maturities of loans made by the President under this section. Payment may be made in approximately equal annual amounts over periods of not to exceed twenty years from the date of the last delivery of commodities in each calendar year under the

agreement and interest shall be computed from the date of such last delivery.

"SEC. 404. In carrying out the provisions of this title, the Secretary of Agriculture shall endeavor to maximize the sale of United States agricultural commodities taking such reasonable precautions as he determines necessary to avoid replacing any sales which the Secretary finds and determines would otherwise be made for cash dollars.

"SEC. 405. In entering into such agreements, the Secretary shall endeavor to reach agreement with other exporting nations of such commodities for their participation in the supply and assistance program herein authorized on a proportionate and equitable basis.

"SEC. 406. In carrying out this title, the provisions of sections 102, 103(a), 106, 107, and 108 of this Act shall be applicable to the extent not inconsistent with this title."

SEC. 15. Section 206(a) of the Agricultural Act of 1956 is amended by inserting before the period at the end thereof a comma and the following: "or strategic or other materials required by other Government agencies".

SEC. 16. Section 947(b) of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out the period at the end thereof and inserting a colon and the following:

"Provided, however, That the national marketing quota for the 1960 crop of such cotton shall not be less than 90 per centum of the 1959 marketing quota for such cotton."

SEC. 17. This Act may be cited as the "Food for Peace Act of 1959".

Mr. HOEVEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOEVEN: On page 6, line 19, strike out line 19 and all thereafter down through line 13 on page 8.

(Mr. HOEVEN asked and was given permission to revise and extend his remarks.)

Mr. HOEVEN. Mr. Chairman, this is the second amendment which would strike the mandatory barter provision from the bill. It strikes out the authority of the Secretary of Agriculture to place any restrictions on the countries of the free world into which surplus agricultural commodities may be exported.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from North Carolina.

Mr. COOLEY. I was just going to say, in view of the action taken on the amendment just voted on, I certainly would not object, if the House indicates its approval.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. HOEVEN].

The amendment was agreed to.

Mr. KEOGH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KEOGH: On page 8, following line 23, insert a new section 14 reading as follows, and renumber succeeding sections to conform:

"SEC. 14. Such Act is further amended by adding at the end of title III the following new section:

"SEC. 306. Shipments of surplus agricultural commodities destined to foreign countries, exported under titles I, II, or III of this Act, shall be delivered directly to the export vessel at a United States port. For the purpose of this section "export vessel" shall mean the ocean vessel transporting the sur-

plus agricultural commodities from the United States port of landing to foreign port of discharge."

(Mr. KEOGH asked and was given permission to revise and extend his remarks.)

Mr. KEOGH. Mr. Chairman, I submit that reading of this amendment is perhaps the clearest and the quickest way to explain it.

I realize, as all of us do, that the development along the St. Lawrence Seaway would, of necessity, have its impact on all the coastal ports of the United States. But, I submit, Mr. Chairman, and it is my opinion, that the House, in enacting that law, never intended that the impact should come prior to the completion of the seaway.

The Department of Agriculture has recently announced that beginning on September 1 of this year it will modify its long-established policy with respect to the shipment of the surplus commodities under this existing law and indicated that it would permit the exportation through Canadian ports of grain moving under this law.

It is quite simple to realize that that will ultimately be detrimental to all of the ports of the United States, including those of the Great Lakes.

Mr. Chairman, all this amendment seeks to do is to legislate into law that which has been standard administrative procedure, and which procedure has been followed not only with respect to the shipment of grains under Public Law 480, but I am reliably informed that this amendment would conform to the administrative policy followed in connection with the shipment of dairy products.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield at that point?

Mr. KEOGH. I yield.

Mr. ASHLEY. Is it not true that under all of our surplus commodity programs where grain has been shipped via the Great Lakes in years past, transshipment has been allowed?

Mr. KEOGH. I do not know.

Mr. ASHLEY. This is the established policy of the U.S. Department of Agriculture.

Mr. KEOGH. I do not know. But let us concede the gentleman to state the fact, as he usually does. This amendment is not directed at the discontinuance of any established policy. Rather it is directed to a change in the policy which has been announced by the Department of Agriculture. And I say to the gentleman that if he is really interested in the ports of the Great Lakes, and I assume he is, he should be the first to support this particular amendment.

Mr. ASHLEY. Can the gentleman tell me how the Department of Agriculture directive changes established policy?

Mr. KEOGH. It simply permits of the transshipment of these grains out of a Canadian port. It is perfectly possible under that announced program that those grains will never touch a port on the Great Lakes or anywhere else in the United States.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?



Mr. KEOGH. I yield to the distinguished chairman of the committee.

Mr. COOLEY. It is a fact that the directive to which the gentleman refers goes into effect September 1.

Mr. KEOGH. That is right.

Mr. COOLEY. And it has caused great concern all up and down the east coast and the gulf coast. We are now providing U.S. Department of Agriculture inspectors in a foreign port for the purpose of inspecting outgoing cargo; that is, we would be under this new provision.

Mr. KEOGH. Precisely.

Mr. COOLEY. Heretofore U.S. Department of Agriculture inspectors have been used to inspect incoming cargoes in foreign ports, but I know of no authority to inspect outgoing cargoes.

Mr. KEOGH. I agree with the gentleman that there is grave doubt as to the legality of the suggested change.

Mr. YATES. Mr. Chairman, will the gentleman yield at that point?

Mr. KEOGH. I yield.

Mr. YATES. I would ask the distinguished chairman of the committee if the hearings do not disclose that there were discrepancies in gradings on the cargoes that go out under this act, and if that might not be one of the reasons for placing inspectors at a point where they could supervise outgoing cargoes. There is a reason for putting inspectors at a point where they can supervise outgoing cargoes.

Mr. KEOGH. That may very well be, but I point out that we have for years adopted a policy of insuring transportation in American bottoms 50-50. The proposed change would remove control of that.

The CHAIRMAN. The time of the gentleman from New York [Mr. KEOGH] has expired.

Mr. HOEVEN. Mr. Chairman, I rise in opposition to the amendment.

(Mr. HOEVEN asked and was given permission to revise and extend his remarks.)

Mr. HOEVEN. Mr. Chairman, this is the anti-St. Lawrence Seaway amendment, the anti-Corn Belt amendment, the antiwheat amendment, it adversely affects the entire Midwest section of the country.

Mr. DORN of New York. Mr. Chairman, will the gentleman yield at that point?

Mr. HOEVEN. Just for a question.

Mr. DORN of New York. On the "anti" point. Is it not true that what this amendment seeks to do is build up U.S. ports and not build up Montreal? It has been the long-standing policy—

Mr. HOEVEN. Mr. Chairman, I do not yield further.

This amendment seeks to build up the ports on the eastern seaboard and the gulf at the expense of the Midwest section of the country. It is just that simple.

I refer you to the last sentence of the amendment, which says:

For the purpose of this section "export vessel" shall mean the ocean vessel transporting the surplus agricultural commodities from the U.S. port of loading to foreign port of discharge.

You cannot transfer cargo anywhere along the way. Everyone knows that the locks in the St. Lawrence Seaway today cannot carry the heavy loaded ocean ships. They have to unload part of their cargo, in order to get through the locks which they call topping.

We have spent millions of dollars on the St. Lawrence Seaway and even before we get it actually completed this amendment would seriously restrict its operation.

Mr. ANDERSEN of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman.

Mr. ANDERSEN of Minnesota. The effect of this amendment would be to take away from the Midwest the greater portion of the benefits of the St. Lawrence Seaway, would it not?

Mr. HOEVEN. There is no question about it. The amendment speaks for itself, and I hope it is defeated.

Mr. YATES. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, earlier in the debate this amendment was known as the Casey amendment. It was to be offered by the gentleman from Texas [Mr. CASEY]. But after a colloquy earlier in the debate, the forces behind this amendment changed their mind and they brought up a more powerful proponent to represent the sponsors of this amendment, that proponent being the gentleman from New York [Mr. KEOGH].

It is natural that they should do so because they are trying a power play here. They are trying by this amendment to start a new War Between the States—a war between the seacoast cities of this country and the great urban communities on the Great Lakes. It is a power play to move the centers of transportation for farm commodities from the middle of the country to Galveston, Houston, New Orleans, New York, and Boston.

As a matter of fact, this is the traditional fight in another form against the St. Lawrence Seaway. It is the fight that took place for a period of 30 years which prevented for 30 years the building of the seaway all during that time. Now that the seaway has been completed at a cost of over a half billion dollars to the taxpayers of America, we find the antisewaway forces reviving their opposition.

But this is only the first step. This is only the first skirmish in the war. What will the next battleground be? When will the next crippling blow come? If we are to bar from the St. Lawrence Seaway, as a result of this amendment, farm commodities that are in surplus, what products will next be forbidden to use the seaway? Will the foreign-aid bill be the next vehicle to be used to prevent the products of American farms and American manufacturers from using the St. Lawrence Seaway? Will every agricultural bill that is brought to the floor be the target for a similar amendment? Will every appropriation bill that comes to the floor be limited in the expenditure of the funds so that the transportation of American goods will be forbidden on the St. Lawrence Seaway?

Are we going to close down the seaway now? Because that is exactly what this amendment does. A vote for this amendment is a vote to dynamite the St. Lawrence Seaway because this amendment will shut it down as effectively as though an atomic bomb were placed in its channel. I urge the committee not to accept this subterfuge. That is exactly what this amendment is. It is a subterfuge to hide the real purpose of the amendment. I urge the committee to vote this amendment down.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield.

Mr. JUDD. The gentleman correctly said this is a regional amendment requiring discrimination against one part of our country. But further than that it is a discrimination against one of our strongest and best allies to the north of us, namely, Canada. Canada went along with us in building the seaway and put more money into it than we did. Now we would deny them the benefits of the seaway by this amendment.

Mr. YATES. Of course, that is the Trojan horse form this amendment takes. It is argued that this is a "Buy American" amendment. They say, "we want to stop Canada—Canadian cities not American cities." "Beware of Montreal," they say, when actually, they propose to destroy the trade not only of Montreal, but of Chicago, Cleveland, Detroit, Buffalo—every American metropolis on the Great Lakes. What they actually want us to do is not only to discriminate against Canada, but against every city in the northern part of this country.

This is a destructive amendment. I urge the House to vote it down.

Mr. COOLEY. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BOLLING, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 8609) to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes, had come to no resolution thereon.

#### CORRECTION OF ROLL CALL

Mr. CURTIS of Massachusetts. Mr. Speaker, on rollcall No. 137 of Wednesday, August 18, I am recorded as having failed to answer to my name. I was present and answered to my name. I ask unanimous consent that the permanent Record and Journal be corrected accordingly.

The SPEAKER. Without objection, the permanent Record and Journal will be corrected accordingly.

There was no objection.

#### COMMITTEE ON RULES

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the Com-



In executive session the committee ordered favorably reported, with amendments, the following bills:

H.R. 5547, to amend certain provisions of the Internal Revenue Code of 1954 relating to possessions of the U.S.

H.R. 7947, relating to the income tax treatment of nonrefundable capital contributions to Federal National Mortgage Association.

H.R. 8725, to amend the Internal Revenue Code of 1954 to make technical changes in certain excise tax laws, and for other purposes.

The committee will meet Monday morning, August 24, at 10 a.m., to continue consideration of H.R. 8684, to amend the Internal Revenue Code of 1954 to provide for deferral of taxation of amounts withheld by a bank or finance company from a dealer in personal property to secure obligations of the dealer, until such time as such amounts are paid to or made available to the dealer, and to consider H.R. 8126, to amend the Internal Revenue Code of 1954 with respect to the taxation of exchanges of property and distributions of stock made pursuant to orders enforcing the antitrust laws.

## Joint Committee Meetings

### LABOR-MANAGEMENT REFORM LEGISLATION

*Conferees* continued in executive session to resolve the differences between the Senate- and House-passed versions of S. 1555, Labor-Management Reporting and Disclosure Act of 1959, but did not conclude their work, and will meet again tomorrow.

### COAL RESEARCH

*Conferees*, in executive session, agreed to file a conference report on the differences between the Senate- and House-passed versions of H.R. 6596, proposed Coal Research and Development Act.

### ALASKAN COAL LANDS

*Conferees* met in executive session to resolve the differences between the Senate- and House-passed versions of H.R. 6939, providing for the leasing of Alaskan coal lands so as to increase the acreage limitation under the Alaskan Coal Leasing Act, but did not reach final agreement; and recessed subject to call.

## BILLS SIGNED BY THE PRESIDENT

### New Laws

(For last listing of public laws, see DIGEST, p. D777, August 17, 1959)

S.J. Res. 118, authorizing the President to issue a proclamation calling for the U.S. flag to be flown at half staff on the occasion of the death of the last surviving veteran of the War Between the States: Signed August 18, 1959 (P.L. 86-162).

S. 1289, to increase and extend the special milk program for children. Signed August 18, 1959 (P.L. 86-163).

H.R. 8283, fiscal 1960 appropriations for the Atomic Energy Commission. Signed August 18, 1959 (P.L. 86-164).

H.R. 3682, to permit the processing of certain applications under the Small Tracts Act for lands included in the Caribou and Targhee National Forests by the act of August 14, 1958. Signed August 18, 1959 (P.L. 86-165).

H.R. 7454, fiscal 1960 appropriations for the Department of Defense. Signed August 18, 1959 (P.L. 86-166).

H.R. 4405, authorizing studies on the feasibility of developing water resources of the Salt Fork of the Red River in Texas. Signed August 18, 1959 (P.L. 86-167).

S. 1512, Farm Credit Act of 1959. Signed August 18, 1959 (P.L. 86-168).

H.R. 4644, to credit postal revenues certain amounts in connection with postal activities. Signed August 18, 1959 (P.L. 86-169).

H.R. 5138, to extend the grounds of the Custis-Lee Mansion in Arlington National Cemetery. Signed August 18, 1959 (P.L. 86-170).

H.R. 451, relating to payment of compensation in cases of third-person liability under the Longshoremen's and Harbor Workers' Act. Signed August 18, 1959 (P.L. 86-171).

S. 1455, authorizing the leasing of cotton acreage allotments during the crop years of 1959 through 1961. Signed August 18, 1959 (P.L. 86-172).

H.R. 5849, to extend for 5 years from admission the time within which the State of Alaska can select lands under Federal oil and gas leases. Signed August 18, 1959 (P.L. 86-173).

H.R. 7508, to authorize the establishment of a Bureau of Naval Weapons by consolidating the existing Bureaus of Ordnance and Aeronautics. Signed August 18, 1959 (P.L. 86-174).

## COMMITTEE MEETINGS FOR THURSDAY, AUGUST 20

(All meetings are open unless otherwise designated)

### Senate

*Committee on Appropriations*, open hearings on H.R. 8385, mutual security appropriations for fiscal 1960, to hear representatives of the Citizens Foreign Aid Committee, 10:30 a.m., 1224 New Senate Office Building;

Executive, to mark up H.R. 8575, fiscal 1960 appropriations for military construction, 2:30 p.m., room F-37, Capitol.

*Committee on Banking and Currency*, Small Business Subcommittee, executive, on amendments to the Small Business Act and the Small Business Investment Act of 1958, 10 a.m., 5302 New Senate Office Building.

*Committee on the District of Columbia*, Business and Commerce Subcommittee, on H.R. 7145, authorizing D.C. insurance companies to lend up to 66 $\frac{2}{3}$  percent of the value on real estate; S. 740, D.C. Act Against Age Discrimination in Employment;



business having expired, the call of the calendar is now in order, in accordance with the order previously entered.

Mr. KEATING. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KEATING. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will proceed with the call of the calendar, beginning with Calendar No. 640.

#### BILL PASSED OVER

The bill (S. 1711) to promote the foreign policy of the United States and help to build essential world conditions of peace, by the more effective use of U.S. agricultural commodities for the relief of human hunger, and for promoting economic and social development in less developed countries was announced as first in order.

Mr. KEATING. Over, by request.

The PRESIDING OFFICER. The bill will be passed over.

#### PIERRE BERTAGNOLIO

The bill (S. 1072) for the relief of Pierre Bertagnolio was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Pierre Bertagnolio shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.*

#### FRANK PODANY

The bill (S. 1856) for the relief of Frank Podany was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Frank Podany shall be deemed to have been born in Czechoslovakia.*

#### ANTONIO MIOSI CASTRONOVO

The bill (S. 2190) for the relief of Antonio Miosi Castronovo was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a) (27) (A) and 205 of the Immigration and Nationality Act, the*

*minor child, Antonino Miosi Castronovo, shall be held and considered to be the natural-born alien child of Mary Frances Castronovo, a citizen of the United States: Provided, That the natural parents of the said Antonino Miosi Castronovo shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.*

#### MAN-YEH CHOW

The Senate proceeded to consider the bill (S. 1865) for the relief of Man-Yeh Chow, which had been reported from the Committee on the Judiciary, with an amendment, on page 1, line 6, after the word "Act", to strike out "upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota control officer to deduct one number from the appropriate quota for the first year that such quota is available" and insert "The number of refugees to whom permanent residence in the United States may be granted under the provisions of section 6 of the Refugee Relief Act of 1953, as amended, is hereby reduced by one."; so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Man-Yeh Chow shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act. The number of refugees to whom permanent residence in the United States may be granted under the provisions of section 6 of the Refugee Relief Act of 1953, as amended, is hereby reduced by one.*

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### WILLIAM JAMES HARKINS AND THOMAS LLOYD HARKINS

The Senate proceeded to consider the bill (S. 2027) for the relief of William James Harkins and Thomas Lloyd Harkins, which had been reported from the Committee on the Judiciary, with an amendment, in line 8, after the word "natural", to strike out "parents" and insert "mother", so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a) (27) (A) and 205 of the Immigration and Nationality Act, the minor children, William James Harkins and Thomas Lloyd Harkins, shall be held and considered to be the natural-born alien children of Mr. and Mrs. Lewis James Harkins, citizens of the United States: Provided, That the natural mother of William James Harkins and Thomas Lloyd Harkins shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.*

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### CONCETTA MARCELLA

The Senate proceeded to consider the bill (S. 1298) for the relief of Concetta Marcella, which had been reported from the Committee on the Judiciary, with amendments, in line 5, after the name "Concetta", to strike out "Marcella," and insert "Meglio Meglio," and in line 7, after the word "States", to insert a colon and "Provided, That the natural parents of Concetta Meglio Meglio shall not, by virtue of such parentage, be accorded any right, privilege or status under the Immigration and Nationality Act."; so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of section 101(a) (27) (A) and 205 of the Immigration and Nationality Act, the minor child, Concetta Meglio Meglio, shall be held and considered to be the natural-born alien child of Marianna Marcella, a citizen of the United States: Provided, That the natural parents of Concetta Meglio Meglio shall not, by virtue of such parentage, be accorded any right, privilege or status under the Immigration and Nationality Act.*

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Concetta Meglio Meglio."

#### MARTHA UCHACZ, BARTOSZYCE

The Senate proceeded to consider the bill (S. 1836) for the relief of Martha Uchacz, Bartoszyce which had been reported from the Committee on the Judiciary with an amendment, in line 5, after the name "Uchacz", to strike out "Bartoszyce," so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That for the purposes of sections 101(a) (27) (A) and 205 of the Immigration and Nationality Act, the minor child, Martha Uchacz, shall be held and considered to be the natural-born alien child of Anne Barras, a citizen of the United States.*

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Martha Uchacz."

#### LEOKADIA GUZY

The Senate proceeded to consider the bill (S. 2050) for the relief of Leokadia Guzy, which had been reported from the Committee on the Judiciary, with an amendment, to strike out all after the enacting clause and insert:

*That, for the purposes of the Immigration and Nationality Act, Leokadia Jomboski shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee: Provided, That the natural parents of Leokadia Jomboski shall not, by virtue of such parentage, be accorded any*



right, privilege or status under the Immigration and Nationality Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Leokadia Jomboski."

#### IRENE BURDA

The Senate proceeded to consider the bill (S 2102) for the relief of Irene Burda, which had been reported from the Committee on the Judiciary, with amendments, in line 5, after the name "Irene", to insert "Wladyslawa", and in line 8, after the name "Irene", to insert "Wladyslawa"; so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Irene Wladyslawa Burda, shall be held and considered to be the natural-born alien child of Mr. and Mrs. Edward Burda, citizens of the United States: Provided, That the natural parents of the said Irene Wladyslawa Burda shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.*

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended, so as to read: "A bill for the relief of Irene Wladyslawa Burda."

#### LOUIS J. DEWINTER AND SIMONE H. DEWINTER

The bill (H.R. 1705) for the relief of Louis J. DeWinter and Simone H. DeWinter was considered, ordered to a third reading, read the third time, and passed.

#### OATHER S. HALL

The bill (H.R. 1718) for the relief of Oather S. Hall was considered, ordered to a third reading, read the third time, and passed.

#### FELIP LEWENZSTEJN (HARRY LIPA LEVENSTEIN)

The bill (H.R. 7165) for the relief of Felip Lewenzstejn (Harry Lipa Levenstein) was considered, ordered to a third reading, read the third time, and passed.

#### ADMISSION OF CERTAIN ALIENS

The Senate proceeded to consider the joint resolution (H.J. Res. 406) to facilitate the admission into the United States of certain aliens, which had been reported from the Committee on the Judiciary, with amendments, on page 3, after line 23, to strike out:

Sec. 9. For the purposes of section 101(a)(27)(C) of the Immigration and Nationality Act, the minor child, Anna Marina Marolo Rossiello, shall be held and considered to be the natural born accompanying alien child of Mrs. Anselmo Rossiello, a lawfully resident alien of the United States.

On page 4, at the beginning of line 5, to change the section number from "10" to "9"; at the beginning of line 10, to change the section number from "11" to "10"; at the beginning of line 16, to change the section number from "12" to "11"; at the beginning of line 24, to change the section number from "13" to "12"; on page 5, at the beginning of line 7, to change the section number from "14" to "13"; at the beginning of line 12, to change the section number from "15" to "14"; and after line 19, to insert a new section, as follows:

Sec. 15. For the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Lewis Dosa, shall be held and considered to be the natural-born alien child of Mr. and Mrs. William Dosa, citizens of the United States: *Provided, That the natural parents of Lewis Dosa shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.*

The amendments were agreed to.

The amendments were ordered to be engrossed and the joint resolution to be read a third time.

The joint resolution was read the third time and passed.

#### BILLS PASSED OVER

The bill (S. 861) to provide for the control of noxious plants on land under the control of the Federal Government was announced as next in order.

Mr. KEATING. Mr. President, let the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 662) to amend section 8(b) of the Soil Conservation and Domestic Allotment Act to provide for administration of farm programs by democratically elected farmer committeemen was announced as next in order.

Mr. KEATING. Mr. President, let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H.R. 4938) to amend the Agricultural Adjustment Act of 1938 to extend for 2 years the definition of "peanuts" which is now in effect was announced as next in order.

Mr. KEATING. Mr. President, certain amendments to that bill have been submitted.

Mr. ERVIN. Mr. President, I object to the present consideration of the bill, and particularly the amendments.

Mr. KEATING. I felt sure there would be objection. I believe, in all fairness, that it is not proper business for transaction upon the call of the calendar.

The PRESIDING OFFICER. The bill will be passed over.

#### EXEMPTION OF PRODUCTION OF DURUM WHEAT IN CERTAIN AREAS IN CALIFORNIA FROM THE ACREAGE ALLOTMENT AND MARKETING QUOTA PROVISIONS

The Senate proceeded to consider the bill (S. 623) to exempt the production of Durum wheat in the Tulalake area, Modoc and Siskiyou Counties, Calif., from the acreage allotment and market-

ing quota provisions of the Agricultural Adjustment Act of 1938, as amended, which had been reported from the Committee on Agriculture and Forestry with an amendment, to strike out all after the enacting clause and insert:

That the first sentence of section 334(1) of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1334(1)), is amended by striking out "1958 and 1959" and inserting "1958 through 1961".

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to provide a 2-year extension of the existing provision for a minimum wheat acreage allotment in the Tulalake area of California."

#### DISTRIBUTION OF FUNDS TO CREEK TRIBE

The bill (S. 2339) to amend the law relating to the distribution of the funds of the Creek Tribe was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5 of the Act of August 1, 1955 (89 Stat. 431), is amended by changing "\$200,000" to "\$325,000".*

#### GRANTING OF MINERAL RIGHTS ON CERTAIN LANDS IN THE CROW INDIAN RESERVATION, MONT.

The Senate proceeded to consider the bill (S. 1715) to grant minerals, including oil and gas on certain lands in the Crow Indian Reservation, Mont., which had been reported from the Committee on Interior and Insular Affairs, with amendments, on page 2, line 22, after the word "devises", to insert "or successors in interest," and in line 23, after the word "leases", to strike out the comma and "regardless of any prior conveyance by such allottee, heirs, or devisees of the lands overlying such minerals and regardless of the form of reference in such conveyance, or lack of reference, to the minerals reserved by this Act and made subject to further order of Congress"; so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 6 of the Act of June 4, 1920 (41 Stat. 751), as amended by the Act of May 26, 1926 (44 Stat. 658), is hereby amended to read as follows:*

"Sec. 6. (a) Any and all minerals, including oil and gas, on any of the lands to be allotted hereunder are reserved for the benefit of the members of the tribe in common and may, with the consent of the tribal council, be leased for mining purposes in accordance with the provisions of the Act of May 11, 1938 (52 Stat. 347; 25 U.S.C. 396 A-f), under such rules, regulations, and conditions as the Secretary of the Interior may prescribe: *Provided, That when any land is leased for mining purposes and development thereunder shall indicate the presence of minerals, including oil and gas, in paying quantities, the lessee or lessees shall proceed with all reasonable diligence to complete the development under said lease to extract the mineral, including oil and gas, from the*



land leased and to bring the product mined or extracted into market as speedily as possible unless the extraction and sale thereof be withheld with the consent of the Crow Tribe of Indians: *Provided further*, That allotments hereunder may be made of lands classified as valuable chiefly for coal or other minerals which may be patented as herein provided with a reservation, set forth in the patent, of the coal, oil, gas, or other mineral deposits for the benefit of the Crow Tribe: *Provided, further*, That at the expiration of fifty years from the date of approval of this Act, unless otherwise ordered by Congress, the coal, oil, gas, or other mineral deposits upon or beneath the surface of said allotted lands shall become the property of the individual allottee or his heirs or devisees, or successors in interest, or their heirs or devisees, subject to any outstanding leases.

"(b) Title to the minerals so granted shall be held by the United States in trust for the Indian owners, except that if upon the expiration of said fifty years, the entire Indian interest in the minerals within any allotment or parcel thereof is granted by this Act to a person or persons who at that time hold an unrestricted title to the lands overlying such minerals, then the Secretary of the Interior shall by fee patent transfer to such person or persons the unrestricted fee simple title to such minerals, which title shall vest in such person or persons as of the date of the patent."

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### DISPOSITION OF AFFAIRS OF THE FIVE CIVILIZED TRIBES IN INDIAN TERRITORY

The bill (H.R. 2722) to supplement the act of April 26, 1906 (34 Stat. 137), entitled "An act to provide for the final disposition of the affairs of the Five Civilized Tribes in the Indian territory and for other purposes" was considered, ordered to a third reading, read the third time, and passed.

#### AMENDMENT OF THE KLAMATH TERMINATION ACT

The bill (S. 2421) to amend the Klamath Termination Act was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That in order to permit an immediate payment of the purchase price of the Klamath Marsh, the title to which was taken by the United States by the Act of August 23, 1958 (72 Stat. 816), and thereby make possible partial distribution of funds to the Klamath Indians who have elected to withdraw from the tribe, which will lessen the need for making interim loans to such Indians, subsection 28(f) of the Act of August 13, 1954, as amended (72 Stat. 816), is hereby amended by changing the effective date for the taking of title by the United States from April 1, 1961, to the earliest date after September 30, 1959, when the Secretary of the Interior determines that funds for the payment of the purchase price are available from the sale of stamps under the Migratory Bird Hunting Stamp Act of March 16, 1934, as amended (16 U.S.C. 718).

#### TRUST STATUS OF CERTAIN LANDS ON THE WIND RIVER INDIAN RESERVATION IN WYOMING

The bill (S. 1751) to place in trust status certain land on the Wind River Indian Reservation in Wyoming was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That all the right, title, and interest in and to the following described lands on the Wind River Reservation in Wyoming, shall hereafter be held by the United States in trust for the benefit of the Shoshone Tribe and the Arapahoe Tribe of the Wind River Indian Reservation in Wyoming:

##### LAND DESCRIPTION

Section 32, Township 5 North, Range 4 West, Wind River Meridian

Tract 1: Beginning at a point 553.8 feet south of the corner of sections 29, 30, 31, and 32; said point being corner numbered 1; thence south 106.2 feet to corner numbered 2 which is identical with the southwest corner of northwest quarter northwest quarter northwest quarter, section 32; thence east 200 feet to corner numbered 3; thence north 106.2 feet to corner numbered 4; thence west 200 feet to corner numbered 1 and place of beginning, comprising 0.487 acres.

Tract 2: Beginning at a point 118.2 feet south of the corner of sections 29, 30, 31, and 32; said point being corner numbered 1; thence south 435.6 feet to corner numbered 2; thence east 200 feet to corner numbered 3; thence north 435.6 feet to corner numbered 4; thence west 200 feet to point of beginning, or described as a 2-acre tract in the northwest quarter northwest quarter, section 32.

Tract 3: West half southwest quarter northwest quarter northwest quarter, section 32, comprising 5.0 acres.

#### TRUST STATUS OF CERTAIN LANDS IN THE STANDING ROCK SIOUX RESERVATION, NORTH AND SOUTH DAKOTA

The bill (S. 417) to place in trust status certain lands in the Standing Rock Sioux Reservation in North Dakota and South Dakota was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That all the right, title, and interest in and to the west half northeast quarter, section 23, township 130 north, range 80 west, fifth principal meridian, Sioux County, North Dakota, containing 80 acres, more or less, on the Standing Rock Sioux Reservation in North Dakota, purchased by the United States with funds derived from the "Indian Moneys, Proceeds of Labor, Standing Rock Boarding School" account, shall hereafter be held by the United States in trust for the benefit of the Standing Rock Sioux Tribe of North Dakota and South Dakota.

#### BILLS PASSED OVER

The bill (S. 2522) to provide for the enrichment and sanitary packaging of certain donated commodities and to establish experimental food stamp allotment programs was announced as next in order.

Mr. KEATING. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2524) relating to the power of the States to impose net income taxes on income derived from interstate commerce was announced as next in order.

Mr. KEATING. Mr. President, this bill is the pending business of the Senate. I ask that it go over.

The PRESIDING OFFICER. The bill will be passed over.

#### APPORTIONMENT OF COMPENSATION OF VETERANS WHO DISAPPEAR

The bill (H.R. 255) to amend section 358 of title 38, United States Code, to provide for apportionment of compensation of veterans who disappear was considered, ordered to a third reading, read the third time, and passed.

#### PRESUMPTION OF SERVICE CONNECTION OF MULTIPLE SCLEROSIS

The bill (H.R. 267) to amend title 35 of the United States Code to provide that multiple sclerosis developing a 10 percent or more degree of disability within 3 years after separation from active service shall be presumed to be service connected was announced as next in order.

Mr. WILLIAMS of New Jersey. Mr. President, I ask unanimous consent to have printed at this point in the Record a statement by me in support of H.R. 267.

There being no objection, the statement was ordered to be printed in the Record, as follows:

##### STATEMENT BY SENATOR WILLIAMS OF NEW JERSEY

H.R. 267 increases the presumptive period for service connection of multiple sclerosis developing a 10 percent of disability from 2 to 3 years. At the present time a veteran must detect this disease within 2 years after his discharge from the armed services if he is to qualify for any of the veterans' health benefits programs. It has long been noted that multiple sclerosis should not come under such a hard and fast rule because it is extremely hard to detect in its early stages. The reasoning behind this bill is sound and apparent to all. It is the product of several years of investigation and testimony by leading medical authorities so that I don't wish to burden the Senate with a longer analysis of the bill.

I would like to mention that this bill is an example of the general concern with multiple sclerosis itself. This disease is one of the most devastating we have to fight today. It strikes people in their prime, about 20 to 40 years old. It is multiple both in the sense that it attacks several areas of the body at once, and that it frequently returns after a period of improvement. It is sclerotic because it leaves scars at the nerve endings.

Nowhere in the United States is there a State populated entirely by victims of multiple sclerosis and related diseases. But there could well be. The number of such patients and their families in this country is believed to be larger than the population of 19 States. A city inhabited solely by these patients and their families would be about the fifth largest in the country—big-



ger than Detroit, Boston, St. Louis, or San Francisco.

The fight against multiple sclerosis is not far removed from the Halls of this Congress, because in 1950 the Congress established the National Institute of Neurological Diseases and Blindness. The Institute, together with the Public Health Service and the National Multiple Sclerosis Society are currently waging a broad fight against this dreaded disease. The fight being waged is not a speedy one, it has none of the flair of many of the other fights we see around us, but its outcome is crucial. The national society is sponsoring research projects and fellowships to continue the basic research which is fundamental for an eventual cure. We have made great progress in health in the last few decades, with the real possibility of the elimination of polio and other unconquerable diseases. I am confident that with continued public support we will be able to meet the challenge of the countless people who are stricken with multiple sclerosis.

**THE PRESIDING OFFICER.** Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

The Senate proceeded to consider the bill (H.R. 271) to amend title 38 of the United States Code to provide a further period for presuming service connection in the case of veterans suffering from Hansen's disease (leprosy), which had been reported from the Committee on Finance, with an amendment, in line 7, after the word "within", to strike out "five" and insert "three."

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

#### BILL PASSED OVER

The bill (S. 2282) to amend the act of July 17, 1952, was announced as next in order.

**MR. KEATING.** Over by request.

**THE PRESIDING OFFICER.** The bill will be passed over.

#### FORFEITURE OF BENEFITS UNDER LAWS ADMINISTERED BY THE VETERANS' ADMINISTRATION

The Senate proceeded to consider the bill (H.R. 7106) to amend title 38, United States Code, with respect to forfeiture of benefits under laws administered by the Veterans' Administration, which had been reported from the Committee on Finance, with an amendment to strike out all after the enacting clause and insert:

"That section 3503 of title 38, United States Code, is amended by adding at the end thereof the following new subsections:

"(d) After the date of enactment of this subsection, no forfeiture of benefits may be imposed under this section or section 3504 of this title upon any individual who was a resident of, or domiciled in, a State at the time the act or acts occurred on account of which benefits would, but for this subsection, be forfeited unless such individual ceases to be a resident of, or domiciled in, a State before the expiration of the period during which criminal prosecution could be instituted. This subsection shall not apply

with respect to (a), any forfeiture occurring before the date of enactment of this subsection, or (b) an act or acts which occurred in the Philippine Islands prior to July 4, 1946.

"(e) No apportionment award under subsection (b) of this section shall be made in any case after the date of enactment of this subsection."

**SEC. 2.** Section 3504 of title 38, United States Code, is amended by adding at the end thereof the following new subsection:

"(c) In the case of any forfeiture under this section there shall be no authority after the date of enactment of this subsection (1) to make an apportionment award pursuant to subsection (b) or (2) to make an award to any person of gratuitous benefits based on any period of military, naval, or air service commencing before the date of commission of the offense."

**SEC. 3.** (a) Chapter 61 of title 38, United States Code, is amended by adding at the end thereof the following:

"§ 3505. Forfeiture for subversive activities

"(a) Any individual who is convicted after the date of enactment of this section of any offense listed in subsection (b) of this section shall, from and after the date of commission of such offense, have no right to gratuitous benefits under laws administered by the Veterans' Administration based on periods of military, naval, or air service commencing before the date of the commission of such offense and no other person shall be entitled to such benefits on account of such individual. After receipt of notice of the return of an indictment for such an offense the Veterans' Administration shall suspend payment of such gratuitous benefits pending disposition of the criminal proceedings. If any individual whose right to benefits has been terminated pursuant to this section is granted a pardon of the offense by the President of the United States, the right to such benefits shall be restored as of the date of such pardon.

"(b) The offenses referred to in subsection (a) of this section are those offenses for which punishment is prescribed (1) in the following provisions of title 18, United States Code: sections 792, 793, 794, 798, 2381, 2382, 2383, 2384, 2385, 2387, 2388, 2389, 2390, and chapter 105; (2) in the Uniform Code of Military Justice, articles 94, 104, and 106; (3) in the following sections of the Atomic Energy Act of 1954: sections 222, 223, 224, 225, and 226; and (4) in the following sections of the Internal Security Act of 1950: sections 4, 112, and 113.

"(c) The Attorney General shall notify the Administrator in each case in which an individual is indicted or convicted of an offense listed in clauses (1), (3), or (4) of subsection (b) of this section. The Secretary of Defense or the Secretary of the Treasury, as may be appropriate, shall notify the Administrator in each case in which an individual is convicted of an offense listed in clause (2) of subsection (b) of this section."

"(b) The table of sections for such chapter 61 is amended by adding at the end thereof the following:

"3505. Forfeiture for subversive activities."

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

#### BILL PASSED OVER

The bill (H.R. 2411) to amend paragraph 1629 of the Tariff Act of 1930 so as to provide for the free importation of tourist literature was announced as next in order.

**MR. ENGLE.** Over by request.

**THE PRESIDING OFFICER.** The bill will be passed over.

The bill (H.R. 2405) to amend section 101 of title 38, United States Code, to provide that a child shall be deemed to be the adopted child of a veteran where the child was a member of the veteran's household and is adopted by the spouse of the veteran within 2 years of the veteran's death, was considered, ordered to a third reading, read the third time, and passed.

#### SETTING ASIDE CERTAIN LANDS IN WASHINGTON FOR THE QUINAUT TRIBE OF INDIANS

The bill (H.R. 2188) to set aside certain lands in Washington for Indians of the Quinault Tribe was considered, ordered to a third reading, read the third time, and passed.

#### TITLE TO CERTAIN LAND IN TRUST FOR THE WHITE MOUNTAIN APACHE TRIBE, ARIZONA

The Senate proceeded to consider the bill (S. 2268) to declare that the United States holds title to certain land in trust for the White Mountain Apache Tribe, Arizona, which had been reported from the Committee on Interior and Insular Affairs, with an amendment, on page 1, line 11, after the word "Apache", to strike out "Tribe: *Provided*, That the lands and improvements being used for administrative purposes as of the date of the Act shall continue to be so used until such time as the Secretary of the Interior may determine that they are no longer needed for such purposes." and, in lieu thereof, to insert "Tribe, subject to the right of the Secretary of the Interior to us any part of the land and improvements for administrative or school purposes for as long as they are needed for that purpose.", so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That all right, title, and interest of the United States in and to the lands, together with the improvements thereon, included in the former Fort Apache Military Reservation, created by Executive order of February 1, 1877, and subsequently set aside by the Act of January 24, 1923 (42 Stat. 1187), as a site for the Theodore Roosevelt School, located within the boundaries of the Fort Apache Indian Reservation, Arizona, are hereby declared to be held by the United States in trust for the White Mountain Apache Tribe, subject to the right of the Secretary of the Interior to use any part of the land and improvements for administrative or school purposes for as long as they are needed for that purpose.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### TRANSFER OF CERTAIN FUNDS TO THE CREDIT OF THE UTE MOUNTAIN TRIBE OF THE UTE MOUNTAIN RESERVATION, COLO.

The Senate proceeded to consider the bill (S. 2435) to provide that certain funds in the Treasury of the United







Aug 20, 1959

12. LEGISLATIVE PROGRAM. Sen. Johnson announced that H. R. 8575, the military construction appropriation bill, will be considered today, Aug. 21.  
pp. 15137, 15167

HOUSE

13. FOREIGN TRADE; SURPLUS COMMODITIES. Passed, 305-53, with amendments H. R. 8609, to extend and amend Public Law 480. pp. 15184-220

Agreed to the following amendments:

- By Rep. McIntire, to make clear that a provision regarding labeling of donated commodities applies to donations abroad. p. 15198  
By Rep. Latta, providing that the Secretary shall encourage barter for materials processed in the U. S. if agricultural commodities to be bartered are exported to friendly countries. p. 15199  
By Rep. Sullivan, to include the language of H. R. 1359, the food stamp plan which had been reported as a separate bill by the Agriculture Committee, by a vote of 232 to 127. pp. 15198-213, 15218-9  
By Rep. Whitten, to make the availability of foreign currencies subject to appropriation action. p. 15213

Rejected the following amendments:

- By Rep. Keogh, to require that commodities be delivered directly to the export vessels at U. S. ports (so as to prevent certain use of the St. Lawrence Seaway), by a vote of 134-142. pp. 15184-98  
By Rep. Machrowicz, to exempt St. Lawrence Seaway shipments from the Keogh amendment (above), by a vote of 71 to 108. pp. 15186-98  
By Rep. Whitten, to reduce the authorization under title I from \$1,500,000,000 to \$1,250,000,000 in order to encourage more surplus commodities to be sold at world prices instead of being disposed of through Public Law 480. pp. 15213-5  
By Rep. Quie, to continue titles I and II for 2 years instead of 1, by a vote of 69 to 109. pp. 15216-7

14. HEALTH; PERSONNEL. The Post Office and Civil Service Committee reported with amendment S. 2162, to provide a health benefits program for Government employees (H. Rept. 957). p. 15252
15. HOGS. The Agriculture Committee voted to report (but did not actually report) with amendment H. R. 8394, to authorize the Secretary to make market incentive payments on lightweight hogs. p. D803
16. RECLAMATION. The Interior and Insular Affairs Committee voted to report (but did not actually report) with amendment H. R. 4279, to construct and maintain the lower Rio Grande rehabilitation project, Texas, LaFeria division; and without amendment H. R. 4952, to amend the act authorizing the Crooked River Federal reclamation project, Oregon, in order to increase the capacity of certain project features for future irrigation of additional lands. p. D803
17. HALL OF FAME. A subcommittee of the Judiciary Committee voted to report with amendment H. R. 5789, to incorporate the Agricultural Hall of Fame. p. D804
18. CLAIMS. Received from the Secretary of Commerce a letter transmitting a report of all claims paid by the Department of Commerce during fiscal year 1959, pursuant to the Federal Tort Claims Act; to Judiciary Committee. p. 15252



19. EXPORT CONTROL. Received from the Secretary of Commerce a letter transmitting the 48th Quarterly Report on Export Control; to Banking and Currency Committee. p. 15252
20. CENSUS. Rep. Porter discussed the taking of the census of the U. S. for 1960, urged that "every semblance of political influence" be removed from the project, and inserted extraneous matter on this subject including a newspaper item which named Don Quesinberry as the Secretary's choice for organizing the taking of the agriculture census in his county. pp. 15237-41
21. TEXTILES. Rep. Lane criticized the policy of reciprocal trade, discussed its effect on the textile industry, and inserted a speech <sup>by</sup> Rep. Dorn, S.C., on this subject. p. 15225-6
22. LEGISLATIVE PROGRAM. Rep. McCormack announced that the following bills will be considered on Monday: H. R. 1341, relating to safety standards for Government passenger-carrying motor vehicles; and H. Con. Res. 177, declaring the sense of Congress on the depressed domestic mining and mineral industries. pp. 15182-3, 15223
23. ADJOURNED until Mon., Aug. 24. p. 15252

ITEMS IN APPENDIX

24. PROPERTY. Extension of remarks of Sen. Wiley urging early consideration of the proposed bill which would provide that under certain conditions the Government would make payments to communities in lieu of the taxes that would normally have derived from Federal property in the area. p. A7190
25. TEXTILES. Rep. Hemphill inserted an editorial urging that imports of textiles be strictly controlled. pp. A7190-1
26. RECLAMATION. Sen. Engle inserted an editorial, "Reclamation Projects Yield Wide Variety of Essential Benefits." pp. A7192-3  
  
Extension of remarks of Rep. Edmondson expressing his approval of the funds provided for the general engineering studies of the Arkansas River and inserting an address by Gen. Whipple, Army Engineers, on this subject. pp. A7219-21
27. CONSERVATION. Extension of remarks of Rep. Stratton urging passage of the Youth Conservation Corps bill and stating that "no finer job could be performed by Congress than passing this legislation before we adjourn for this session." p. A7193
28. SURPLUS COMMODITIES. Extension of remarks of Sen. Humphrey stating that his office has received more than 11,000 communications in support of the proposed Great White Fleet, and inserting an editorial, "An Idea Worth Considering." p. A7196
29. LANDS; FORESTS. Rep. Berry inserted an editorial, "Operation Bootstrap for Indians," supporting the plan for Indian self-help. pp. A7201-2



There is the usual reservation that any further program will be announced later, and conference reports may be brought up at any time.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. ARENDS. I yield to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN of Michigan. Mr. Speaker, I would like to ask the gentleman from Massachusetts if on Monday next it will be possible for me to discuss two bills I have, one having to do with strikes in connection with public utilities and the other the monopolistic power of the unions in connection with next year's program.

Mr. McCORMACK. I would say that next Monday would be a very good day for special orders.

Mr. HOFFMAN of Michigan. You mean, no one else will want to talk?

Mr. McCORMACK. No; I would not say that. No; I do not want the RECORD to show that I agree to that statement. But, I have profound respect for my friend.

Mr. HOFFMAN of Michigan. Well, I thank the gentleman anyway.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. ARENDS. I yield to the gentleman from Iowa.

Mr. GROSS. So that we can be assured that the New England fishing fleet bill will not come up until Wednesday; is that correct?

Mr. McCORMACK. No; and I am hopeful my friend will support it.

Mr. GROSS. Well, that is a vain hope, I will say to the gentleman.

#### HOME RULE FOR THE DISTRICT OF COLUMBIA

(Mr. MULTER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. MULTER. Mr. Speaker, I have just placed upon the Clerk's desk and signed discharge petition No. 2, to bring before the House, House Resolution 339, introduced on August 10, 1959, by the distinguished gentleman from Maryland [Mr. FOLEY], which will make in order for consideration by the House his bill, H.R. 4633, to provide for the District of Columbia an appointed Governor and secretary and an elected legislative assembly and a nonvoting Delegate to the House of Representatives.

This is the most liberal discharge petition that has ever been placed upon the Clerk's desk. It provides for 2 days of general debate on the bill itself. It permits the Chairman of the District of Columbia Committee to offer a substitute and permits four hours of general debate on that substitute. It also permits the offering of a motion to recommit, with or without instructions.

This petition removes the cloud that was sought to be cast around discharge petition No. 1 by the opponents of home rule.

When they opposed the earlier rule, on the ground that it was too restrictive, I challenged them to come forth with any reasonable compromise that would bring

a home rule bill before the House for consideration. I believed then, and now know, that they would never offer any compromise but would continue to do everything within their power to obstruct House consideration of any home rule bill.

The proponents of home rule have now waited more than a reasonable length of time for any compromise to be offered. It has not been forthcoming.

We now demonstrate our good faith by calling for a very liberal rule.

Those who have attended the hearings before the Subcommittee on the District of Columbia must agree that the committee has no intention of reporting any kind of a home rule bill. Those who have talked to the chairman of our Rules Committee about the matter tell me that he has assured them that he has no intention of having his committee conduct a hearing on the rule or of reporting a rule.

Let me assure our colleagues, Mr. Speaker, that this discharge petition is in accordance with the rules of the House and in accordance with parliamentary procedure. This discharge petition is not an attempt to short circuit the regular procedure of the House nor it is an attempt to bypass the committees of the House. Those committees have amply demonstrated that they will prevent the House from working its will on home rule legislation. The only alternative left to Members of the House is to follow its rules and bring the matter before the House in this manner.

I urge all Members, regardless of how they will vote on final enactment of the home rule bill, to sign this petition so that the House can finally work its will in connection therewith.

#### LEAVE OF ABSENCE

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask unanimous consent that beginning at the close of business today I may have a leave of absence on account of, although not directly connected with, Government business.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

#### POLITICS AND INFLATION

(Mr. RAY asked and was given permission to extend his remarks at this point in the RECORD and to include an editorial.)

Mr. RAY. Mr. Speaker, I present for the attention of the House an editorial that appeared in this morning's issue of the New York Daily News entitled "Politics and Inflation." From all I can learn, the editorial presents an accurate analysis:

##### POLITICS AND INFLATION

The House Ways and Means Committee suddenly reversed itself Tuesday, and pigeonholed President Eisenhower's request for legislation enabling the Treasury to pay attractive interest on new Government bonds.

It seems the Democrats on the committee feared to split their party on the issue of

tight money v. loose money—the latter being supposedly a vote-getter for Democrats.

##### BOND PROPOSAL PUT ON SHELF

This was a proposal to let the Treasury fight inflation by converting a lot of short-term paper held by banks into long-term paper held by investors. The former is inflationary; the latter isn't.

All of which goes to show how some politicians put politics above the financial stability of the country and the soundness of the dollar.

#### CORRECTION OF THE RECORD

Mrs. DWYER. Mr. Speaker, on August 18, on quorum call No. 137, I am recorded as failing to answer. I was on the floor and answered to my name. Yesterday I attempted to correct this, and it was incorrectly reported in the RECORD to read "37" instead of "137."

The SPEAKER. Without objection, the permanent RECORD will be corrected accordingly.

There was no objection.

#### CALL OF THE HOUSE

Mr. HOFFMAN of Michigan. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 140]

Alford	Gray	Pillion
Aspinall	Hall	Powell
Baker	Halleck	Preston
Barr	Hardy	Reece, Tenn.
Becker	Hays	Rivers, S.C.
Blatnik	Horan	Rodino
Bolton	Jackson	Rooney
Bow	Johnson, Colo.	Rostenkowski
Bowles	Kilburn	Shelley
Boykin	Kilday	Shipley
Canfield	Kirwan	Simpson, Pa.
Cannon	Lipscomb	Steed
Cederberg	McSweeney	Taylor
Collier	Magnuson	Teague, Calif.
Colmer	Martin	Teague, Tex.
Cramer	Mason	Teller
Dague	Morrow	Thomas
Dawson	Michel	Thompson, La.
Dollinger	Miller, N.Y.	Thompson, N.J.
Dooley	Minshall	Udall
Eniott	Monagan	Van Pelt
Evins	Morgan	Wainwright
Farbstein	Morrison	Wampler
Fascel	O'Brien, N.Y.	Wharton
Feighan	O'Neill	Williams
Fisher	Osmer	Winstead
Fogarty	Pilcher	Wolf

The SPEAKER. On this rollcall 353 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

#### ROLLCALLS ON MONDAY AND TUESDAY OF NEXT WEEK POSTPONED UNTIL WEDNESDAY OF NEXT WEEK

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that in the event of any rollcall being demanded on Monday or Tuesday of next week, with the exception of rollcalls on rules, further



consideration of the bill or bills and roll-calls will be postponed until Wednesday of next week.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

#### CORRECTION OF ROLL CALL

Mr. FOUNTAIN. Mr. Speaker, on rollcall No. 137 I was recorded as being absent. I was present and answered to my name, and I ask unanimous consent that the RECORD be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

#### ANNOUNCEMENT

Mr. FOUNTAIN. Mr. Speaker, on rollcall No. 117 on July 27 on the passage of the bill (H.R. 7072), to provide for the participation of the United States in the Inter-American Development Bank, I was on official leave of absence. Had I been present and voting I would have voted "yea."

#### CLARIFYING TYPES OF ARRESTMENT PROHIBITED WITH RESPECT TO WAGES OF U.S. SEAMEN

Mr. BONNER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (S. 1958) to amend title 46, United States Code, section 601, to clarify types of arrestment prohibited with respect to wages of U.S. seamen, with House amendment thereto, and agree to the conference requested by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina? [After a pause.] The Chair hears none and appoints the following conferees: MESSRS. BONNER, GEORGE P. MILLER, ZELENSKO, TOLLEFSON, and RAY.

#### EXTENSION AND AMENDMENT OF PUBLIC LAW 480

Mr. COOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 8609) to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 8609, with Mr. BOLLING in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday there was pending the amendment offered by the gentleman from New York [Mr. KEOGH].

Without objection, the Clerk will re-

port the amendment offered by the gentleman from New York.

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. KEOGH: On page 8, following line 23, insert a new section 14 reading as follows, and renumber succeeding sections to conform:

"SEC. 14. Such Act is further amended by adding at the end of title III the following new section:

"SEC. 306. Shipments of surplus agricultural commodities destined to foreign countries, exported under titles I, II, or III of this Act, shall be delivered directly to the export vessel at a United States port. For the purpose of this section "export vessel" shall mean the ocean vessel transporting the surplus agricultural commodities from the United States port of landing to foreign port of discharge."

Mr. POAGE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it is my hope to make it plain that this amendment is not a committee amendment. This amendment is not directly a part of the legislation that is before you. The legislation before you does involve however the shipment of substantial quantities of agricultural commodities.

Mr. KEOGH. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from New York.

Mr. KEOGH. Your opening remarks, I trust, were not predicated on any representation by me or anyone else that this was a committee amendment?

Mr. POAGE. No. And I want to make it plain that I am for the amendment. I want the gentleman from New York to understand that I am for the amendment, not as a member of the Committee on Agriculture, but as a Member of the Congress charged with the responsibility of trying to do substantial justice to all sections of our country. This amendment simply seeks to see that all sections of the country are treated equitably.

Mr. Chairman, I want to make it clear that my reason for rising is to try to explain that this is not being done to help any agricultural product. It has no bearing upon agricultural products as such except as to the cost that is involved on the part of the United States of America. The taxpayers pay the bill.

We want to see every section treated fairly. There were those yesterday who said, "Why, you don't want the Great Lakes to carry their share of the shipping." I want the Great Lakes to ship anything in the world they can. I want the Great Lakes, I want the Pacific coast, I want the gulf coast and the Atlantic coast to ship anything in the world they can. I want these commodities to move just as cheaply as they can, because by doing so we save the taxpayers of America extra cost. But, I want the cost to be equitably spread between each section of this country.

Now, we have on the books, and our committee is not seeking to take it off, what is known as the 50-50 shipping clause. Fifty percent of all the commodities that are bought by the Government must be shipped in American bottoms.

The Congress passed that law some years ago. It adds tremendously to the cost, but we did it with the idea that we were benefiting an American industry, one which America needed. We did it to subsidize American shipping, because we think we need American shipping. But, it costs the taxpayers that much more money, there is no getting around that. It cost two to three times as much to ship in American bottoms as it cost to ship in some foreign tramp ship. Some of those ships are now going into the Great Lakes. There are no American ships going into the Great Lakes to load out with wheat or other agricultural products, moving them to destination at a European port. It is the foreign ships that are moving that grain.

It is also insisted that we should not only allow the foreign ships to move out of the Great Lakes, but that we should ship down to Montreal, either by rail or by lake steamer or by oxcart or any way you want, to Montreal; and then reload the grain on a ship which may or may not have ever been in the Great Lakes. This ship would probably be a foreign ship. There is no substantial American shipping in Montreal. Practically all of the ships going into Montreal are of foreign registry. If this grain, which is the primary thing that is involved, is all shipped out of Montreal or from the lake ports, it is practically all going to be shipped in foreign bottoms. About one-half of the grain of the United States might be expected to move through the Great Lakes. I have not any objection at all to its so moving. I want it to move through the Great Lakes if that is the cheapest way of moving it and complying with the 50-50 Shipping Act. But, if they are going to move half of the grain moving from the United States in foreign bottoms through the Great Lakes, that means that every other bushel that moves from an Atlantic port, a gulf port or a Pacific port has got to move in American bottoms.

The CHAIRMAN. The time of the gentleman from Texas [Mr. POAGE] has expired.

(Mr. POAGE asked and was given permission to proceed for 2 additional minutes.)

Mr. POAGE. Let me repeat. If half of the grain of the United States moves through the Great Lakes in foreign bottoms, every other bushel that moves from an Atlantic port, a gulf port, or a Pacific port has got to move in American bottoms. That is the only way you can apply the 50-50 clause. That means that shipping through Atlantic ports, through Pacific ports and gulf ports is going to cost 2½ to 3 times what it is going to cost through the Great Lakes. This is true because the shipment through the Great Lakes will be in foreign ships while that through the other ports will of necessity all be in American ships.

Are you willing to put the burden of this extra cost on the Atlantic, Pacific, and gulf ports, and give to the Great Lakes ports the right to ship at a greatly subsidized rate, at a rate merely a fraction of what those of us who are shipping



under the American flag will have to pay? And yet, unless you vote for this amendment, unless you require American inspection in American ports and not in foreign ports, you are going to establish a foreign merchant marine controlling the Great Lakes and to establish a foreign port that will actually be the terminal of Great Lakes shipping. Your Great Lakes shipping is going to be 100 percent foreign shipping unless you adopt the Keogh amendment.

Mr. ANFUSO. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman.

Mr. ANFUSO. Mr. Chairman, the gentleman from Texas is making a great deal of sense in what he is saying. Is it not a fact that American taxpayers are paying for this program and, if so, why shouldn't these shipments be made through American ports?

Mr. POAGE. I think the people of the Great Lakes are fair enough that they should be willing, and I think they will be willing, to agree that at least half of all the lake shipping should be in American bottoms. But if you do not adopt this amendment it is all going to be foreign shipping.

Mr. Chairman, I ask the Representatives of the Great Lakes ports, Are you willing to agree to an amendment which would require 50 percent of all of this shipping through the lake ports to move on American ships?

Mr. McGOVERN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman who just spoke [Mr. POAGE] is a great American but what he proposes is not in the interest of a greater America. The pending amendment, offered by the gentleman from New York [Mr. KEOGH], in spite of all the protestations we have just heard, is nothing more nor less than a thinly veiled effort to reopen the battle of the St. Lawrence Seaway, a battle that we thought had been won several years ago.

The gentleman proposing this amendment, while cloaking their efforts in Fourth of July oratory, are actually trying to prevent grains grown by midwestern farmers from moving over the most economical routes.

It is common knowledge that large oceangoing vessels cannot move in the St. Lawrence Seaway when fully loaded with grain. This means that any restriction on the shipment of grains to Montreal to be used for topping off partially loaded ships before they cross the ocean is the same as closing off the seaway to the movement of midwestern grains.

This is analagous to a proposal by horse-and-buggy advocates that no one be allowed to ride in an automobile unless it is pulled by a horse—in this case a horse draped with the Stars and Stripes.

At House hearings on this matter before the distinguished Committee on Merchant Marine and Fisheries it was made perfectly clear that sectional economic forces are at work to hamstring the use of the St. Lawrence Seaway as a natural commercial waterway for grain and other midwestern commodities in

order to force use of southern and eastern port facilities regardless of the cost to the American people.

Last week the Nation was treated to the spectacle of a smooth-working political coalition that cut across party lines on the fundamental issue of labor-management relations.

Today we have a new kind of coalition, a marriage of convenience between the port of New York and the port of New Orleans.

A rate study by the Department of Agriculture completed in April of this year shows that grain moving over the St. Lawrence Seaway from 17 States to Rotterdam is shipped at an average of 17 cents per bushel less than by other shipping routes.

Surely the gentleman from eastern and southern ports do not want the people of the United States paying them a toll of 17 cents a bushel merely to fatten the bank accounts of a few shipping corporations.

And this after the American taxpayers have paid out half a billion dollars to build the seaway so that we could avoid these needless shipping charges.

Mr. Chairman, there is another important aspect of this matter that should not be overlooked. We are engaged in an intense trade competition with the grain producers of Canada. They have a number of advantages in any such trade competition, some of which have been made possible by aggressive assistance to Canadian producers on the part of their government.

Why should we hand Canadian producers an additional competitive advantage by permitting them to use the St. Lawrence Seaway with the resulting savings to their shippers and deny the same advantage to our own businessmen and farmers?

When we lose the opportunity to move grain into foreign markets at 17 cents per bushel less than it would cost us through other shipping routes, we yield a price advantage to Canadian producers and shippers that will be of tremendous consequence. I cannot believe that our friends from New York and other shipping points would really want to place the American farmer and the American shipper at such a severe competitive disadvantage with Canadian exporters.

I urge the defeat of this amendment because it is antiagriculture, antibusiness and antifree enterprise.

Mr. SHORT. Mr. Chairman, I move to strike out the last word.

(Mr. SHORT asked and was given permission to revise and extend his remarks.)

Mr. SHORT. Mr. Chairman, before emotions become too aroused on this bill, I would like to take a few minutes of your time to try to clarify as well as I am able to the mechanics of this St. Lawrence Seaway grain transportation operation so that you will understand a little better what the problems are that are involved here. I want to say also as a Representative from the State of North Dakota, as my colleague, the gentleman from South Dakota pointed out, that this seaway can provide a savings of as much as 17 cents on every bushel

of wheat transported through that facility.

Now that the St. Lawrence Seaway has begun operation and been dedicated to the benefits of the United States as well as Canada, it would be folly to try to erode away the benefits to our country by not permitting shipments of surplus agricultural commodities under U.S. Government programs to fully utilize its facilities.

A brief examination of some of the problems in initiating use of these new facilities for our farm products will be helpful in understanding the problem.

Shipment of our farm products out of other U.S. areas and ports, particularly those moving under Government programs, are often subject to controls over quality through inspection regulations. This entails certain problems when the shipments are through the St. Lawrence Seaway.

The route from the head of the Great Lakes through the new seaway cannot handle full loads on oceangoing vessels. If it could, the inspection problems would not be great. A full cargo could be loaded at a lake port, inspection made, and a certification of grade issued without any change in the content of the load through the seaway and on to the foreign port of final destination where the grain is unloaded.

It is not so simple as that, however, because full ocean cargo loads cannot move through the entire route. The 27-foot channel does not permit a full load. Instead of a full ocean cargo of, say, 10,000 tons, the loading at lake ports for seaway shipping is limited to smaller cargoes, possibly around 6,000 tons. Of course, it would not be practical to run vessels as a rule to foreign ports of destination with only 60 percent of normal loads. Under present conditions an oceangoing vessel can take advantage of as much of a load as the lake route will permit and, further along the seaway, beyond where there are no channel limitations fill the remaining capacity with U.S. grain stored at another point. At that part of the seaway, however, the port is a Canadian port.

This practice of completing a load or "topping off" is made possible by putting the U.S. grain in storage at the Canadian port after hauling it through the part of the seaway route where fully loaded oceangoing vessels cannot be handled. The Canadian officials cooperate in preserving the identity of the U.S. grain when it is unloaded and stored in the Canadian port.

At the time the grain is moved out of the U.S. port in the Great Lakes, the grain is inspected and graded and U.S. inspection certificates are issued on it. It is not practical to obtain separate space for each such inspected shipment to preserve its identity. Furthermore, all the steps in the transshipment and storage operation could result in a material change in quality. In that event, the original certificate of inspection would not actually represent the quality finally loaded for ocean shipment.

The Canadian Government, of course, does not want the responsibility for designating or controlling quality of U.S.



grain. On the other hand, the United States feels that preservation of the integrity of quality certification on grain exported is most necessary in maintaining our competitive position in the foreign grain markets of the world. With the world competition so keen, buyers for foreign areas will obtain their requirements from other exporting countries, including Canada, if they are unable to obtain U.S. grain with assurance as to quality through inspection certificates. On cash sales, therefore, the United States has no choice but to meet the competition by requiring and furnishing inspection of U.S. grain that will be stored in Canadian ports along the seaway and will be used to top off outgoing vessels.

The shipments under the barter program of the Commodity Credit Corporation obviously have to be kept on a competitive basis, and those sales made for foreign currencies under title I of Public Law 480 move all the way through the commercial stream and, therefore, must be competitive or change the entire program. There is no good reason why any other Government programs should be required to pay an additional penalty or subsidy for failing to make use of more efficient transportation facilities. Shipments financed with foreign aid funds by the International Cooperation Administration should not be separated out and treated preferentially like cash dollar sales. The commercial movements through barter and foreign currency sales should not be penalized with increased costs by refusing their use of the new beneficial St. Lawrence Seaway facilities.

Mr. Chairman, my State of North Dakota has a great potential benefit from the St. Lawrence Seaway. We have been told that our wheatgrowers will receive a benefit of as much as 10 to 12 cents per bushel on wheat exported from our State to foreign countries. I do not think we should be denied this benefit from a facility that has been built and is now in operation.

I certainly hope that this amendment will be defeated.

Mr. MACHROWICZ. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. MACHROWICZ to the amendment offered by Mr. KEOGH: Add the following: "Provided, however, That the provisions of this section shall not apply to shipments of surplus agricultural commodities originating in American ports and shipped through the St. Lawrence Waterway."

Mr. MACHROWICZ. Mr. Chairman, I offer this amendment in all sincerity, particularly after the very persuasive argument of my very genial friend from New York [Mr. KEOGH], who assured us yesterday that the last thing he desires is to do anything to injure the ports of the Great Lakes, and particularly also after the argument of the gentleman from Texas, a member of the committee [Mr. POAGE], today, who said it was his desire that all ports throughout all sections of the country have equal access

to the transportation of these agricultural commodities.

Mr. Chairman, as it has already been said several times, several years ago we completed the Thirty Years' War on the St. Lawrence Seaway; many, many years before that we completed the War Between the States. I thought both those wars were over and forgotten, but evidently they are to be resurrected again today.

I have followed the leadership of my friend from New York for the 10 years of my service here with one notable exception, the Great Lakes-St. Lawrence Seaway. I would like to follow him again today. If he is sincere in his statement that he has no desire to injure the ports of the Great Lakes, and if the member of the Agriculture Committee, the gentleman from Texas [Mr. POAGE], is sincere in his desire that the ports of the Great Lakes be not injured, then certainly they will rise hastily to accept my amendment, and I will be very glad then to support the Keogh amendment.

Seriously, Mr. Chairman, all of us know that if the Keogh amendment as it now stands were to be adopted it would be to the advantage of the other ports and add 17 cents per bushel to the cost of transportation of these surplus grains. I do not think anyone wants that. I think the gentleman from Texas was right, that this amendment has nothing to do with the bill we are discussing. I agree with him 100 percent. It is an issue which has been brought to bear which has nothing to do with the original matter we had before us and was intended only to start another sectional battle between the States. I might say in passing that I deplore statements made by anyone that one side is pro-American and the other anti-American; this is strictly an interstate battle.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. MACHROWICZ. I yield.

Mr. SHORT. Would the gentleman's amendment permit ships to be topped off by grain hauled to Montreal by truck or train?

Mr. MACHROWICZ. No; it refers only to shipments made through the St. Lawrence waterway by ship.

Mr. SHORT. So all the grain would have to originate in American ports?

Mr. MACHROWICZ. Yes.

Mr. Chairman, if all these proponents of the Keogh amendment are sincere, and if they really mean they do not wish to do any harm to the Great Lakes ports, I sincerely hope they will support my amendment.

Mr. BREEDING. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I wish to voice my opposition to the proposed amendment.

It is my belief that adoption of the amendment would seriously injure efforts now being made to increase the exports of wheat. The effect of the amendment would be to force the exporter to forego use of the St. Lawrence Seaway and ship

wheat grown in Kansas and other Midwestern States to ports on the Atlantic or gulf coasts for loading onto ocean-going vessels.

There is no doubt that if the amendment prevails the cost of shipping wheat from my area will be increased substantially. The St. Lawrence Seaway is the natural outlet for this wheat. The artificial barriers which this amendment proposes to erect will force the wheat to travel long distances before it can be shipped by water.

The amendment would completely disrupt normal shipping procedures on the St. Lawrence Seaway. For example, a vessel is now loaded at an American Great Lakes port. It proceeds through the seaway to a point on the St. Lawrence River where a deep sea channel is available. Then the vessel is topped off by loading more wheat, enabling the vessel to carry its full cargo.

Under the amendment, this topping off process—which, incidentally, uses American-produced wheat—would be stopped. Great Lakes vessels could not carry a full load. They would have to increase their rates for carrying wheat.

This amendment poses a threat to the future of the St. Lawrence Seaway. It seeks to stop the natural flow of traffic to the seaway. Members of this House who worked so long for the development of the seaway should be alert to this danger. If artificial barriers to the free movement of traffic to the seaway are approved in this one instance, then similar steps can be taken on other commodities. The real danger is that the St. Lawrence Seaway will be legislated out of enjoying full benefit of greatly increased traffic which was envisioned at the time of its approval.

The adoption of the amendment would not result in the increased use of American ships to export wheat under the Public Law 480 program. U.S. vessels use the St. Lawrence Seaway and they would be affected the same as foreign flag ships. The law already requires that at least 50 percent of all shipments be made in U.S. vessels.

The net effect of the amendment would be to make the use of the St. Lawrence Seaway for shipping wheat uneconomical. We would force shippers to use long hauls, thereby adding to the cost of wheat shipped overseas.

We would be hurting the efforts of the Kansas Wheat Commission, the growers and other producer-supported groups, who have been working long and hard to increase the export of wheat.

We would be erecting artificial barriers to penalize the St. Lawrence Seaway ports and to help ports in other areas.

The amendment is not needed. I hope it is defeated.

Mr. REUSS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I oppose the Keogh amendment, because in effect it tells the people of the Great Lakes region now that the St. Lawrence Seaway has been built, you cannot use it.



It reminds me of an old nursery rhyme, with some additions:

Mother, may I go in to swim?  
Yes, my darling daughter;  
Hang your clothes on a hickory limb  
But don't go near the water.

Mother, may I have a boat?  
Yes, my darling daughter;  
You may have a seaway, too,  
But don't go near the water.

Mother, may I ship some wheat?  
Yes, my darling daughter;  
Let the farmers fill your bins,  
But don't go near the water.

Mother, can't I use my boat?  
No, my darling daughter;  
You're not from the South or East  
And so you hadn't oughter.

Mr. LEVERING. Mr. Chairman, I rise in opposition to the pending amendments.

(Mr. LEVERING asked and was given permission to revise and extend his remarks.)

Mr. LEVERING. Mr. Chairman, with the advent of the St. Lawrence Seaway we saw the creation of the eighth sea of the world and our fourth seacoast, giving to the farmers, manufacturers, workers, and everyone living in this great area of the Middle West the golden opportunities for which enlightened citizens of America and our loyal and trusted friends of Canada have prayed and planned for hundreds of years. Through many decades, the advisability of U.S. participation in the construction and operation of the St. Lawrence Seaway was debated on the floor of the House, and in the U.S. Senate. During all the years of that debate, certain shipping interests in this country strove with might and main to prevent U.S. participation in this great undertaking.

Yet, as the country grew and as the mighty industries west of the Allegheny Mountains expanded, it became more and more evident that the St. Lawrence Seaway was absolutely necessary to the full economic development of our country. It probably was not fatal to our economic development that it was delayed, but it would have been fatal to have delayed the St. Lawrence Seaway much longer. In any case, the Congress finally voted full participation in the St. Lawrence Seaway, and, indeed, only a few weeks ago, President Eisenhower and Queen Elizabeth II of the British Commonwealth of Nations, in impressive ceremonies, dedicated the seaway to the cause of mankind. At that time it was believed this inaugurated a new economic era in the history of America.

Today, in a backdoor approach, or something similar to the Trojan horse techniques of another era, the remnants of the opposition to the St. Lawrence Seaway are rallying around this amendment to the Public Law 480, which makes possible our "food for peace" program, so vital to our farmers and so vital to the cause of peace. This amendment, if adopted, would strike a crippling blow at the use of the St. Lawrence Seaway. Of course, it wouldn't be a fatal blow. The seaway is well accepted and its usefulness is too apparent for anyone to think that he

ever could destroy it now. It is there, and it is being used. It ought to be utilized to the fullest.

If this amendment were adopted, it would restrict the movement of surplus agricultural products over the seaway, by making it impossible for them to go through ports on the seaway itself. Thus it would be a hampering factor—and, in my judgment, a wholly unnecessary move. Certainly, it would cause greater expense to the taxpayer, who already is burdened with costs involved in Government procurement and transport due to antiquated methods of shipping in some instances and restrictive laws in others.

This is not the time to add more expense to transporting of these vital agricultural products. This amendment, if adopted, certainly would add such costs to the already-harassed taxpayer.

But Mr. Speaker, there is another vital factor involved in our consideration of this amendment. It is the friendship of our great neighbor to the north, the Dominion of Canada. There is no question in my mind but that, in spite of more than 100 years of close and peaceful relations with Canada, our Canada-United States relations have deteriorated in the past several years. This is due to economic factors over which none of us have control, perhaps, but some of it is due to diplomatic factors, in my judgment, and to trade policies. Rather than straining our relations further with our northern neighbor, I deeply believe that in this time of tension, we should build toward greater solidarity with this wonderful country.

We should learn, as a Government and as a people, that everything we do, in relation to shipping and to our activities which impinge upon other countries, is important in building friendship, and, of course, is a factor in a just and lasting peace, or survival itself in case peace is not possible with some of our enemies in the world. Certainly, it is no time for us to offend one of our most loyal friends and our closest neighbor.

Who would be helped by adoption of this amendment? A few shipping interests involved in shipping into and out of the gulf coast and east coast ports. They may be numbered in the hundreds, at the most. But who would be hurt by the adoption of this amendment?

First, the taxpayer would be hurt, because the Government would find it more costly to ship these commodities in abiding by the terms of this amendment.

Second, the farmer would be hurt. Anything that increases the cost of shipping these commodities can jeopardize the program itself, which is so vital to our farmers these days.

Third, the people of the lands across the seas, who need this food, would be hurt.

Fourth, the Canadian ports through which this foodstuff is shipped, would be hurt.

Fifth, the St. Lawrence Seaway would be hurt. It is a self-liquidating project and if it does not obtain enough business, it will be more costly to all concerned in its financing in the long run.

Sixth, our relations with our great, friendly ally to the north would be damaged.

I believe, Mr. Chairman, that these six reasons are valid and sound reasons why I must vote against the amendment and why I can, in good justice and honesty, urge my colleagues to reject it overwhelmingly in the interests of not only the people of the middle United States but of the whole Nation.

Mr. KEARNS. Mr. Chairman, will the gentleman yield?

Mr. LEVERING. I yield to the gentleman from Pennsylvania.

Mr. KEARNS. I want to join with my neighbor from Ohio, having the great port of Erie in my district, and tell him I support him most heartily in his position with reference to this amendment.

Mr. BOGGS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I should like to direct an inquiry to the chairman of the committee. We have written into the law over a period of time the so-called 50-50 rule whereby at least 50 percent of these cargoes must move in American bottoms. The justification for that rule has been that it is the policy of our Government—and I think a sound policy—to encourage an American merchant marine. These are public cargoes owned by the taxpayers of the United States.

Now, would the effect of failure to adopt the Keogh amendment be that the non-50-50 cargoes would move through the Great Lakes and the others would move through the other ports?

Mr. COOLEY. I think, as was pointed out by the gentleman from Texas [Mr. POAGE], the natural result would be that the foreign ships would operate in the Great Lakes and the American ships would operate in the other ports of the country, the west coast, the east coast, and the gulf coast. In other words, if you ship a bushel of wheat out of Galveston or New Orleans, it is 50-50.

Mr. BOGGS. But that movement on the Great Lakes would be practically all on tramp ships.

Mr. COOLEY. That is what I understand.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from Illinois.

Mr. YATES. The St. Lawrence Seaway was just opened up to ships, so how can you make a statement like that?

Mr. COOLEY. We had information that foreign ships were loading 45,000 tons with American ships standing by wanting cargo which was not available.

Mr. YATES. Do you not think it would be well to let the seaway operate for a while before you make a statement like that?

Mr. BOGGS. I can well understand where any of us would be reluctant to adopt any language which would be discriminatory against any section of our country. And, I agree with the gentleman from Illinois that since we have built the St. Lawrence Seaway, we should give it a chance to succeed. But, I do not think we should discriminate against the American ports in favor of the Ca-



nadian ports. If the bill as now drawn, without the Keogh amendment, is to mean that Baltimore and New York and Philadelphia and Galveston and Houston and New Orleans and the other ports in that area get all of the high-priced shipping and the Great Lakes get all of the cheap shipping, that is discriminatory against us.

Mr. YATES. Mr. Chairman, will the gentleman yield further?

Mr. BOGGS. I yield.

Mr. YATES. May I point out to the gentleman from Louisiana that in our subcommittee of the Committee on Appropriations we have just authorized certain subsidized voyages for the St. Lawrence Seaway, for oceangoing vessels—1960 will be the first year—for regular trade routes of oceangoing vessels to the seacoast ports, but it is unfair to use the statistics we have been using and to draw the conclusion that you have been drawing before we give the seaway a chance to operate.

Mr. KEOGH. Mr. Chairman, will the gentleman yield further?

Mr. BOGGS. I yield.

Mr. KEOGH. Let me read this following quotation from the New York Times of July 25:

American-owned vessels are being squeezed out of Great Lakes grain market, the Lake Cargo Carriers Association said today. The total grain shipments in June climbed to 16 from 15, but only 29 of 247 cargoes were hauled by U.S. vessels. A total of 165 cargoes were moved by vessels of Canadian registry and 53 by foreign ships.

This, Mr. Chairman, is the Lake Cargo Carriers Association.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from Ohio.

Mr. ASHLEY. I would like to answer the gentleman from New York by saying that of course this was the report of the Lake Cargo Carriers Association, American lake carriers. However, the grain that was referred to there was privately owned grain. This had nothing to do with shipments under titles I, II, and III, which the gentleman's amendment refers to.

Mr. KEOGH. I do not agree with that statement.

Mr. BOGGS. I cannot yield any further.

The CHAIRMAN. The time of the gentleman from Louisiana has expired.

Mr. BOGGS. Mr. Chairman, I ask unanimous consent to proceed for 1 minute additional.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

Mr. KLUCZYNSKI. Mr. Chairman, I object.

Mr. BAILEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I was greatly surprised on yesterday listening to the debate to hear the gentleman from the State of Iowa [Mr. HOEVEN] say that this was an anti-American proposal, when he was referring to the Keogh amendment. I understand from the gentleman today that he has decided to remove that from the permanent RECORD. I was also great-

ly surprised listening to the debate later in the evening to hear the distinguished gentleman from Illinois [Mr. YATES] say that the Keogh amendment would be like tossing an atomic bomb into the St. Lawrence Seaway. And then, too, this morning the gentleman from South Dakota [Mr. McGOVERN] said that the proposal was wrapped up in an American flag, which is just more of this idea that when you are against something, you try to tag it as un-American instead of offering reasons why you are against it.

I would suggest to the gentleman from South Dakota [Mr. McGOVERN] that he might well give consideration to removing that kind of remark from his speech.

Mr. McGOVERN. Mr. Chairman, will the gentleman yield?

Mr. BAILEY. I yield.

Mr. McGOVERN. I want to make it clear, Mr. Chairman, that there was nothing in my remarks that questioned the Americanism of anyone. I think the gentleman would agree that it is entirely possible to say that a proposal is against the best interests of America without accusing the person advocating it of being an un-American individual.

Mr. BAILEY. But that is exactly what the gentleman is doing; he is implying that.

Mr. McGOVERN. Everything we discuss on this floor is evaluated in terms of the national interest, whether it is for the best interests of America or against the best interests of America. I do not doubt the Americanism of any Member of the Congress, but I do submit that the amendment before us is not in the best interest of America.

Mr. BAILEY. I think he should have a better argument than to tag it as un-American.

Mr. Chairman, let us remember, if you will, that I am the man who led the fight against the seaway some few years ago. At that time one of the major arguments against it was that it would be to the benefit of a group of foreign-owned tramp steamships. At that time I was offering as one of my reasons why the seaway should not be constructed, what it would do to ports like Boston, New York, Baltimore and other Atlantic and Gulf ports. I was not aware that as it appears today things would be in reverse in reference to shipments moving out of those ports. I was interested in trying to save those ports, save the business that was coming into this country through those ports, that we were diverting away from American shipping to tramp ships that come into the Great Lakes.

Mr. Chairman, let me remind you that the first ship that came through the Great Lakes was a Dutch tramp steamer and 40 percent of the cargo carried by that steamer was plate glass made in the city of Antwerp, Belgium.

What about American manufacturers of plate glass? What about the Pittsburgh Plate Glass Co. which has 16 plants from western Pennsylvania to Oklahoma? What is going to happen to them? Half of those plants will be closed within the next 3 years because they will not be able to meet the competition from Belgium, whose companies do not have to transship their shipments

of glass through the port of Baltimore or New York or Boston.

Mr. Chairman, we have lost our coal markets as a result of the seaway. Canada battled to get the lowest possible rate they could on shipments because of their heavy shipments of grain. They cut down the toll in the seaway.

One gentleman here acknowledged that the American Government had already invested half a billion dollars in the construction of the seaway. I was told when I opposed the seaway that the \$110 million that we voted, or authorized the issuance of bonds for, would be the total cost of American participation. Right now there is pending before the Army engineers a proposition to deepen the seaports of the Great Lakes, costing over half a billion dollars.

The CHAIRMAN. The time of the gentleman from West Virginia [Mr. BAILEY] has expired.

Mr. SPRINGER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I should like to direct a couple of questions, if I may, to the gentleman from New York [Mr. KEOGH] and the gentleman from Michigan [Mr. MACHROWICZ].

First, Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SPRINGER. Under the rules of the House, may the gentleman from New York [Mr. KEOGH] accept the amendment of the gentleman from Michigan [Mr. MACHROWICZ].

The CHAIRMAN (Mr. BOLLING). The amendment would have to be voted on.

Mr. SPRINGER. Let me ask this question, then, will the gentleman from New York state whether or not he would accept the amendment?

Mr. KEOGH. No; it is not possible in the form that the amendment has been offered to my amendment to accept it. I personally think the objective of the amendment is fine and is in consonance with the objective of the main amendment. But they are seeking here a specific exclusion of the waterway. We do not want it excluded. We do not want it debarred. We just want the natural, regular order to prevail and when the seaway is completed and when it is as good as the proponents have for 30 years been saying it would be, this amendment would actually protect the lake ports just as much as all the other ports of the country.

Mr. SPRINGER. May I ask the gentleman this question? In the meantime though, while the full implications have not been realized of the seaway as yet, will it not be the effect of your amendment standing alone as a practical matter to exclude lake ports from the benefits of this particular Public Law 480. That is, in fact, what it would do. It seems to me, now is the time, to accept the amendment offered by the gentleman from Michigan while the waterway is not able to achieve its full prospects of shipping from a port on the Great Lakes to any port in the world.

Mr. KEOGH. The gentleman is, in effect, asking me whether it is all right to move into a house before it is com-



pleted. I think it would depend entirely upon the situation. The St. Lawrence Seaway will be completed. Oceangoing vessels will reach Chicago and Duluth. Then they will be qualified to be protected by the objective of this amendment. This device that has been engaged in, under serious questionable legality, is a device which, in my opinion, will delay the completion of the seaway and will add the expense to the American taxpayers who are now paying the freight and would be a further subsidy not only to foreign-flag ships but to our fine, gracious, lovable, amiable and somewhat solvent neighbors to the north.

Mr. SPRINGER. May I say in reply, Mr. Chairman, that the Machrowicz amendment could have been a solution to this problem, giving the Great Lakes ports their chance now while they are not able to receive the deep draft ocean-going vessels and they would have the advantage of going ahead with this program without any roadblock. As it looks now, with the gentleman from New York not being willing to accept this amendment, his purpose seems to me to be clear to exclude at this time the chances of the cities on the Great Lakes to take advantage of shipping under the provisions of this act.

Mr. MACHROWICZ. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield.

Mr. MACHROWICZ. That is exactly the point I want to pinpoint through my amendment. The gentleman from New York says my amendment to the amendment seeks to exclude the Great Lakes from his amendment. Actually, what I am trying to do is to avoid exclusion of the Great Lakes ports from the benefits which should be available to all ports of the United States. To make clear what my amendment provides, it provides merely this. That the provisions of the Keogh amendment will not apply to any shipments originating in any American port and, of course, I have in mind the Great Lakes ports, and proceeding through the St. Lawrence waterway even though they have to reload at Montreal or elsewhere.

Mr. KLUCZYNSKI. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. KLUCZYNSKI moves that the Committee do now rise and report the bill to the House with the recommendation that the enacting clause be stricken out.

Mr. KLUCZYNSKI. Mr. Chairman, I am sorry I had to object to the extension of time of the gentleman from Louisiana. It hurt me to do that, and I know the gentleman understands my position. But it is necessary because of the limited time that the Members who are waiting to address the House be given the opportunity to do so. The motion will be made in a few minutes, to shut off debate. I am sorry I have to oppose my very good friend Mr. KEOGH of New York on this amendment.

Mr. KEOGH. Mr. Chairman, will the gentleman yield?

Mr. KLUCZYNSKI. No; I cannot yield.

Mr. KEOGH. I just want the gentleman to know there is nothing personal.

Mr. KLUCZYNSKI. Mr. Chairman, I decline to yield.

Mr. Chairman, it was only yesterday that this gentleman had given me 3 minutes of his valuable time. I have served in Congress 9 years. I, the son of a Polish immigrant sent to Congress, am proud of the honor to talk 3 minutes to the gentleman, a talented legislator from New York, EUGENE KEOGH. I appreciate his kindnesses to me. I hope this debate in opposition of his amendment will not be the cause of a loss of our friendship, but I hope to regain our mutual feelings in a month or so when I invite him as my guest, to the World Series in Chicago.

This amendment is aimed at the cities on the Great Lakes. The effect of this amendment would be to eliminate transshipment of export surplus agricultural commodities under this act in Canadian ports such as Montreal and Baie Comeau. It means, in effect, the United States and Canadian lake carriers could not take grain to eastern Canadian ports as a return cargo for iron ore brought back into the lakes.

As this is the most economical means of transportation for both grain and iron ore it will impose a penalty on the Great Lakes transportation system. It will have the additional effect of confining exports of surpluses under the act from Great Lakes ports to foreign-flag vessels and tramps.

I have supported Public Law 480 in the past, and I would like to support it now. But I am sorry to say that if the Keogh amendment which would harm lake carriers is adopted I will vote against H.R. 8609.

The amendment now being considered, Mr. Chairman, should be defeated.

Mr. THOMPSON of Texas. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, it is tragic that we have come to the frame of mind where every issue, large or small, is apt to stir up emotionalism and unnecessary heat. There is nothing whatever in the subject matter before us that should not be calmly considered and decided.

To say that anyone is trying to put the St. Lawrence Seaway out of business is, of course, perfectly absurd. That waterway is established and is on its way to becoming one of our important arteries of ocean traffic, and nothing that any of us in this Congress could do would affect it in the least.

The question before us in the Keogh amendment is simply whether American-owned surplus grain shall be handled at our expense through a foreign port. It is just as simple as that.

The Department of Agriculture proposes to transship surplus wheat through a foreign port at what is, in effect, a subsidy of that port. Involved in the subsidy is also the construction and the operation of grain handling facilities, some of which—possibly all of which—are American owned. In any event they would be built and developed and from the time they start operation, they will be in competition with American ports.

The question before you is whether you want to subsidize a foreign operation in that manner. If it is necessary to do so,

it has no business being made a part of the cost of handling American surpluses, which will ultimately be blamed one way or another on the American farmers.

I urge that the amendment be agreed to.

Mr. CASEY. Mr. Chairman, will the gentleman yield?

Mr. THOMPSON of Texas. I yield to the gentleman.

Mr. BOGGS. Mr. Chairman, will the gentleman yield for one observation?

Mr. CASEY. Yes; if the gentleman will make it short.

Mr. THOMPSON of Texas. I yield.

Mr. BOGGS. The point I tried to make but was not able to—incidentally, it was because of my yielding to opponents of the amendment that most of my time was taken up; unless we support the Keogh amendment the other ports will be discriminated against.

Mr. CASEY. That is right. I am a minor leaguer. I have not been here 9 years as has the gentleman from Chicago; I have been here only 9 months, but I will say to the gentleman that while I was one of the Members who wanted to introduce this amendment, yet knowing, as you do, the rules of seniority around here, I bowed to seniority, and the gentleman from New York took the ball.

I am glad the gentleman from Ohio pointed out a while ago about the amount of private grain that was carried in the month of June.

What are we talking about? We are talking about grain that every taxpayer of this country has money in. Some of it we are going to give away and even load it on the boats at Government expense.

What city is going to be the pearl of the St. Lawrence seaway? Is it going to be Chicago? I was up in Chicago in May and I took a boat and rode around your fine waterways, and I saw a model of your ambitious plans. They are fine and I think you are going to make a great success of them. Is it going to be Milwaukee? Is it going to be Duluth? Is it going to be Detroit? Is it going to be Cleveland? The fact is that Montreal is working very diligently to assume this role of leadership and control shipping on the waterway, and unless you vote for the Keogh amendment you are aiding Montreal in her ambitious plans.

It has been pointed out to you that the foreign-flag ships are taking the business away from the American-flag Great Lakes ships. I am sure that each of you is interested in the prosperity of the shipping companies that operate from your home ports on the Great Lakes. The foreign-flag ships and the foreign-grain operators have taken your shirt and your pants, and now you are fixing to give them your underwear.

I urge support of the amendment.

Mr. JOHNSON of Maryland. Mr. Chairman, will the gentleman yield?

Mr. THOMPSON of Texas. I yield.

Mr. JOHNSON of Maryland. Mr. Chairman, the Department of Agriculture has recently announced that beginning on September 1 of this year it will modify its long-established policy with respect to the shipment of surplus commodities under Public Law 480 and in-



licated that it would permit the exportation through Canadian ports of grain moving under this law.

It is quite obvious that the recent decision by the Department of Agriculture to honor subsidies on grain, under Public Law 480, moving through Canadian ports, and to provide an inspection service in Canadian ports to perform necessary inspection of such grain is detrimental to all the ports of the United States. I endorse the proposal to amend Public Law 480, to restrict movement of subsidized grain exclusively through U.S. ports. I believe it is not to the interests of the U.S. economy to use taxpayers' dollars to subsidize any grain movement through a foreign port when all the facilities required for such movement, such as transportation, labor, elevators, together with experienced personnel are now in existence and have been for many years, to handle such movement through U.S. ports.

The port of Baltimore and the railroads serving this port have witnessed over the years several actions, sponsored by our Government, that have diverted grain export business away from Baltimore. Now, the Department of Agriculture wants the subsidization of grain movement through Canada.

There is yet another ominous feature in the recent Department of Agriculture decision.

All initial grain inspections are now provided by federally licensed inspectors who are in the employ of individual State agencies or quasi-public trade organizations such as the Baltimore Chamber of Commerce. The Department of Agriculture examines, licenses, and provides overall supervision of these inspectors in the interest of maintaining a uniform inspection system throughout the country. The Department also provides a service wherein an inspector's grade may be appealed, should anyone feel his grain has been graded improperly. The Department has not been able to perform the function of maintenance of grain uniformity satisfactorily, due simply to the lack of qualified personnel within the Department. Yet, in a hasty decision, the Department has taken on the additional task of operating a full-fledged Canadian service, breaking all precedents, and this in the face of an offer by the Buffalo Corn Exchange to provide the service of initial inspections from their more than ample present staff.

I unequivocally support the amendment offered by the gentleman from New York [Mr. KEOGH].

(Mr. THOMPSON of Texas asked and was given permission to revise and extend his remarks.)

Mrs. CHURCH. Mr. Chairman, I move to strike out the last word.

Mr. WEAVER. Mr. Chairman, will the gentlewoman yield?

Mrs. CHURCH. Briefly. I have been waiting for recognition yesterday and today. Of course I will yield to the gentleman.

(Mr. WEAVER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. WEAVER. Mr. Chairman, I rise in opposition to the amendment offered by the distinguished gentleman from New York [Mr. KEOGH]. Frankly, Mr. Chairman, I was not surprised to see this amendment offered. I had known for more than a week that it was coming; indeed, I have known for several years that this type of discriminatory legislation was in the works.

Ever since the St. Lawrence Seaway started to emerge as a fact, some on the eastern and gulf seaboard of our great country have been trying to devise means to scuttle this worthy project. For a generation they have fought successfully to prevent it from becoming a reality. When that failed, they turned their attention to efforts to make the accomplished fact a useless thing.

I am not speaking today against the amendment only because I represent a farm area or a Midwest district. I am speaking, too, in behalf of the consumers of this country who will suffer and in behalf of the taxpayers of this nation who will suffer, too, if this amendment is adopted.

This amendment is being offered purely and simply as a sectional amendment to increase the prosperity of the great seaports of the eastern and gulf coasts. I do not oppose their prosperity, indeed, I am pleased that they are prospering. But I do not like to see the American taxpayer shell out from his pocket the increased transportation costs that this amendment would impose just to add to their prosperity. I do not like to see, in the future, higher transport costs to American consumers for goods raised or manufactured in the Middle West, because of the selfish attitude of some on the east coast. These results are inevitable if the amendment is passed.

Looking around me, Mr. Chairman, I see many Members of this House who have voted consistently—and for this I thank them—to improve the rivers and waterways of the middle continent. They have time and again supported such legislation on public works. In this they have shown a remarkable foresightedness. Now I see some of these same fine gentlemen who are ready to support the proposed amendment by the gentleman from New York, and I wonder to myself what has changed their position. Why do these same gentlemen support the proposals to build waterways feeding into the Great Lakes region, and then at the first opportunity support a measure that will make those same waterways useless and a series of white elephants which the American taxpayer can ill afford.

Also, Mr. Chairman, and this I do not mean to be critical, I find many who are supporting this amendment who, in the past have consistently and vigorously opposed farm legislation which contains any form of a subsidy to American agriculture. It is my hope that this present stand by some of my eastern and southern friends means a change of heart because, Mr. Chairman, this amendment is nothing more nor less than a subsidy for the ports of Galves-

ton, Mobile, Baltimore, New York, and Boston, and to the ports in between.

The amount of added costs hidden in the amendment may not strike the Members of this House as great in itself. But I would caution them to think of the future when the same practice could be adopted in the form of amendments to every bill that comes before the House. If this amendment carries, then, I believe, efforts will be made to attach similar language to every possible bill. The costs will mount and mount. The ultimate loser will be the taxpayers and consumers of America.

In closing, I might point out one or two very important facts. One is that the St. Lawrence Seaway is an accomplished fact. It was built by the people of Canada and the United States as an expression of the will of the people. This amendment is an effort to thwart the will of the people and to destroy through a process of nibbling away a great structure in which they have invested many millions of dollars, valuable time, and much effort. To me an amendment such as this is somewhat like building a gigantic superhighway, and then saying that nothing can be carried except by oxcart. The St. Lawrence Seaway was a great and progressive step forward in our Nation. It is my hope that no action we take here today will help to destroy that progress.

The CHAIRMAN. The gentlewoman from Illinois is recognized.

Mrs. CHURCH. Mr. Chairman, It is not difficult to recognize this amendment for what it is, an amendment discriminatory and insidious, and certainly damaging to Great Lakes ports.

Mr. Chairman, I am one of those who helped fight the long battle for the St. Lawrence Seaway. This amendment is a vital blow to its progress. Anyone who attended the recent festivities at the opening of the seaway realized that what had been accomplished was the realization of a long dream, but a dream based on sound economic reasoning and on sound hope for the major development of the most productive section of this country.

The question of 50-50 shipments does not really enter as an essential part of this debate. I have supported that principle and I will vote for it as long as I am a Member of Congress. But there is no ground to argue that that principle would or could be violated if this amendment fails. What I protest is the introduction of an amendment which would militate against the success of the St. Lawrence Seaway. To me it is ridiculous to argue that that great section of our country, the wheat and other grainland section, should be penalized into accepting less economical methods of shipping its products, nor am I willing to admit that a seaway can be judged in its initial steps.

Mr. Chairman, I expect to see the day when we will have oceangoing American boats calling at every port in the Great Lakes area.

I hope that the House will reject this amendment. I will, of course, support the amendment offered by the gentle-



man from Michigan, but I would rather see the Keogh amendment defeated in order to keep the issues clear.

Mr. YATES. Mr. Chairman, will the gentlewoman yield?

Mrs. CHURCH. I yield to the gentleman from Illinois.

Mr. YATES. I thank the gentlewoman from Illinois. She is making an excellent statement, and I think the point she has made should be expanded to make clear that the financial stability of the St. Lawrence Seaway depends on the tolls that are taken from the ships that traverse the seaway. This amendment may very well result in a drastic curtailment of the seaway's income.

Mrs. CHURCH. I thank the gentleman for pointing that out, and I would make one further point: It is being made to appear that only those interested in the Great Lakes are opposing the amendment. I would like to remind you that it is not the Great Lakes area only which is paying for the seaway. The investment in the St. Lawrence Seaway comes from all of America, and certainly any attempt to penalize the seaway, any attempt to reduce its revenues, any attempt to set a precedent which would further destroy its usefulness, should be defeated.

Mrs. KELLY. Mr. Chairman, I move to strike the requisite number of words.

(Mrs. KELLY asked and was given permission to revise and extend her remarks.)

Mrs. KELLY. Mr. Chairman, I feel that the sponsor of this amendment is not interested in starting any war, between the States nor is anyone interested in a war between the east coast ports and the great urban communities on the Great Lakes.

What is the problem involved in this situation? To me it is a replacement, Mr. Chairman, of the responsibility in one agency for traffic management, supervision of rates and distribution. Congress expressed itself on this very point in the Federal Property Administration Act of 1949—Public Law 152—which gave this authority to the General Services Administration but under that act, in section 201(a) the Secretary of Defense was given the right to exempt agencies of Government for distribution and transportation of anything that would affect the Department of Defense.

Under 205 of that same law the President of the United States had the right to issue certain Army regulations.

How do I become involved in this? I have endeavored to change section 413 of the Mutual Security Act. Under section 413 of the Mutual Security Act it is stated:

**ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.**—(a) The Congress recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to the economic progress and defensive strength of the free world. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other free nations to increase the flow of international trade, to foster private initiative and competition, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture and commerce, and to strengthen free labor

unions; and to encourage the contribution of U.S. enterprise toward economic strength of other free nations, through private trade and investment abroad, private participation in the programs carried out under this act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this section.

Private trade channels need to be defined and regulations established.

What is happening is that control of 5 percent of that which is sent abroad, and this includes agricultural products, is involved in our discussion today, but 95 percent of the total of anything shipped abroad, whether it is agricultural products or for defense, is excluded by our action here today.

I have discussed this problem with many agencies of Government but I feel the enclosed letter from General Floete explains the problem better than any other explanation I received, and I insert at this point in the RECORD the following letter:

GENERAL SERVICES ADMINISTRATION,  
Washington, D. C., July 16, 1957

Hon. EDNA KELLY,  
House of Representatives,  
Washington, D. C.

DEAR MRS. KELLY: Reference is invited to your recent telephone request for the comments of GSA on a portion of a letter forwarded to you by Dr. E. A. Fitzgerald, deputy director of the International Cooperation Administration, discussing a proposed statement to be made in the report of the Committee on Foreign Affairs.

The statements in Dr. Fitzgerald's letter with respect to GSA's role in ICA transportation matters are substantially correct. Due to section 602(d)(2) of the Federal Property and Administrative Services Act of 1949, as amended, GSA does not supply policies and procedures to ICA with respect to transportation and traffic matters as it does in connection with the majority of the agencies which it serves. With respect to ICA transportation and traffic matters, GSA serves only as an agent and policy and operational controls are retained in ICA.

During the past fiscal year, ICA reimbursed GSA in the amount of \$285,000 for the traffic management services it received and this represented about 35 employees on GSA's staff. The savings in transportation costs which resulted from that work amounted to approximately \$1 million.

As noted in Dr. Fitzgerald's letter, approximately 95 percent of ICA's programs in this field are handled through nongovernmental channels and only approximately 5 percent of the services are performed by Government agencies. This 5 percent at present is divided between the Department of Agriculture, Bureau of Public Roads, CAA and GSA. Having several such agencies in a field requiring negotiation among fiercely competitive elements substantially minimizes opportunities for obtaining sizable reductions in the costs of transportation. This division produces possibilities of the Government bidding against itself, precludes consolidation of shipments, efficient use of carrier equipment, prevents use of the large tonnage in negotiation for the benefit of the Government, and otherwise increases the costs of transportation.

Moreover, our experience has clearly indicated that with respect to the 5 percent which is now dispersed among the four agencies, a consolidation into a central agency would result in economies. This has been demonstrated by our experiences with approximately 140 other agencies which we now serve. Further, in the event policy and

operational decisions were made by GSA with respect to transportation of the 5 percent, additional economies could be effected. In any event, funds are required by ICA in order to reimburse GSA for the services it performs.

With respect to the 95 percent of ICA's traffic handled in nongovernmental channels, problems have arisen with respect to administration of the Cargo Preference Act or so-called 50-50 law. It would seem probable that centralization of control into a single agency would produce more effective coordination and compliance with that Act.

We believe that the continuation of the Office of Transportation of ICA would be needed to serve as liaison in behalf of the programs of that agency even if substantial responsibility for transportation and traffic management were to be assumed by GSA. That office would undoubtedly also be required to supervise the transportation activities of ICA consultants dealing in airfield and highway construction and kindred construction projects in cooperating countries.

GSA has undertaken, as you may know, a comprehensive survey of traffic activities of the executive agencies and one is now being performed in connection with ICA. GSA's traffic survey could well form the basis for ICA to reexamine its traffic management program both with respect to GSA and as to the delegation to recipient countries of the 95 percent of traffic activities involved in ICA procurement. This would permit an executive agreement to be reached between our respective agencies to produce more efficient and economical operations.

In any event, GSA would not have budgeted funds available to permit the fulfillment of the transportation functions related to ICA's mission, or the development of a coordinated program with ICA.

Sincerely yours,

FRANKLIN G. FLOETE,  
Administrator.

They admit they do not have any control over 95 percent of the distribution of products.

How does this work? When the United States notifies a government that to give them X number of dollars in commodities, we give to that country, the importing country, the right to decide who their importer is going to be. The importer thus completes and carries out the contract. It is up to him to make all agreements on the commodity or material to be shipped. In other words, foreign ships are used and thus there is no control over the 50-50 law called the Cargo Preference Act. Thus, your problem involved today, in my estimation, and that which we are seeking to do, should be a request that the President of the United States issue a directive or Executive order to establish a central agency to control, supervise rates and distribution of all these commodities. The President could direct that the General Services Administration have the right to regulate, supervise, and administer anything and every item shipped out of the United States, whether it is that involved in the Defense Act, the Mutual Security Act, or Public Law 480.

Mr. CURTIS of Massachusetts. Mr. Chairman, will the gentlewoman yield?

Mrs. KELLY. I yield to the gentleman from Massachusetts, because he and I endeavored in the Mutual Security Act this year to revise and change section 413 of that law.

Mr. CURTIS of Massachusetts. I desire to commend the gentlewoman for



bringing up these matters, because the Committee on Foreign Affairs has a direct interest here, owing to the provision in the mutual security law requiring that \$175 million of surplus agricultural commodities shall be financed under the provisions of that act. So, it is the duty of that committee to see that these supplies are shipped with due regard to economy, because otherwise the cost to the taxpaying public, who pays for mutual security, would be increased.

Mr. GALLAGHER. Mr. Chairman, I rise in support of the Keogh amendment.

The Department of Agriculture has announced that effective September 1, 1959, it will permit the exportation of grain moving under Government programs—Public Law 480—through Canadian ports on the St. Lawrence, providing it passes U.S. Government inspection. To accomplish this, U.S. inspection stations will be established at such Canadian ports.

Heretofore, the Department of Agriculture has specified that grain and other surplus U.S. farm products for overseas delivery had to be handled through U.S. ports and it was only in U.S. ports that grain inspection service, which is essential for export grain, was provided.

This means that U.S. ports will lose much of this traffic to Canadian ports. It also means that American business will lose because ships purchased their stores, oil, coal, and so forth, at the last port of loading which will be in this case a Canadian port. It means that American stevedores will lose their jobs and that American railroads will lose vitally needed freight traffic.

This grain is Government owned—Public Law 480—grain subsidized from start to finish by the U.S. taxpayers. If any possible benefit can be derived from the freight which is paid for shipping of this grain, the wages paid to labor for handling of these surplus commodities it should be made to benefit American labor and American industry.

The movement of U.S. Government grain will have the effect of building up Canadian ports while U.S. ports and the huge investments therein will not be sufficiently utilized and will lie idle.

If the Department of Agriculture is permitted to ship American grain through foreign ports soon all other surplus agricultural commodities will also be permitted through foreign ports. Among these surplus agricultural commodities would be dried milk, cheese, butter, rice, tobacco, and so forth.

It is interesting to note that the Canadian Government does not permit one single bushel of Canadian grain to be shipped through U.S. ports. Some thought must be given to whatever benefit might be derived from these programs to American labor, American industry, and established ports which normally handled and are equipped to handle this traffic.

Mr. COOLEY. Mr. Chairman, I would like to see if we cannot agree on time to close debate. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 30 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

Mr. ASHLEY. I object, Mr. Chairman.

Mr. COOLEY. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 40 minutes.

The motion was agreed to.

Mr. SPRINGER. Mr. Chairman, I ask unanimous consent that I may yield my time to the gentleman from Illinois [Mr. YATES].

Mr. RHODES of Arizona. I object, Mr. Chairman.

Mr. SPRINGER. Mr. Chairman, I ask unanimous consent that I may yield my time to the gentleman from Iowa [Mr. HOEVEN].

Mr. RHODES of Arizona. I object, Mr. Chairman.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. QUIE].

(Mr. QUIE asked and was given permission to revise and extend his remarks.)

Mr. QUIE. Mr. Chairman, I rise in opposition to the proposed amendment to Public Law 480 which, in effect, would practically prohibit exports of our surplus agricultural commodities from other than U.S. ports.

On the surface this effect does not appear important. But beneath the surface this bill would be a disservice to the American farmer and the American taxpayer. For one thing, the proposed amendment would prevent the St. Lawrence Seaway from being used for the export of U.S. surplus farm products to the extent contemplated when the Congress approved the project. The question of exports of our surplus agricultural products through the St. Lawrence Seaway should not be controversial. The Seaway is now in operation and we should not refuse to let it be utilized to whatever extent is possible in carrying out our export program.

The St. Lawrence Seaway promises great things for American agriculture. But this proposed amendment would nullify much of the good that it promises. This is because much of our surplus agricultural commodities, including such products as wheat, corn, barley, rye, soybeans, and flaxseed, move from our producing areas to our ports on the Great Lakes and then to Canadian seaway ports in the sequence of getting together cargoes of oceangoing size. The entire lakes-seaway route will not, of course, take a full ocean cargo vessel and therefore it is necessary to limit the loading at lake ports to a smaller cargo. Therefore, in practice the smaller vessels take cargoes of surplus farm products through the limiting part of the Seaway to a Canadian seaway port. From there large oceangoing vessels can be loaded and go on their way to other world ports.

This proposed amendment would prevent our surplus farm production from going to those Canadian ports, as is customary now.

The proposed amendment would mean more business for certain railroads and

certain export facilities in our Atlantic coast ports, but it would be at the expense of the American farmer or the taxpayer. The amendment in preventing surplus farm commodities destined to foreign countries from going to a Canadian port on the seaway and then being transshipped would mean higher shipping costs and therefore lower returns to our farmers or higher costs to taxpayers in the disposal of surplus farm products.

There is no reason why the U.S. Government should go to the expense and difficulty of assisting in building the St. Lawrence Seaway and then take such action as is proposed by this amendment. It would be the height of inconsistency to adopt legislation limiting use of the Seaway for U.S. Government export programs. It does not make sense to increase the burden of the U.S. taxpayer in order to build the Seaway and then increase his taxes further to pay a subsidy not to use it.

I cannot believe that the American farmer or the general public would condone such a proposal once its full implications were understood.

I earnestly urge that the proposed amendment not be adopted.

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. QUIE] has expired.

The Chair recognizes the gentleman from Maine [Mr. McINTIRE].

Mr. McINTIRE. Mr. Chairman, I asked for this time in order to direct a question to the gentleman from New York [Mr. KEOGH]. But I do not see him on the floor at the moment and I shall put my question in the way of an observation. It is my understanding in connection with the full use of the seaway that it is the purpose of the Department of Agriculture on September 1 to establish inspection service available at Montreal or Baie Comeau in order that there may be grain shipped from Great Lakes ports under United States grades and standards. It is my interpretation of this amendment that it would not direct itself to any prohibition of the establishment of inspection service at Canadian ports points for the establishment of grades and standards on grains shipped under regular commercial transactions, but is restricted specifically to the transactions under titles I, II, and III of this act.

May I yield to the gentleman from North Carolina [Mr. COOLEY] if he will comment on that?

Mr. COOLEY. I think the gentleman's statement is accurate. The order that goes into effect September 1 provides for the inspection and it is pursuant to publication in the Federal Register as of July 28, 1959.

The CHAIRMAN. The time of the gentleman from Maine [Mr. McINTIRE] has expired.

The Chair recognizes the gentleman from California [Mr. GEORGE P. MILLER].

(Mr. GEORGE P. MILLER asked and was given permission to revise and extend his remarks.)

Mr. GEORGE P. MILLER. Mr. Chairman, I rise in support of the amend-



ment offered by Mr. KEOGH, of New York. I have a wire from the manager of the Northern California Ports and Terminals Association which consists of the ports of San Francisco, Oakland, Sacramento-Yolo Port District, Encinal Terminals, Howard Terminal, which reads in part as follows:

Request your strong support H.R. 8609, to amend Agricultural Trade Development and Assistance Act of 1954, requiring exportation of agricultural products through U.S. ports. Under current law possible for western cotton to be exported through Ensenada, Mexico, and grain through Vancouver, Canada, thereby depriving local ports of cargo.

J. H. McJUNKIN,  
General Manager, Northern California  
Ports and Terminals Bureau.

Members are Port of San Francisco, Port of Oakland, Sacramento-Yolo Port, District Encinal Terminals, Howard Terminal.

Reference has been made to the 50-50 law. Under its provision 50 percent of federally owned products must be carried in American owned ships.

This law was put on the statute books to protect the American merchant marine against the cutthroat competition of foreign shipping. The substandard wages and inferior accommodations on many foreign-flag vessels allow them to make rates that we cannot meet. It is cutthroat competition under which we cannot maintain the high standard that has been adopted for American seamen.

Ever since this law has been on the statute books the State Department and the Department of Agriculture have done everything in their power to circumvent it. They do not like the law and they accepted it grudgingly.

Our merchant marine is the fourth arm of our defense. It is essential that we maintain a merchant marine, not only for defense purposes but in order to be assured the markets of the world are not closed to the American products.

The merchant marine includes more than just the ships that go to sea. The ports, terminals and tugboats and other facilities all go to make up the integrated system of transportation that we refer to as the merchant marine.

Again, may I say with emphasis, all we are asking is that one-half of these publicly owned cargoes are carried in American ships. If you have followed the recent history of the merchant marine you will know we cannot compete without this law.

West coast ports are interested in the amendment offered by the gentleman from New York because of more favorable rail freight rates in effect to the port of Vancouver in British Columbia and because of the cheaper rates by which our cotton can be taken to Ensenada, Mexico. Labor conditions being different, these ports can handle commodities cheaper than our own ports. Yet we cannot allow our ports to deteriorate if we are to maintain an American merchant marine.

What we are now doing is creating an atmosphere that will make the port of Montreal the biggest port on the American Continent. We will destroy our own and build up a Canadian port. I have no prejudice against Canada but I

believe that charity begins at home and we should take care of our own ports before contributing to the development of a foreign port.

I have always voted for the St. Lawrence Seaway since I have been in Congress and I worked for its passage. I want to see ports on the Great Lakes developed that can handle products of America's heartland.

I encouraged my friends from the Great Lakes region to introduce legislation that will allow deepening of the canal so that large, fully loaded ships can pass out into the Atlantic. If such legislation is introduced, I shall vote for it and work for its passage.

I earnestly request that the amendment by the gentleman from New York be adopted in the interest of the American merchant marine.

The CHAIRMAN. The time of the gentleman from California has expired.

The Chair recognizes the gentleman from Iowa [Mr. HOEVEN].

(Mr. HOEVEN asked and was given permission to revise and extend his remarks.)

Mr. HOEVEN. Mr. Chairman, I voiced my opposition to the Keogh amendment on yesterday. This amendment would practically prohibit exports of our surplus agricultural commodities from other than U.S. ports. On the surface this effect does not appear important, but beneath the surface of this it would be a disservice to the American farmer and the American taxpayer.

I am quite intrigued by the Machrowicz amendment to the Keogh amendment. Everything else being equal, I would be inclined to accept it. But I note with interest that the gentleman from New York [Mr. KEOGH] was reluctant, in fact refused to accept the amendment, which makes me a little bit suspicious. I think what we should do in this case is to vote against the Keogh amendment even as amended, and erase it entirely from the bill.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

The Chair recognizes the gentleman from Virginia [Mr. ABBITT].

Mr. ABBITT. Mr. Chairman, I ask unanimous consent to yield my time to the gentleman from Maryland [Mr. GARMATZ].

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

Mr. RHODES of Arizona. Mr. Chairman, I object.

Mr. ABBITT. Mr. Chairman, I yield to the gentleman from Maryland, Mr. GARMATZ.

Mr. FALLON. Mr. Chairman, will the gentleman yield?

Mr. GARMATZ. I yield.

Mr. FALLON. Is it not true that what has been said on the floor of the floor of the House during this debate is the same thing that was said time and time again when we were considering the construction of the St. Lawrence Seaway? That Montreal would be the greatest terminal port in the world and that the Seaway would have many times the amount of foreign ships than American ships when completed.

Mr. GARMATZ. That is correct. When the foreign flagships come from foreign ports, they will stop at Montreal and save 5 days transportation to Chicago and 5 days coming back, which means probably a saving of \$15,000 or \$20,000. So you can see that they are not going to go to Chicago.

Mr. Chairman, to retain for the U.S. economy its proper share in the commerce and business generated by transactions authorized under Public Law 480, there is only one thing that I suggest we do, and that is to adopt the Keogh amendment.

In this instance, I believe, Mr. Chairman, we are not only justified but we are morally obligated to put the interests of our own economy first.

Secondly, it is very important that we maintain the American Merchant Marine which is our fourth arm of defense. You know what it means in time of an emergency. The foreign ships are not at our command, but the American ships which are manned by American seamen are at our command in time of an emergency. Anyone who has been in the service knows how important it is that we have a good American Merchant Marine ready at all times.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Chairman, I would simply call the attention of the membership once more to the fact that the Keogh amendment in no wise takes anything away from anybody. It does not take a thing away from the lake ports that they have today. It simply prevents the lake area from taking away from the rest of the Nation. It simply prevents the going into effect of a discriminatory regulation that they do not have today. They are asking an unfair advantage. Of course, everybody, I suppose, likes to get an advantage, but are we going to take American commodities from American ports? We passed the 50-50 amendment on the theory that we were interested in maintaining American shipping. If we turn down the Keogh amendment, you are going to have a situation where you will have 100 percent foreign-flag ships in the lake ports. Everybody knows that. You are going to develop a foreign trade in Montreal instead of the American ports on the lakes. It is true that there are those who stick their heads in the sand, but they do not thereby escape the logic of the facts, and the facts are that lake shipping is at present almost 100-percent foreign shipping. If you build up Montreal, then you are not building up American ports. And of what value is it to build up an American merchant fleet if we build up no American ports? Are these American ships to serve foreign ports? Or are we to build up American ports on the lakes. The Keogh amendment will build up American lake ports.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. DORN].

(Mr. DORN of New York asked and was given permission to revise and extend his remarks.)



Mr. DORN of New York. Mr. Chairman, the amendment of the gentleman from New York seeks to retain the historic attitude of the Congress with reference to the use of Canadian ports. We have always been against diverting our commerce to Canada. Twenty years ago the House passed unanimously a resolution asking the Secretary of State, the Secretary of Agriculture, the U.S. Shipping Board and the Interstate Commerce Commission to investigate in cooperation with each other the factors which were contributing to the diversion of commerce from the ports of the United States to Canadian ports. The Department of Agriculture now is diverting commerce from the United States to Montreal contrary to the spirit of that resolution. As the gentleman from California pointed out a moment ago, this is just a start. If the Department of Agriculture can send U.S. grain through Montreal, they can just as quickly send grain from the west coast using the port of Vancouver instead of our U.S. west coast ports on the ground of economy.

I urge you to vote for the Keogh amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. ASHLEY].

Mr. ASHLEY. Mr. Chairman, I think it is well to remember that the prevailing depth of most of our Great Lakes ports is 25 feet. If the Keogh amendment is adopted, it will require that surplus commodities loaded at those ports be transported directly to their foreign destinations. In other words, it will limit the shipment of surplus agricultural commodities via the Great Lakes to ships having a draft of 25 feet or less. Now what about the gulf and Atlantic coast ports? Will there be any such prohibition on vessels transporting surplus commodities for those ports? Why, certainly not. As to the draft vessels plying the Atlantic and gulf ports, they are vessels having a draft of 35 feet and 30 feet. This is the economic advantage that is being sought through the Keogh amendment. There is no question about that.

Mr. Chairman, the generous nature of the gentleman from New York and the universal esteem in which he is held suggest almost to a certainty that he did not mean by the introduction of his amendment to scuttle, to strangle, to throttle, and to otherwise block the Great Lakes ports and the St. Lawrence Seaway; but bear in mind that that is the effect of his amendment.

Mr. Chairman, let us look into the background of the Keogh amendment.

On July 23, 1959, the Department of Agriculture announced that, effective September 1, 1959, it would be permissible for U.S. grain to be exported under Public Law 480, title I, via the St. Lawrence Seaway, either direct from U.S. ports or with transshipment from Canadian ports. In the case of transshipment, U.S. inspection at such Canadian ports, according to the directive, would be mandatory, pursuant to existing program requirements.

This announcement has caused a storm of protest from Members of Con-

gress representing Atlantic coast and Gulf shipping ports, and from certain railroads, steamship companies, port authorities and other economic interests. At House hearings on Thursday, August 6, considerable pressure was put upon a Department of Agriculture official to postpone effective date of the directive pending thorough inquiry. This effort was not successful but a further hearing on the matter is scheduled for 2 p.m., Monday, August 10, before the House Committee on Merchant Marine and Fisheries.

The nature of last Thursday's hearing strongly suggests that sectional economic forces are at work to curtail the use of the St. Lawrence Seaway as a natural commercial waterway for grain and other midwestern products in order to force utilization of southern and eastern port facilities regardless of cost.

In light of this fact, it is essential for those interested in the legitimate development of the Seaway to understand the basis and background of the Department of Agriculture directive as well as the arguments of those who oppose it.

In recent years the USDA has administered four principal subsidy programs involving the export of grain and other commodities. These programs include, first, the sale of CCC owned grain on credit at export price; second, the barter of CCC owned grain at export price for materials produced abroad; third, the payment to exporters of subsidy in kind of the difference between the U.S. domestic price and the export price on sales made by exporters from free stocks of grain; and, fourth, the title I, Public Law 480 program under which free stocks of grain are sold for foreign currencies with the United States providing the dollar exchange and taking back the foreign currency equivalent for use in military and economic assistance programs and other U.S. Government operations abroad. The payment in kind subsidy also applies under this program, thus reducing the amount of dollars required to finance the program and allowing the sales to be made at prevailing export prices.

Of the four subsidy programs just enumerated, transshipment via Canadian ports has been possible in all except Public Law 480, title I which is governed by a separate USDA regulation. The purpose of the directive, according to agriculture officials, is simply to bring Public Law 480 into line with the other programs and to conform with the congressional directive that the program utilize normal trade channels and practices.

Prior to completion of the St. Lawrence Seaway, it was impossible for any except small, shallow-draft vessels to navigate into the Great Lakes. Because as a general rule it was not economically feasible for these vessels to take on grain at a Great Lakes port for delivery abroad, it became customary for the small amount of U.S. grain shipped via the Great Lakes to be stored at a Canadian port for shipment abroad by larger vessels. This practice simply followed our policy of allowing the normal,

free flow of commerce without governmental interference.

U.S. grain for export under our barter, cash, and credit programs has thus been moved via the Great Lakes for transshipment from Canadian ports for a number of years pursuant to U.S. policy and pursuant to the letter and spirit of the statutory language governing CCC operations.

However, no U.S. grain has yet been shipped via the Great Lakes under Public Law 480, title I. But with completion of the seaway and with deeper draft shipping now possible, there has been a natural interest on the part of exporters to utilize this avenue of commerce to the extent that it is economically advantageous to do so.

With respect to the export of U.S. grain under Public Law 480, title I, via the Great Lakes and with transshipment from a Canadian port, there is nothing in the statutory language of the act requiring shipment of the grain from a U.S. port direct to the foreign country purchasing such grain. Some of those who have registered opposition to the Department's directive reply on the language of section 102(a) of the act which states that "the CCC shall make available for sale hereunder at such points in the United States as the President may direct surplus agriculture commodities heretofore or hereinafter acquired by the Corporation in the administration of its price support operations."

This provision obviously relates to the sale by CCC of grain owned by it and not to the sale by a private exporter of grain owned by him. Any grain transshipped through the seaway would be owned by the private exporter from the time of movement from Great Lakes ports until he sells it to a foreign buyer. The USDA has never proposed the moving of CCC grain through the seaway to Canadian ports and holding it there for sale under the program.

It is noteworthy that the sale of consigned stocks of cotton owned by a U.S. exporter and shipped abroad by him, either from free stocks or after purchase from the CCC, has been authorized under the program since 1954. This has been with full knowledge and without objection by those now complaining about use of the seaway. Obviously there is a purpose behind the attempt to so distort the language of section 102(a) as to now prohibit for grain what has been done for 5 years for cotton. The purpose, clearly, is to curtail or choke off the use of the St. Lawrence Seaway for midwestern commodities to the advantage of other areas of the country and the economic-financial groups which have a vested interest in these areas.

Not only is there considerable precedent for transshipment dating back many years but there is also precedent for official inspection of U.S. commodities at foreign ports in accordance with law.

Opponents have also contended that the Department's directive will add to the cost of administering Public Law 480, title I, because of the greater distances from United States and Canadian ports to other world ports. This reflects a mis-



understanding of the operation of the law and a sketchy concept of geography.

The important point is that the statute provides specifically that the President shall "take appropriate steps to assure that private trade channels are used to the maximum extent practical both with respect to sales from privately owned stocks and from stocks owned by the CCC."—Public Law 480, title I, section 101(b).

The Department in all of its export subsidy programs has provided for sale and exportation of the commodities through the private trade. It is these private exporters and their foreign buyers that determine the routing of the surplus commodities for export and it goes without saying that such decisions are based entirely on free market competition.

Finally, opponents of the directive contend that transshipment via Canadian ports may involve violation of the cargo preference provisions of Public Law 664, 83d Congress, which provides in substance that at least 50 percent of the gross tonnage of commodities shipped under such programs as Public Law 480, title I, shall be transported on privately owned U.S.-flag commercial vessels.

To answer this point it is necessary to consider the three following situations:

First. Where U.S. grain sold for export under Public Law 480 is loaded at a Great Lakes port for shipment direct to a foreign port. In this situation it is clear that the 50-50 act can be applied without difficulty and that at least half of such grain must be transported on American vessels.

Second. Where U.S. grain sold for export under Public Law 480, is at the time of sale, stored at a Canadian port. In this situation it is also clear that the 50-50 act can easily be applied to shipment from such Canadian port to the foreign country of destination.

Third. Where U.S. grain is shipped from a Great Lakes port to a Canadian port to await transshipment and then is sold under title I, as in the second situation above.

In this situation a question arises as to whether the 50-50 law must apply retroactively to the initial shipment from the Great Lakes port. In this connection, a further question might arise as to whether the Great Lakes ships used for transshipment are ocean vessels, within the meaning of the 50-50 act. Even if answers to these queries are accorded the strictest possible construction, there is no reason why there should be any violation of the cargo preference requirement. If the exporter knows in advance that grain held at Canadian ports can be sold under Public Law 480, title I, only if the 50-50 act is complied with from the point of loading at Great Lakes ports, he is in a position to assure that at least 50 percent of any quantity he might want to sell under the program moves from lakes ports on U.S.-flag vessels. If he did not do so, he simply could not sell the grain under Public Law 480.

The fallacy of the argument that there would be violation of 50-50 is clearly shown by the fact that consigned cot-

ton located in foreign countries is sold under this same program and that the USDA applies the 50-50 requirement to the shipment when made from the United States. In short, such cotton is eligible under the program only if at least 50 percent had been shipped from the United States on American vessels. This same rule would apply to grain if it is determined that the 50-50 act applies to shipment on the lakes.

In light of the above the conclusion is inescapable that (a) the USDA directive of July 23, 1959, is not only proper but in strictest keeping with both congressional intent and the letter and spirit of the statutory language governing CCC operations and the Cargo Preference Act, and that (b) opposition to this directive is actually motivated by sectional and economic interests which stand to gain in direct proportion to the extent to which the St. Lawrence Seaway can be curtailed as a commercial waterway.

It is therefore well for Members of Congress and others interested in the legitimate utilization of the seaway to understand that continuous vigilance and a readiness to defend the proper interest of the area served by the seaway are essential if the aspirations for this great new commercial waterway are to be realized.

(Mr. ASHLEY asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. Gross].

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, several times in this debate I have heard it stated that hearings were held by the Merchant Marine and Fisheries Committee on this subject.

I am a member of the Merchant Marine and Fisheries Committee, and to my certain knowledge no invitation was ever extended to me to attend a hearing on this subject. By way of the grapevine I understand that a meeting was held a few days ago in the Merchant Marine and Fisheries Committee room in connection with this matter, attended by certain members and representatives of private interests. That is perfectly proper, but I do not want the House to get the idea that any formal hearing was held at any time to which all members of the Merchant Marine and Fisheries Committee were notified to be in attendance.

Mr. GEORGE P. MILLER. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. GEORGE P. MILLER. I know of no immediate meeting that was held on this subject or to which I was invited. About 4 years ago we held exhaustive hearings on the use of American ships in connection with the 50-50 law. A foreign government sent its agent to the meeting who recommended not only repeal of that law but abandonment of the American merchant marine in favor of letting what he termed the maritime nations handle all of the world shipping.

Mr. GROSS. I am speaking of the recent past.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. ASHLEY. The gentleman is quite correct, there were no regular hearings. Meetings were held in some secrecy and at those meetings the only interests represented were the gulf and Atlantic ports and the railroads.

Mr. GROSS. It is perfectly proper as far as I am concerned to hold meetings in the committee room; I have no objection to that, but I do not want anyone to get the idea that formal hearings were held on this subject by the Merchant Marine and Fisheries Committee.

Mr. Chairman, I am opposed to the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. PUCINSKI].

(Mr. PUCINSKI asked and was given permission to revise and extend his remarks.)

Mr. PUCINSKI. Mr. Chairman, I rise in opposition to the Keogh amendment because it would: First, make the St. Lawrence Seaway totally ineffective in one respect; second, it would impose additional costs on this country for helping feed the hungry people of the world.

I submit, Mr. Chairman, that the statement made here earlier today that only foreign tramp steamers are serving Great Lakes ports tortures the truth. I am advised by Mr. Maxim Cohen, general manager of the Chicago Regional Port District, that the following American lines are now in operation: The Isbrandtsen Lines, and the Waterman Steamship Lines, both serving North Europe; the Grace Lines, serving the Caribbean; and the American Export Lines, serving the Mediterranean, out of Chicago and other Great Lakes ports.

Mr. Chairman, I submit that if this amendment is adopted we are going to impair the effectiveness of the St. Lawrence Seaway in the very beginning of its operation. It will kill this newborn baby before it gets out of its swaddling clothes.

There is no question in my mind that within the next few years, American ships will be operating from every port along the Great Lakes to all parts of the world. This restrictive amendment offered by the gentleman from New York would, in effect, start a precedent which eventually would place every large city on the Great Lakes in a straitjacket regarding further development of its port facilities.

I hope the House will reject the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Virginia [Mr. POFF].

Mr. POFF. Mr. Chairman, I vigorously support the Keogh amendment. In order to understand its purpose, effect, and justification, it is necessary to review the actions which precipitated the problem.

On July 28, 1959, the U.S. Department of Agriculture published an announcement in the Federal Register that official grain inspection services were being



established on Canadian soil. While the announcement referred to statutory authorization, it is doubtful that any authorization exists in law. Indeed, such action violates the spirit if not the letter of the U.S. Grains Standard Act and is in discord with the stated objectives of the Agricultural Marketing Act of 1946.

The Grain Inspection Service came into existence under an authorization in the Grains Standard Act which does not and could not have any foreign or extra territorial effect. As a matter of fact, the Grains Standard Act is a criminal statute, the jurisdiction of which is confined to the geographical limits of the United States and to nationals of the United States. It has been argued that Canada can consent to jurisdiction. However, it is well established that such consent by a foreign sovereign does not confer upon a Federal agency jurisdiction or powers not conferred by statutory enactment.

Notwithstanding the lack of statutory authorization and the jurisdictional deficiency, the Department of Agriculture proposes to permit the exportation of Public Law 480 commodities through Canadian ports on the St. Lawrence effective September 1, 1959. The purpose and effect of the pending amendment is to countermand that proposal and require shipments of such commodities to be delivered to the export vessel at a port of the United States where the inspection officers will have both the jurisdiction and the responsibility to discharge their duties under the Grains Standard Act.

The justification for the amendment should be obvious to those who are concerned with the legitimate protection of domestic U.S. industry and U.S. labor. Ships which currently load cargoes of surplus agricultural commodities at U.S. ports will begin to load at Canadian ports. Inescapably, this will mean a substantial loss of business to port terminal interests in the United States, to U.S. ships, to overland carriers in the United States and to U.S. merchants who supply fuel, ships' stores and ships' services. In turn, this will mean a loss of wages if not a loss of jobs to those who work for such concerns.

The argument that the proposal of the Department of Agriculture will result in a saving is ill considered. Any saving which might temporarily result will be more than offset by the loss of tax revenue from U.S. corporations and wage earners.

Mr. Chairman, I urge the adoption of the Keogh amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. COAD].

Mr. COAD. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from New York [Mr. KEOGH]. I think it is not in the best interest of the American taxpayer or farmer. I have an announcement in my files from the Canadian Government that it will be its policy to rebate savings to their farmers which will amount to about 15 cents a bushel which accrue from the use of the St. Lawrence Seaway. So we can see what this is going to

amount to to the American taxpayers if this amendment is adopted. I believe it was universally felt that the Seaway would result in savings to our people but if this kind of amendment is adopted it will set a pattern for the future and we can see that American taxpayers and shippers are going to suffer continuously.

(Mr. COAD asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. SPRINGER].

Mr. SPRINGER. Mr. Chairman, I do not desire to be selfish in this matter, but I can say in view of the fact that I export more corn out of my district than any other Congressional district in America, as well as soy beans, that we are hurt by this amendment. Right at the very moment that the Seaway is getting underway we are put under the greatest handicap we could be, especially to the farmers of my own particular area. In addition, we have spent over \$500 million getting the seaway route to serve the farmers and the producers of the Middle West. We are now penalized with an amendment which would in effect make it almost mandatory that all of those goods be shipped out of ports along the ocean, and that would be too much for us to bear.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman from Illinois.

Mr. YATES. Will this amendment not add to the cost of the program by requiring increased rail shipments which would add to the transportation cost?

Mr. SPRINGER. There is no doubt about that, there would be a substantial added cost if we had to ship that produce out of my Congressional district in the way this amendment provides.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. YATES].

Mr. YATES. Mr. Chairman, the seaway has been open for only 2 months; yet the proponents of this amendment glibly attempt to convince the House by quoting figures and statistics which are not pertinent at all. There can be no valid comparison for any purpose at this time between the shipping that serves the gulf and east ports and the shipping on the Great Lakes as comparable. The seaway has not been open long enough. I say to the gentlemen, give the seaway a chance to operate for a reasonable period before you make such comparison. As a matter of fact, the Subcommittee on Appropriations, of which I am a member, has just completed its appropriation bill for the Department of Commerce which authorizes 75 voyages from Great Lakes ports, the first time in the history of the wartime subsidy legislation to authorize oceangoing vessels to come under the subsidy from Great Lakes ports.

The effort to make the comparison of the proponents of this amendment is an attempt to pull wool over the eyes of the Members of this House. The day will come when such a comparison will

be proper. More and more American ships will come regularly to the Great Lakes ports through the St. Lawrence Seaway. The day will come, and the opponents of the seaway must realize it, when ports on the Great Lakes will grow with the Nation and take their place as important world communities. This will mean taking shipping away from the seacoast ports but this is progress. The world moves forward and that is what they are trying to stop—a gesture like that of King Canute in attempting to halt the rising tide by commanding it to stop.

This amendment should be defeated.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. VAN ZANDT].

(Mr. VAN ZANDT asked and was given permission to revise and extend his remarks.)

Mr. VAN ZANDT. Mr. Chairman, I would like to direct a question to the gentleman from Texas [Mr. POAGE]. Will he tell me if my understanding of this bill is correct; that is, unless the Keogh amendment is adopted, wheat traffic will be diverted from American ships and American railroads?

Mr. POAGE. I think there will unquestionably be some movement diverted from the American railroads and there might be some from American ships.

Mr. VAN ZANDT. Unless the Keogh amendment is adopted, the American railroads will lose their wheat cargo?

Mr. POAGE. I do not think there is any doubt about that. The wheat will move to Montreal, a foreign port, probably by foreign ships rather than over American railroads to American ports.

Mr. VAN ZANDT. My position, then, of course, is in support of the Keogh amendment. I represent a railroad community on the main line of the Pennsylvania Railroad. During a certain period of the year thousands upon thousands of tons of wheat in freight cars use this main line. These freight cars make up trains and provide jobs for enginemen, firemen, trainmen, maintenance-of-way men, and so forth. Therefore, my position is in support of the Keogh amendment because it protects the jobs of American workmen.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. WOLF].

(Mr. WOLF asked and was given permission to revise and extend his remarks.)

Mr. WOLF. Mr. Chairman, I would like to go back to this question asked the gentleman from Texas [Mr. POAGE], and see if he can state the actual amount of money that is involved; for instance, the amount of loss to the railroads.

Mr. POAGE. It would be impossible to estimate the actual amount of loss. As has been stated, the seaway is just getting underway, and there is no answer—definite answer—at this time.

Mr. WOLF. That is a good answer.

Mr. POAGE. The gentleman must recognize the fact that from the standpoint of the American railroads, the total diversion, whatever it may be, is a loss to foreign shipping.



Mr. WOLF. The record is clear, the gentleman says there is no answer.

I would like to say that I am presenting a different reason than some Members for opposing the Keogh amendment. I am going to be sectional about this. My district has about 450,000 people. The majority voted to send me to Congress, and I am going to represent those folks from Iowa here. They want us to use the Great Lakes, and I am going to support that position. Of those Members who are waving the American flag are not kidding me, who may live along the seacoast. You are doing it for your folks back home, too. We have eight Members from Iowa, four Democrats and four Republicans, all agreed on this thing because we want to see the Great Lakes and its ports used to transport the production of Iowa.

In Iowa we have a great many industries that are just beginning to develop. Many of these are manufacturing products for oversea distribution. These industries will be giving more and more business to the railroads. As our whole national economy expands they are going to get more and more business. In Cedar Rapids alone more than 1 out of 10 people work at the manufacture of products for foreign sales. Is there anything wrong with having an active Great Lakes seaway? I cannot see anything wrong with that. I do not see how this weakens the Atlantic ports. I cannot see how we weaken one part of America by the sheer act of strengthening the Middle West. We have a great but growing country. We have recognized that need by the opening of this tremendously vital St. Lawrence Seaway. Now we must not become involved in a controversy over what will be shipped through this important water leg of inland America.

I hope this amendment is defeated:

The CHAIRMAN. The Chair recognizes the gentleman from Oregon [Mr. PORTER].

(Mr. PORTER asked and was given permission to revise and extend his remarks.)

Mr. PORTER. Mr. Chairman, I would like to know where the Pacific coast stands in this war between the States, and, therefore, I would like to ask a question of anyone who has the facts. I would like to ask anyone who will answer this question affirmatively to give me some facts. Will the Keogh amendment have any important effect on Public Law 480 shipments through west coast ports? Can anyone answer that affirmatively and then give me some facts?

Mr. GEORGE P. MILLER. Mr. Chairman, will the gentleman yield?

Mr. PORTER. I yield to the gentleman from California.

Mr. GEORGE P. MILLER. Only the other day I received a telegram from the Northern—

Mr. PORTER. Is your answer "Yes"; that it will?

Mr. GEORGE P. MILLER. Yes; it will?

Mr. PORTER. On shipments through west coast ports?

Mr. GEORGE P. MILLER. They can divert cotton to Ensenada, Mexico. They can divert wheat to Vancouver,

Mr. PORTER. Who says this, if I may inquire?

Mr. GEORGE P. MILLER. This is a study by the manager of the Northern California Ports Association. I know it of my own knowledge from hearings that we have had, and from my own investigation. This is one of the reasons that the Pacific coast is interested.

Mr. PORTER. Has anyone else any facts on this subject? I would be glad to hear if there would be any effect on the ports of Oregon or Washington, having to do with the number of bushels shipped through those ports.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. LANE].

Mr. LANE. Mr. Chairman, I rise in support of the Keogh amendment. I feel it is fair, just, and equitable. Does anyone presume that the best interests of all sections and areas of the country are not of major interest to every Member of Congress? Let it be pointed out that whoever would object to the amendment of H.R. 8609 offered by the gentleman from New York [Mr. KEOGH] is lacking in the basic realization that the St. Lawrence Seaway was built not by any particular section of the country but cost over a half billion dollars of the money of the taxpayers of all America. The greatest burden of this cost was borne not by the taxpayers of the area within the benefits of the seaway but by those Americans who stand to profit little if anything in the nature of regional or direct benefit. Yet, the expenditure was not begrudged. It behooves us all to be concerned over the prosperity and welfare of every corner and section of this country and therefore, the St. Lawrence Seaway was built. But, it behooves us not at all, to turn the United States into a dumping ground for the surpluses of other nations in the guise of stockpiling.

The amendment is designed to protect the economy of this country and if the opponents of the amendment are alert to the times they will know that the amendment protects the ports of the Great Lakes. Do the opponents know that in anticipation of their shortsighted eagerness of a seeming advantage, those who have no concern or are not charged with the duty of safeguarding the economic welfare and security of this country are preparing to fatten on America's gullibility and generosity?

I refer you to page A5535 of the Appendix in the CONGRESSIONAL RECORD of June 26, 1959, and direct you to read for yourself the proposal made by Senator Pratt of Newfoundland during debate in the Canadian Senate for the establishment of a seaway transfer point on the south coast of Newfoundland for warehousing American agricultural products. I refer you to the construction of a 10-million-bushel grain storage elevator northeast of Quebec by the Cargill Corp. for the storage of wheat and other American grains for shipment when the St. Lawrence is frozen over. I further say that there is no savings in allowing American grains to be transhipped over foreign ports. In fact the Federal Government stands to lose and

when the Government loses everyone loses.

Mr. Chairman, the Keogh amendment is only for the best interest of the entire United States. I charge rabid sectionalism to those who would not support the amendment. I fervently maintain that the welfare of our own American institutions is of paramount importance and if foreign nations need our assistance they have only to ask for it and no foreign nation is asking for it in this form. The amendment is of material assistance to all the country, including the ports of the Great Lakes.

(Mr. LANE asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Maine [Mr. OLIVER].

(Mr. OLIVER asked and was given permission to revise and extend his remarks.)

Mr. OLIVER. Mr. Chairman, I rise in support of the Keogh amendment.

Mr. Chairman, there has been much concern expressed here today over the adverse effects of the adoption of the Keogh amendment on our relationships with Canada. Perhaps some understanding of the detrimental effects of Canadian discrimination against the port of Portland over the past 30 or more years may be pertinent in the present debates.

For years the port of Portland in my congressional district served as the winter outlet for foreign shipping from Montreal, Canada. There was an active and healthy exchange of traffic both export and import. The Grand Trunk Railroad, which was later nationalized and organized as an important operation under the governmental owned and operated Canadian National Railway system, constructed railroad terminals, grain storage elevators, and dockside facilities for handling this healthy and economic operation.

But, some 30 or more years ago political pressure of the maritime Provinces was brought to bear on the Dominion Government and as a result the port of St. John was expanded and modernized to such a degree that all Canadian traffic through the port of Portland dried up as a victim of governmental subsidized railroad and port operations.

Today, here, in this House we have a somewhat comparable situation. Public Law 480, which is being considered for renewal and extension, is a U.S. governmental subsidized program to help dispose of our huge surpluses of basic commodities to the hungry people of the world. This is a publicly supported program and should be operated in the best interests of our own people. Our good friends and neighbors of Canada should not complain or feel discriminated against if this House, Mr. Chairman, should adopt the Keogh amendment.

The purpose of the amendment is to protect the ports of the United States. Our taxpayers have paid for these commodities which Public Law 480 seeks to give away to hungry people over the world. In so doing, our ports and our workers should derive all possible bene-



fits from this public operation. Surely, we in Maine objected strenuously when Canada served its own interests by taking its traffic away from us. But there was no attention paid to our complaints.

Today, Canada cannot expect us to subordinate our shipping and port interests to Montreal and St. John or any other Canadian port.

When the St. Lawrence Seaway was authorized, our port-conscious citizens in Portland and in Maine generally, suspected that we would suffer as a result. The resistance which my good friends from the Middle West and particularly those from the Great Lakes area are staging against the Keogh amendment will, if effective, discriminate against American ports in favor of Montreal and other Canadian ports. Consequently, our attitude of opposition to this alliance of our colleagues with the interests of the port of Montreal can be well understood. We only ask for the favorable considerations of our Middle West friends that the seaway, which is destined to make a great shipping area for your States, should not be used as a further "stab in the back" of the Atlantic, Gulf and Pacific ports which mean economic setbacks of major proportions for us.

Certainly, taxpayers' dollars which provide the subsidies for surplus basic commodities would get some small break from the use of American ports for the shipment of these commodities to foreign lands.

Mr. Chairman, I plead with my colleagues to treat us fairly and equitably. Do not give away this earning factor to the ports of Canada, the earning factor, which is wrapped up in the Keogh amendment and to which American ports are entitled. This is a public program with public funds and American public interests should be served. Let private traffic go where it will but let us use American taxpayers' dollars where they will best serve American taxpayers' interests and in this matter that interest can only be found in the use of American ports.

I urge adoption of the Keogh amendment.

The CHAIRMAN. The Chair recognizes the gentleman from North Dakota [Mr. BURDICK].

(Mr. BURDICK asked and was given permission to revise and extend his remarks.)

Mr. BURDICK. Mr. Chairman, I rise in opposition to the Keogh amendment.

Mr. VANIK. Mr. Chairman, will the gentleman yield?

Mr. BURDICK. I yield to the gentleman from Ohio.

Mr. VANIK. Mr. Chairman, a great deal has been said here today about favoritism to foreign shippers if the Keogh amendment is not adopted. I want to point out the fact that ocean freight rates have been offered from foreign-flag vessels direct from Duluth to Rotterdam at \$9.25 per ton of wheat. Montreal to Rotterdam, on the other hand, have had rates as low as \$3.25 per ton. This means that ocean-going vessels have been charging \$6 per ton for the

Duluth-Montreal portion of the through transportation. This comes to 17 cents per bushel for this leg of the trip.

American lakes shippers, on the other hand, have been charging 13.5 cents per bushel, 3.5 cents per bushel less than the foreign carriers for this transport. This comes to almost \$1.20 a ton saving if the Great Lakes seaway is used. The fact is, Mr. Chairman, that no foreign shipper can effectively compete with the huge Great Lakes carriers on the Duluth-Montreal portion of the shipment. They can move with grain to Montreal and return with Labrador ore.

If you want to help American shipping and American Great Lakes shippers, you must defeat the Keogh amendment. This is the only way in which the Great Lakes shippers can provide shipping at lower cost to the taxpayer and to the benefit of everyone else who is the beneficiary of Public Law 480.

Mr. GARMATZ. Mr. Chairman, will the gentleman yield?

Mr. VANIK. I yield.

Mr. GARMATZ. Does it cost the farmer himself one penny more?

Mr. VANIK. No. Great Lakes shipping would save \$1.20 a ton in shipping charges.

Mr. GARMATZ. It would be less under the Keogh amendment.

The CHAIRMAN. The time of the gentleman from North Dakota [Mr. BURDICK] has expired.

The Chair recognizes the gentleman from Ohio [Mr. VANIK].

Mr. VANIK. Mr. Chairman, at this time I yield to my colleague from Cleveland, Mr. FEIGHAN, of Ohio.

Mr. FEIGHAN. Mr. Chairman, I am opposed to the Keogh amendment because it is designed to lessen the effectiveness of the St. Lawrence Seaway and also to deprive American flagships plying their trade from the Great Lakes to points in Canada under the provisions of Public Law 480, at a saving to the taxpayers. I urge defeat of the Keogh amendment.

Mr. VANIK. I thank my distinguished colleague.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. VANIK. I yield.

Mr. YATES. The gentleman from Texas declared that lake shipping is foreign shipping. Is the gentleman aware of any law passed by the Congress or any change in the Constitution which has read the lake cities out of the Union?

Mr. VANIK. I do not know of any.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

The Chair recognizes the gentleman from North Carolina [Mr. COOLEY] to close the debate.

Mr. COOLEY. Mr. Chairman, I am not speaking now, on this proposition, as Chairman of the Committee on Agriculture but as a Member of the House. It occurs to me that the Keogh amendment is a good amendment and should be adopted. I think the matter has been thoroughly covered by those who preceded me. I have no further observation to make other than I shall support the amendment.

Mr. GARMATZ. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. GARMATZ. I should like to ask the Chairman of the Committee on Agriculture will the Keogh amendment cost the American farmer 1 penny more?

Mr. YATES. Of course it will.

Mr. COOLEY. I do not think it will, because I think what we are doing here is saving some money for the taxpayers on freight rates.

Mr. YATES. What about the question of transportation costs?

Mr. COOLEY. The farmer does not pay that.

Mr. YATES. Who pays it?

Mr. COOLEY. The shipper pays it. The American taxpayer pays it. I do not see why the American taxpayer should ship in foreign ships.

Mr. YATES. Even if it costs more money?

The CHAIRMAN. The time of the gentleman from North Carolina [Mr. COOLEY] has expired.

The question is on the amendment offered by the gentleman from Michigan [Mr. MACHROWICZ] to the amendment offered by the gentleman from New York [Mr. KEOGH].

The question was taken; and on a division (demanded by Mr. SPRINGER) there were—ayes 71, noes 108.

So the amendment to the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. KEOGH].

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. COOLEY. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. KEOGH and Mr. HOEVEN.

The Committee divided, and the tellers reported that there were—ayes 134, nays 142.

So the amendment was rejected.

Mr. MCINTIRE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MCINTIRE: On page 8, lines 16 and 17, after the word "stocks", strike out "disposed of" and insert in lieu thereof "donated abroad."

Mr. MCINTIRE. Mr. Chairman, this amendment is to a section of the bill that was proposed by the gentleman from Tennessee [Mr. BASS] and relates itself to the labeling of commodities which are donated. In order that it be clear that the language of this bill and this section is intended to apply to the labeling of commodities donated abroad, I have proposed this amendment to clarify the language in the bill.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. MCINTIRE. I am happy to yield to my chairman.

Mr. COOLEY. Mr. Chairman, I have no objection to the amendment.

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.



Mr. LATTI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LATTI: Page 6 line 19, insert the following:

"SEC. 12. Section 303 of such Act is amended by striking out the fourth sentence of such section and inserting in lieu thereof the following: 'The Secretary shall permit and encourage barter for materials processed in the United States providing the agricultural commodities to be bartered for such materials be exported to friendly foreign countries.'"

Mr. LATTI. Mr. Chairman, section 303 was stricken out of the bill yesterday. This amendment which I propose was adopted unanimously in the Committee on Agriculture, and I think it should be adopted unanimously here today.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. LATTI. I yield.

Mr. COOLEY. Mr. Chairman, I have no objection to the amendment. The gentleman has accurately stated the situation. I accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio.

The amendment was agreed to.

Mrs. SULLIVAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. SULLIVAN: On page 8, after line 23, insert the following new section 14 and renumber succeeding sections to conform:

"SEC. 14. Title III of the Agricultural Trade Development and Assistance Act of 1954, as amended, is further amended by adding at the end thereof the following new section:

"SEC. 306. (a) In order to promote the general welfare, raise the levels of health and of nourishment for persons whose incomes prevent them from enjoying adequate diets, and dispose in a beneficial manner of food commodities acquired by the Commodity Credit Corporation or the Department of Agriculture in carrying out price support operations or diverted from the normal channels of trade and commerce under section 32 of the Act of August 24, 1935, as amended, the Secretary of Agriculture (in this section referred to as the "Secretary") is hereby authorized to promulgate and put into operation as quickly as possible, a program to distribute to needy persons in the United States through a food stamp system such surplus food commodities.

"(b) In carrying out such program, the Secretary shall—

"(1) distribute surplus food made available by the Secretary for distribution under this program only when requested to do so by a State or political subdivision thereof;

"(2) issue, or cause to be issued, pursuant to subsection (c), food stamps, redeemable by eligible needy persons for such types and quantities of surplus food as the Secretary shall determine;

"(3) distribute surplus food in commercially packaged form, preferably through normal channels of trade;

"(4) establish standards under which, pursuant to subsection (c), the welfare authorities of any State or political subdivision thereof may participate in the food stamp plan for the distribution of surplus foods to the needy;

"(5) consult the Secretary of Health, Education, and Welfare, and the Secretary of Labor, in establishing standards for eligibility for surplus foods and in the conduct of the program generally to assure achieve-

ment of the goals outlined in subsection (a) of this section; and

"(6) make such other rules and regulations as he may deem necessary to carry out the purpose of this section.

"(c) The Secretary shall issue, to each welfare department or equivalent agency of a State or political subdivision requesting the distribution of surplus food under subsection (b) (1), food stamps for each kind of surplus food to be distributed, in amounts based on the total amount of surplus food to be distributed and on the total number of needy persons in the various States and political subdivisions eligible to receive such food. The food stamps shall be issued by each such welfare department or equivalent agency to needy persons receiving welfare assistance, or in need of welfare assistance but ineligible because of State or local law, and shall be redeemable by such needy persons at local distribution points to be determined by the Secretary under subsection (b) (3).

"(d) Surplus food distributed under this section shall be in addition to, and not in place of, any welfare assistance (financial or otherwise) granted needy persons by a State or any political subdivision thereof.

"(e) In any one calendar year the Secretary is authorized to distribute surplus food under this section to a value of up to \$1,000,000,000, based on the cost to the Federal Government of acquiring, storing, and handling such food.

"(f) For the purposes of this section, a needy person is anyone receiving welfare assistance (financial or otherwise) from the welfare department or equivalent agency of any State or political subdivision thereof, or who is, in the opinion of such agency or agencies, in need of welfare assistance but is ineligible to receive it because of State or local law.

"(g) The Secretary of Agriculture, in consultation with the Secretary of Health, Education, and Welfare and the Secretary of Labor, shall make a study of, and shall report to Congress within six months after the date of enactment of this section, on the feasibility of, the costs of, and the problems involved in, extending the scope of the food stamp plan established by this section to include persons receiving unemployment compensation, receiving old-age and survivors insurance (social security) pensions, and other low-income groups not eligible to receive food stamps under this section.

"(h) There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the purposes of this section."

Mrs. SULLIVAN (interrupting the reading). Mr. Chairman, I ask unanimous consent that the further reading of the amendment be dispensed with and that it be printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Missouri?

There was no objection.

Mr. HOEVEN. Mr. Chairman, I make the point of order that the amendment is not germane to the extension of Public Law 480, as incorporated in the bill H.R. 8609.

The amendment proposes to establish a new distribution system within the United States. H.R. 8609 contains no such provision to which this proposed amendment is germane.

In addition, the proposed amendment would suspend the operation of section 416 of the Agricultural Act of 1949, as amended, which is not before us.

The bill, H.R. 8609, contains only one reference to section 416, but this provision deals only with the labeling of surplus foods, not with the system of distributing these commodities.

This is an amendment which is entirely foreign to the legislation now under discussion and as presented is not germane to the bill.

The CHAIRMAN. Does the gentlewoman from Missouri desire to be heard on the point of order?

Mrs. SULLIVAN. Mr. Chairman, I would like to be heard on the point of order.

The CHAIRMAN. The Chair will hear the gentlewoman from Missouri.

Mrs. SULLIVAN. Mr. Chairman, Public Law 480, title III, under "General Provisions," states:

In order to prevent the waste of commodities acquired through price support operations by the Commodity Credit Corporation before they can be disposed of in normal domestic channels without impairment of the price support program or sold abroad at competitive world prices, the Commodity Credit Corporation is authorized on such terms and under such regulations as the Secretary may deem in the public interest: To donate such commodities to the Bureau of Indian Affairs and to such State, Federal, or private agency or agencies as may be designated by the proper State or Federal authority and approved by the Secretary, for use in the United States in nonprofit school lunch programs, in nonprofit summer camps for children, in the assistance of needy persons, and in charitable institutions, including hospitals, to the extent that needy persons are served.

I further state, Mr. Chairman, that H.R. 8609 is a bill to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, extending certain authorities provided for in that law, and for other purposes. The Agricultural Trade Development and Assistance Act of 1954, as amended, known as Public Law 480, contains provisions not only for the foreign sale, barter and donation of surplus food, but it also contains the relevant provisions of law authorizing domestic donations of surplus food to our own needy. This is contained in titles II and III of the law.

The bill before us amends titles II and III in several respects. The bill before us furthermore contains language clearly applicable to the domestic distribution of surplus foods. For instance, on page 8, beginning at line 14, it states that Commodity Credit Corporation stocks disposed of under title II of Public Law 480 and under section 416 of the Agricultural Act of 1949, as amended, shall be marked and identified in a way that the recipients would recognize these as gifts of the people of the United States.

In conclusion, Mr. Chairman, I know that the chairman of the Committee on Agriculture agrees with me, not only on the germaneness of this amendment to H.R. 8609 but on the merits of it as an amendment to Public Law 480.

I make one further point in contesting the point of order. "Cannon's Precedents," volume VIII, section 2941, states:

An act continuing and reenacting an existing law is subject to amendment modifying the provisions of the law carried in the act.



Mr. Chairman, we are enacting Public Law 480 programs. This amendment is germane in that it would modify the terms of Public Law 480 dealing with the distribution of surplus food to our own needy, establishing an additional and effective means of distributing such food to our needy.

The CHAIRMAN (Mr. BOLLING). The Chair is prepared to rule.

The bill presently before the Committee provides in two sections for amendments to title III, the general provisions title of Public Law 480. The recently adopted Latta amendment is to the second section involved, and the section cited by the gentlewoman from Missouri, page 8, section 13, is the first one.

The language cited by the gentlewoman from Missouri of section 302 of the basic law, Public Law 480, is very much to the point, and the Chair will repeat it for the purpose of the RECORD:

SEC. 302. Section 416 of the Agricultural Act of 1949 is amended to read as follows:

"SEC. 416. In order to prevent the waste of commodities acquired through price-support operations by the Commodity Credit Corporation before they can be disposed of in normal domestic channels without impairment of the price-support program or sold abroad at competitive world prices, the Commodity Credit Corporation is authorized, on such terms and under such regulations as the Secretary may deem in the public interest: (1) upon application, to make such commodities available to any Federal agency for use in making payment for commodities not produced in the United States; (2) to barter or exchange such commodities for strategic or other materials as authorized by law; (3) in the case of food commodities to donate such commodities to the Bureau of Indian Affairs and to such State, Federal, or private agency or agencies as may be designated by the proper State or Federal authority and approved by the Secretary, for use in the United States in nonprofit school-lunch programs, in nonprofit summer camps for children, in the assistance of needy persons, and in charitable institutions, including hospitals, to the extent that needy persons are served."

Furthermore, on June 20, 1957, a comparable amendment was offered by the gentleman from Louisiana [Mr. THOMPSON], and in making his ruling the Chairman of the Committee of the Whole House on the State of the Union, Mr. Hays of Arkansas, said as follows:

The act which the bill proposes to amend and extend contains a provision relating to the subject matter and, as pointed out, is sufficiently broad and does cover the material offered in this amendment. The language is specific that notwithstanding the foregoing the Corporation on such terms and conditions as the Secretary may deem in the public interest shall make available any farm commodity or product thereof owned or controlled by it in relieving distress.

The Chairman then held the amendment germane and overruled the point of order. The present occupant of the chair, for the reasons stated, holds the amendment germane and overrules the point of order.

A MORE INTELLIGENT SYSTEM OF DISTRIBUTION OF SURPLUS FOOD TO OUR OWN NEEDY

Mrs. SULLIVAN. Mr. Chairman, this amendment consists of the food stamp bill, H.R. 1359, which has been approved

by the Committee on Agriculture as a separate bill.

It belongs on this bill, however, as part of the overall program of surplus food disposal here and overseas. If you want to see a food stamp plan in operation in this country, with all of our own needy getting regular allotments of good, nourishing food, including the perishables—fruits, vegetables, fresh eggs instead of powdered eggs, fresh milk instead of milk powder—if you want to see such a program in effect—operating out of the neighborhood grocery stores—then this amendment to this bill represents your best hopes of achieving that.

Standing by itself, my bill might be vetoed. The Republican members of the Committee on Agriculture solidly oppose it—every one. Mr. Benson says he does not want it.

SECRETARY WON'T ACT UNLESS LAW IS ENACTED

He already has the authority to institute a food stamp plan such as called for in this amendment, but he won't initiate it on his own authority. He has told Congress—he told us in a formal report on this matter 2 years ago—that if the Congress wants him to run a food stamp program, it must enact legislation calling for such a program. Placing such legislation on this bill is the best way to comply with that demand, and establish a more intelligent system of distributing surplus food to our needy.

ISSUE FULLY CONSIDERED AND APPROVED BY AGRICULTURE COMMITTEE

We argued this issue out here on the House floor on June 20, 1957, and again on August 18 last year, when a majority of the Members supported my bill. As I said, the House Agriculture Committee has approved this proposal. I would rather see the food stamp program become law as part of Public Law 480, however, than have my own bill, H.R. 1359, passed only to be vetoed. The chairman of the Committee on Agriculture, I am happy to say, agrees with me, and tried to tack this bill on to H.R. 8609 in committee.

GETTING SURPLUS FOOD TO THOSE WHO NEED IT IN UNITED STATES

Mr. Chairman, what would this amendment do? It would use our surpluses—more of them—to help our own needy. We are sending billions of dollars worth of food overseas in gifts to the needy of other countries. In comparison, we are doing very little for our own needy. In many cities, we give them some cornmeal, some flour, some dried skim milk, some rice, once a month—in big packages these poor people have to drag home clear across town—many of the recipients old people who have a difficult time getting the stuff home. When they eat it, they have a completely unbalanced diet. Yet farmers are in trouble financially because of surpluses.

How good and how bad is the present food distribution system? Read the Committee on Agriculture's report on H.R. 1359—House Report No. 907. Copies are at the pages' desk. You will see how the program operates in your State, if you are not already aware of the short-

comings of food distribution to our own needy. Ask any Member who comes from an area where they are giving out this food at the present time.

FRESH FOODS INSTEAD OF POWDERED AND DEHYDRATED ONES

Every little bit of additional food helps the hungry. But can we not use these mountains of surplus in a more humane manner? Can we not include fruits and vegetables and meats and poultry and eggs when they are in surplus? Under a food stamp plan we can—and should.

REACHING ALL OF OUR CERTIFIABLY NEEDY

This would be done mostly through section 32 funds. Why not distribute some pork to the needy, if we are going to spend \$150 million to help the hog raisers? Are we going to ship that pork to the poor of every other country in the world, and pay the ocean freight besides? Or distribute it to our own needy?

Operating through the stores, a food stamp plan could cover and include all of our certifiably needy—all on public assistance, all of the cases we know need this help. Get House Report No. 907, on H.R. 1359, and see the extent of need in your State. I am sure that all of the Members on the Democratic side, certainly, and even some of the Republicans will support this amendment if they only look over the committee report on my bill, look at the tabulations and facts it contains, and see the solution presented.

In a limited time here I cannot detail all of the provisions of the bill. The committee report on H.R. 1359 spells it out in detail. Please read it. And you will see that even in the hardest hit recession areas of this country—the depressed areas—many counties cannot now participate in food distribution. It is tragic that in helping to feed the whole world, we let many of our own go hungry. In county after county with from 6 to 12 percent unemployment—or worse—very little food is given out, or none at all. Just see the report on that on pages 9 to 16 of House Report No. 907, the report by the Agriculture Committee on H.R. 1359. The information referred to comes from the Department of Agriculture itself.

Mr. Chairman, under normal circumstances, we would have several hours of general debate and a separate debate on the rule if we were taking up H.R. 1359 under the regular order. There would be full opportunity to explain every feature of the bill. Since that opportunity will not be available today, in considering the bill as an amendment to H.R. 8609, I am including as part of my remarks the opening pages of the report by the Committee on Agriculture, which outline in detail the purposes of this proposal, how it would operate, what it would or might cost, and why it is needed, as follows:

EXCERPTS FROM REPORT OF COMMITTEE ON AGRICULTURE ON H.R. 1359

PURPOSES AND OBJECTIVES

The purposes of the bill are to provide clear-cut legislative authority to the Secretary of Agriculture to institute a nationwide food stamp plan for the distribution of surplus food to the needy, preferably through



the normal channels of trade; to include in such a food distribution program not only storable commodities in CCC stocks but other foods, including perishables, which are or which should be diverted from the market under various price-support operations of the Department of Agriculture; and to authorize any necessary additional appropriations not already authorized by law to carry out such a program.

The objectives of the bill are as follows:

1. To enable all Americans at the lowest income level, not now able to purchase even a minimum diet for proper nutrition, to obtain on a regular basis a wider variety of foods from among the food commodities produced in such abundance on the Nation's farms.

2. To replace wherever practical the present system of direct distribution to the needy with a more flexible plan better geared to the needs of the recipients for additional foods.

3. To utilize in a practical manner the food distribution skills and know-how of the American food industry in the distribution of surplus food to the needy, preferably utilizing neighborhood stores in which the recipients of surplus food customarily make their normal food purchases.

4. To aid the Nation's farms by providing a substantially expanded outlet for food commodities regularly, periodically, or seasonally produced in such surplus as to depress market conditions and lower the price received by the farmer to less than a fair and reasonable return.

#### NEED FOR LEGISLATION AT THIS TIME

It is the conviction of many members of the Committee on Agriculture that the Secretary of Agriculture at present has all of the legislative authority he requires to institute a food-stamp program such as called for in H.R. 1359, and that with a will and a desire to establish a broader and more beneficial system of surplus food distribution to the needy, the Secretary and his aids could place such a program into effect at any time.

Previous Secretaries of Agriculture have used the authority of section 32 of the Agriculture Adjustment Act of 1935 as the basis for various programs of surplus food distribution, including, in the period 1939-43, a much more elaborate food-stamp plan than is envisioned in H.R. 1359.

Thus, while conceding the fact that a very elaborate food-stamp plan was instituted in 1939 under the broad language of section 32, and while conceding that such language still remains part of the basic law applying to his Department, the Secretary has consistently maintained that if Congress wants a food-stamp plan placed in operation, it must enact legislation specifically directed to such a program, defining objectives and scope of operations, and providing administrative guidance and safeguards.

This committee would prefer to see the Secretary utilize with much more imagination and sympathy the authority he already possesses to help the small farmer and the needy consumer, by instituting a more effective method of surplus food distribution. However, in view of his insistence that Congress must first enact legislation specifically directed to this type of program, the Committee on Agriculture wants to remove any possible doubt in the mind of the Secretary of Agriculture as to his full authority to establish an effective food-stamp program. It also wants to make clear the congressional intent as to the scope and objectives of such a program.

#### SCOPE OF AID INTENDED

An effective food-stamp distribution system should assure that as broad a variety of surplus foods as is practical is distributed to needy Americans in preference to having such foods spoil in warehouses, or rot in the fields for want of harvest. Thus, such a pro-

gram should be concerned with disposing not only of surplus storable food commodities but also of perishables in temporary surplus, including fresh fruits and vegetables, fresh milk, fresh eggs, poultry, etc. In this way, a food-stamp plan can be of substantial benefit to the Nation's farmers by providing an expanded outlet for the products of our farms.

An effective food-stamp distribution system, furthermore, should include as beneficiaries needy people in all parts of the United States. At present, surplus food distribution is concentrated in areas of high unemployment, because political subdivisions in such areas, faced with a desperate situation of mass distress, have been willing to appropriate emergency funds to cover the high costs of distributing food in their localities. But a person on old-age assistance or a family surplus in want in any other area of the country—rural or urban—is just as much in need of the assistance which could be provided by surplus food distribution as a person or family in similar financial circumstances but living in a depressed labor area.

Under H.R. 1359, all persons on any form of public assistance, thus all of those not on public assistance but certified by State or local welfare authorities as being in need of assistance but ineligible by reason of State or local law, would automatically be eligible for participation in the food-stamp program.

An estimated 7 million Americans at present are receiving public assistance help. Depending upon local economic conditions, millions of additional Americans are periodically in need of assistance but unable to obtain it because of residence requirements, age of the people involved ("too old to get another job, too young for social security or old-age assistance" is a common protest), absence of a general assistance program in their State, or State prohibitions against the granting of public assistance to any family in which there is an employable person. All such needy persons would be eligible for participation in a food-stamp plan under H.R. 1359.

Some of the bill submitted to the Committee on Agriculture dealing with expanded food distribution proposed including in any food-stamp plan all persons on unemployment compensation or old age and survivors insurance (social security). While many, if not most such persons no doubt could benefit from the help provided by a food-stamp plan, the fact that they receive unemployment compensation or OASI benefits does not in itself prove they are needy.

Nevertheless, because most recipients of such benefits are undoubtedly experiencing great difficulty in making ends meet at today's high prices of necessities, H.R. 1359 provides that the Secretary of Agriculture, the Secretary of Labor, and the Secretary of Health, Education, and Welfare shall make a joint study and report to Congress within 6 months after the enactment of this bill on the feasibility of, the costs of, and the problems involved in extending the scope of the food-stamp plan to include those on unemployment compensation and social security, and other low-income groups.

#### LIMITATION ON COSTS SET AT \$1 BILLION ANNUALLY INCLUDING VALUE OF FOOD USED FROM GOVERNMENT STOCKS AND COSTS OF FOOD DISTRIBUTED THROUGH REGULAR STORES

The bill establishes a maximum authorization of \$1 billion a year for all costs associated with the distribution of surplus food under a food-stamp plan, including the cost to the Federal Government in acquiring, storing, handling, and processing food commodities distributed from Government storage and all other costs under the bill.

While H.R. 1359 provides for distribution of up to \$1 billion worth of food annually, it does not, of course, entail additional Fed-

eral expenditures of \$1 billion or of an amount even roughly approximating \$1 billion. Most of the food distributed would be food purchased by the United States through the operation of the price support activities of the Department of Agriculture. Funds for this purpose are already budgeted, including CCC acquisitions, plus \$238 million of section 32 funds for the current fiscal year, plus the \$300 million carryover in section 32 funds available from customs receipts in previous years.

Operation of a food-stamp program under H.R. 1359 undoubtedly would mean greater book-value donations of foods from Government-owned stocks, and in that sense would represent an apparent increase in Government costs. But much of this food must be disposed of in one way or another in any event.

There would, of course, also be additional Federal expenditures under the food-stamp program. There would undoubtedly be additional use of section 32 funds already budgeted. Also—and these would have to come from new appropriations—there would be some additional administrative expenses for the Department for distribution activities and any expenditures made to the food industry in connection with use of the regular stores for distributed foods, including redemption of the stamps either through an exchange of food stocks or in currency, or both.

The committee has made repeated efforts over the past several years to obtain from the Department of Agriculture reasonably accurate estimates of the added costs which would be involved in a food-stamp program such as called for under H.R. 1359, but the Department has failed to provide such figures. Instead, it has used a rule-of-thumb yardstick based on this assumption: If a food-stamp program is to be effective in helping to alleviate surpluses, it would have to provide at least \$100 worth of additional food a year to each person participating in the distribution. Using as a minimum 6 million people who would be immediately eligible (based on the estimated number of public assistance recipients in 1956) such a program, the Department states, would cost \$600 million. But this is a figure pulled out of thin air and is in no sense a breakdown of the actual additional cost of H.R. 1359, particularly since as noted, most of the food the Department contemplated distributing in connection with that \$600 million estimate was food already owned and paid for by the Federal Government.

The only other relevant figures submitted to the committee concerned the experience of the city of Detroit in arranging for the distribution of surplus food to the needy through a number of participating stores. These stores charge the city 15 cents per person for making the distribution of food provided to the city by the Department of Agriculture.

If H.R. 1359 is enacted, it would be up to the Department of Agriculture to justify to Congress whatever appropriations would be necessary to arrange for food distribution by the regular stores participating in a food stamp program. These might include the costs of exchanging food stocks or redeeming food stamps in currency, depending upon the methods agreed to by the Department and the food industry. It is the opinion of the committee that the Nation's food industry would welcome the opportunity to participate in a meaningful program of helping to provide supplementary food to the Nation's needy and would be glad to sit down with representatives of the Department of Agriculture to work out such an arrangement at reasonable cost to the taxpayers. Spokesmen for various segments of the food industry have, from time to time, informed the committee of their interest in such a plan, particularly if it would mean better



diets for the lowest income families and the elimination of present disposal practices which in effect compete with the regular food stores in areas now distributing surplus foods.

#### PRESENT SURPLUS FOOD DISTRIBUTION SYSTEM

The present system of surplus food distribution to the needy grew in the wake of the serious recessions of 1953-54 and 1957-59. Members of Congress from coal mining areas were primarily responsible for persuading the Department of Agriculture to begin distributing to States and localities some of the storable commodities to be repackaged for distribution to needy families. Subsequently, legislation was reported out of this committee and enacted by Congress to provide for processing by CCC of some surplus corn into cornmeal, and of some wheat into flour, for such distribution. Later, the Congress authorized the Department to package many of the surplus items into family-sized containers for more convenient local distribution.

Throughout the period since the program started, however, all of the responsibility for local distribution of the surplus commodities has rested upon the States and communities participating. The Federal Government ships the commodities into the States in carload lots to central receiving points. It is then transported at State or local expense to distribution depots.

Because of the extent of unemployment, particularly in the chronically depressed labor market areas, the costs of food distribution have been undertaken gladly by many localities in appreciation for even the limited help these few free commodities could provide to families in dire need in their communities. But one after another of the communities which now participate have voiced strong criticisms of the program in operation—the lack of variety in the kinds of food made available; the high costs to localities of warehousing (and refrigeration for butter and cheese when available) as carloads of food arrived on such an erratic schedule that distribution dates had to be planned on a monthly basis in order to accumulate enough foods to warrant summoning needy eligibles to a central depot.

Despite such criticisms from the very start of the direct distribution system in the 1953-54 recession, the Department of Agriculture has maintained from the beginning that its program is adequate, efficient and "of least cost" of any of the various programs of surplus food distribution which has been suggested, including a food stamp plan. And the Department has opposed all legislation submitted to this committee to improve the direct distribution system, citing inevitably the matter of "cost."

This committee is acutely conscious of the costs of legislation it recommends. It is determined to scotch the myth which has grown up over the years that legislation to help the farmer is extravagantly costly. It has opposed lumping in under so-called farm subsidies programs operated by the Department of Agriculture which are not part of any specialized farm program but are of benefit to all Americans, and programs operated by the Department overseas as part of our foreign policy responsibilities.

Nevertheless, we cannot condone the failure of the Department to utilize effectively in behalf of the Nation's many needy persons the abundance of food already in Government possession, and other foodstuffs in surplus, merely because of the alleged cost of an effective distribution system.

This committee wants our surplus food used to help feed the hungry. The present distribution system is not meeting that requirement.

#### ONLY A THIRD OF COUNTIES, AND A THIRD OF PERSONS ON PUBLIC ASSISTANCE ARE NOW COVERED IN THE SURPLUS DISTRIBUTION PROGRAM

While it is true that many Americans are receiving gifts of surplus food in areas of high unemployment, facts presented to this committee show that the program is not operating in about two-thirds of the Nation's counties, and that about two-thirds of the people on various forms of public welfare in the United States are not receiving any of this food—largely by accident of geography.

The deficiencies of the present distribution program in terms of reaching the majority of our neediest Americans are clearly demonstrated in the following State-by-State breakdown submitted to this committee by Representative SULLIVAN:

#### TABULATION PREPARED BY REPRESENTATIVE SULLIVAN SHOWING STATE-BY-STATE PARTICIPATION IN PRESENT FOOD DISTRIBUTION PROGRAM BY PERSONS ON PUBLIC ASSISTANCE

The following figures and percentages are rough approximations based on monthly estimates from the Department of Health, Education, and Welfare and on periodic reports from Department of Agriculture. There may be some variation from month to month:

State	Number on assistance	Number on assistance receiving food	Approximate percentage welfare class receiving
Alabama.....	207,000	46,000	22.0
Alaska.....	6,410	0	0
Arizona.....	46,000	21,000	45.0
Arkansas.....	98,000	89,000	90.0
California.....	622,000	20,000	3.0
Colorado.....	93,000	20,000	22.0
Connecticut.....	58,000	800	1.5
Delaware.....	13,000	0	0
District of Columbia.....	20,000	20,000	100.0
Florida.....	185,000	0	0
Georgia.....	182,000	13,000	7.0
Hawaii.....	16,000	0	0
Idaho.....	16,000	0	0
Illinois.....	114,000	58,000	50.0
Indiana.....	91,000	49,000	55.0
Iowa.....	80,000	45,000	55.0
Kansas.....	62,000	12,000	20.0
Kentucky.....	150,000	75,000	50.0
Louisiana.....	251,000	0	0
Maine.....	44,000	26,000	58.0
Maryland.....	50,000	22,000	49.0
Massachusetts.....	168,000	4,000	2.0
Michigan.....	316,000	220,000	70.0
Minnesota.....	109,000	27,000	25.0
Mississippi.....	175,000	150,000	86.0
Missouri.....	245,000	35,000	14.0
Montana.....	24,000	235	1.0
Nebraska.....	35,000	0	0
Nevada.....	8,000	853	10.0
New Hampshire.....	15,000	4,600	30.0
New Jersey.....	96,000	14,000	15.0
New Mexico.....	39,000	29,000	75.0
New York.....	509,000	262,000	50.0
North Carolina.....	179,000	0	0
North Dakota.....	18,000	769	4.0
Ohio.....	345,000	61,000	18.0
Oklahoma.....	181,000	113,000	62.0
Oregon.....	58,000	0	0
Pennsylvania.....	362,000	271,000	75.0
Puerto Rico.....	239,000	400,000	165.0
Rhode Island.....	36,000	8,600	24.0
South Carolina.....	85,000	0	0
South Dakota.....	24,000	13,500	57.0
Tennessee.....	147,000	36,000	25.0
Texas.....	368,000	47,000	13.0
Utah.....	28,000	18,000	65.0
Vermont.....	15,000	4,700	31.0
Virgin Islands.....	1,700	0	0
Virginia.....	66,000	6,900	10.0
Washington.....	139,000	5,000	4.0
West Virginia.....	109,000	85,000	78.0
Wisconsin.....	107,000	17,000	16.0
Wyoming.....	8,800	5,000	57.0

<sup>1</sup> Estimates of persons on public assistance from HEW; estimates of persons on public assistance receiving surplus food from Department of Agriculture.

In conclusion, Mr. Chairman, I submit now as part of my remarks, the statement I delivered on this bill before the

House Committee on Agriculture, as follows:

#### AILING THE FARMER BY PROVIDING MILLIONS OF NEW CUSTOMERS FOR NUTRITIOUS FOODS THROUGH A FOOD STAMP PLAN

(Testimony of Congresswoman LEONOR K. SULLIVAN, Democrat, of Missouri, before House Committee on Agriculture at opening of hearings on H.R. 1359, by Mrs. SULLIVAN, and related bills, for establishing a food stamp plan for distribution of surplus food to the needy, Thursday, July 30, 1959)

Chairman COOLEY and members of the committee, I am grateful to the chairman for scheduling full committee hearings on this legislation. In the three previous Congresses in which I have introduced this bill—or one very much like it—the hearings were usually conducted by subcommittee and I found afterward that the committee members who opposed the plan most vigorously in committee or on the House floor were almost always those who had not participated in the subcommittee hearings and thus, perhaps, were not fully aware of the opportunities provided in this legislation not only to help our needy but to help the farmer, too.

H.R. 1359, by the way, is the same bill which a majority of the members of this committee voted for last year and which a majority of the Members of the House of Representatives also supported in a rollcall vote on August 18, on which the tally was 196 to 187. As you know, the bill was considered under suspension of the rules requiring a two-thirds majority, so the bill did not pass despite majority support.

#### MILLIONS OF AMERICANS HAVE INADEQUATE DIETS

This year, I trust we can finally see it enacted. Many of those on the Republican side of the House who opposed the bill last August are no longer in Congress and their successors, I trust, will support this kind of bill to assure a better diet for the 7 million or more Americans not now able to afford minimum levels of nutrition.

We are now sending frozen chickens to the United Arab Republic, and other foods of all kinds to Yugoslavia, Poland, India, and other countries all over the world—yet for our neediest here, we can provide only some cornmeal or wheat flour, some powdered milk, and that's about all. We should be ashamed of ourselves for permitting this situation to exist, in the midst of such abundance of food—a blessing from God. The surplus is such that we are desperately trying to give it away and dump it all over the world and are in effect paying some countries to take it away. We even subsidize the shipping in some cases—pay the ocean transportation costs.

#### INCLUDE BILL IN PUBLIC LAW 480

This committee has just completed extensive hearings on Public Law 480, the basic legislation for foreign distribution of surplus American food. We have spent many billions in giving food away overseas in these past 5 years. I am not against aiding the people of other nations, sharing our abundance with them, promoting peace by helping to feed the hungry. I merely want to point out that we also have hungry people here. And we are not doing, in proportion, nearly as much for them as we are for the underprivileged and undernourished of other lands. The figures prove it. More surplus food is sent as a giveaway overseas than is donated to the needy in the United States—even including the gifts of food to the school lunch program.

#### FIRST PRIORITY ON SURPLUS FOR OUR OWN NEEDY

Since Public Law 480 includes in Title III, authority for domestic distribution of sur-



plus food to our needy, and since Public Law 480 will shortly have to come before the House for renewal and extension, I would like to suggest now that H.R. 1359 be written into Public Law 480 as an additional program. The language for accomplishing that could be worked out easily and quickly, and we would thereby achieve two important purposes: one, we would assure that the first priority on distribution of foods in surplus go to our own needy rather than to the needy of other countries—under present law, the Department of Agriculture apparently contends it is not permitted to give away some surplus items here if any foreign country wants to arrange to obtain those same items under Public Law 480; and secondly, we would assure prompt House consideration of this plan as a logical provision of legislation dealing with the whole question of surplus distribution. We saw last year how H.R. 13067 was locked up in the Rules Committee so that it could come up for a vote only under the suspension of the rules procedure which led to its demise.

I believe Chairman COOLEY agrees with me that this bill now belongs as part of Public Law 480, and I earnestly urge that it be so included.

#### HARD CORE OF 7 MILLION NEEDY

Now, Mr. Chairman and colleagues, let me tell you why I think this legislation is so vital not only to our own needy but to the American farmer as well. We have, as I said, more than 7 million Americans not now able to buy even the barest minimum diet. These are the people on various forms of public assistance. They are—most of them—in dire need in either good times or bad. They form a hard core of the needy aged, the needy disabled, the blind, the families without income except what comes from public agencies or private charities. Their monthly checks do not cover minimum needs. In addition, in bad times—in recession—the ranks of the needy are swelled by millions more temporarily without jobs who may have used up their unemployment benefits—or who were not eligible for unemployment compensation. Many of them cannot get on public assistance regardless of need, in certain States, if they are employable. Nevertheless, they still have to eat.

Here in Washington, in the Nation's Capital, Eve Edstrom of the Washington Post did a heartrending series of articles a year or so ago about hungry children rooting in garbage cans for something to eat. Out of this came a surplus distribution program here and a movement to provide more school lunches. But the problem Eve Edstrom wrote about in Washington was not an isolated one—it can be duplicated in cities all over America.

#### PRESENT DISTRIBUTION PROGRAM A FAILURE

We have the food. We have, as I said, such an abundance of food, it is now considered by Mr. Benson to be a great calamity. It could be a great blessing if properly used. It is not now properly used to help our own needy—that is clear and undeniable.

True, we have a surplus distribution program in operation in this country. But it is a very inadequate program. Only one-third of our counties participate in it because of its cost. And the figures show, too, that only one-third of our public assistance recipients throughout the country receive any of the food—2½ million out of 7 million. If you take into account another fact, the statistics are even more discouraging—of the 2½ million relief recipients receiving surplus food, 400,000 are in Puerto Rico, one-quarter million each are in New York and Pennsylvania and Michigan. Another 175,000 are concentrated in Mississippi. For the rest of the States, therefore, in most cases anyway, far fewer than one-third of the relief recipients receive any sur-

plus food. For instance, in the chairman's State of North Carolina, there are nearly 180,000 people on various forms of public assistance, but none of them receive any surplus food. In South Carolina there are 85,000 on public assistance, but none of them receive surplus food. It is not distributed to the public assistance people in Oregon, Nebraska, Louisiana, Idaho, Florida, or Delaware, to name a few. In my State, Missouri, only about 15 percent of the people on public assistance receive surplus food; in Texas and Wisconsin it is about the same; in California it is about 3 percent; in Georgia about 8 percent; in Massachusetts about 2 percent; in North Dakota about 4 percent; the same in Washington State, and so on. Of course, some of the States do much better than that, but on the whole it is a very spotty program as to coverage, and a completely unsatisfactory program in operation. I can give you these figures for your own States following my statement, or I can put it in the record. It is a cruel hoax—a fraud—an illusion.

Any member of this committee who would disagree with me on that has just not bothered to go down to the distribution centers in the cities of our country and see this program in operation—not just in the distressed mining areas, but in any large city participating. People—old people, crippled, undernourished people—stand in long lines once a month or so to obtain big bags of flour or corn meal and some dried skim milk they cannot carry. There used to be some cheese and butter—but not now. Once, years ago, there was some canned beef. That was disposed of in one vast splurge—and then it was gone and there was never any more.

#### NO VARIETY OF FOODS

When you investigate this present distribution system in places like Kentucky, West Virginia, the mining areas of Pennsylvania and Ohio and elsewhere, or talk to Members of Congress from those areas, you find it is a scandal—a crime against humanity. The costs of distribution far outweigh the value of the food. There is no variety.

These are strong words, and I mean every one of them. I don't care how fine—how pious and decent—Mr. Benson and his aids may be in their personal lives—in this program they are participating in a cruel and inhumane thing when you stop to consider how much good—how much real good—could be accomplished with this surplus food. Even the Chairman of the Republican National Committee concedes its is woefully inadequate. Of course, he blames the law for that; I blame the administration of the law.

Let me point out something that every one of you knows better than I—that the farmers of this country—most of them—are in real difficulty. You have struggled to devise legislation which can help the farmer, and you have received precious little help from the administration. And now you find that the House Members from city districts like mine are looking more and more askance at your proposals for aiding agriculture.

#### CITY FOLKS SEE NO RELATION TO FARM PROGRAMS

Why? Not because we are against the farmer. We know the farmer must be prosperous if the goods we make in the cities are to be sold. A prosperous farmer is a good customer for city industry.

But if I may say so, I would point out that most—nearly all—legislation you bring forward to aid the farmer neglects completely to tie your objective of reasonable farm prices into the companion problem of helping us to assure an adequate diet for all of our citizens. A food stamp program would establish that bond. It would provide at least 7 million new customers—regular cus-

tomers—for the output of the average farm. Can you devise any better legislative device for increasing the consumption of farm commodities than by bringing in more customers—regular customers—for food items those people are not now buying?

#### FOOD STAMPS WOULD COVER ALL FOODS IN SURPLUS SUPPLY

As I have set up the program under H.R. 1359, the food stamp plan would provide for distribution through the stores of not just the storable surpluses but of the kind of foods, too, which can be acquired under section 32. We all know the Department has not used section 32 authority as Congress intended it to be used to help the farmer. We have had to force its greater use in the school lunch program, for instance.

There is no reason—no good reason—why fresh fruits and vegetables, and meats, when they are in such surplus as to cause marketing difficulties and depressed farm prices, cannot be utilized in season in a good stamp plan. There are hundreds of millions of dollars set aside each year from customs receipts—30 percent of customs receipts—for use in removing farm surpluses from the market. We have the maximum permissible annual carryover of \$300 million in this fund, plus the additional \$200 million or more made available each year—much of which is never used.

#### IS SECTION 32 WORTH CONSIDERING?

This raises the question: If section 32 funds are not to be used both to help the farmer and the needy, then why continue section 32? By what right should this money be made available each year just to help the farmer, if no one else gets any benefit from it? If we cannot use it both to help the farmer and the needy in our cities, by providing more variety in the diets of our 7 million at the bottom of the economic ladder—people who go without the kind of food they need—then it seems to me that the usefulness of the section 32 program is over as far as the average citizen and taxpayer is concerned.

We all pay tariffs on imported goods, and the farmer no more so than anyone else. This fund has in it \$500 million right now which could be used to reduce the national debt, if it is not going to be used to help those who need help. A food stamp plan, on the other hand, would provide a real incentive to the full use of the section 32 funds and authority.

#### DIRECT FARM PAYMENTS EXCEED \$1 BILLION YEARLY

One last point and then I will try to answer your questions:

It has been suggested by some of the members of this committee that relief—public welfare—is not the job of the Department of Agriculture. That is true. But it seems to me that in first accumulating billions upon billions of dollars worth of food, then in dumping billions of dollars worth of food overseas for currencies we will probably never use to any significant extent except to give it back to the countries involved, and now in paying out more than \$1 billion a year in direct cash payments to farmers, and another billion a year just to store our surplus food—there should also be room—there must be room—in such a program to aid the farmer by getting him more customers—7 or 8 million more regular customers each week for fresh eggs and fresh milk and fresh bread and an occasional half pound of bacon, or some fresh fruits and vegetables in season, or some chickens—all items at present well under parity.

#### WHY POWDER EGGS AND MILK?

We now buy up milk and eggs and powder them and give the powdered milk and



powdered eggs away. Why not give out fresh milk and fresh eggs? Eggs are only at 58 percent of parity. We seem to be able to send chickens to Egypt but we can't provide them to our poorest here even though the price to the farmer is at 56 percent of parity. Apples here are at 53 percent of parity. Citrus fruits go up and down—they're up now—but often they are way down. Why not distribute some surplus oranges or grapefruit in season to our provable needy? A food stamp plan provides the machinery for using our surplus—not storing it or dumping it.

I do not agree with some Members who believe the surplus distribution program should be switched over to the Department of Health, Education, and Labor. It would mean complete duplication in two separate departments of surplus food distribution systems—one for the needy, another for the school lunch and other programs. The responsibility for using this food properly—effectively—lies in the Department of Agriculture, although my bill also includes consultation with Health, Education, and Welfare, and also Labor. The Agriculture Department has failed to use its authority to institute any effective food distribution program. Congress must force it to be done.

**FOOD STAMP PLAN SAFER FROM VETO IN PUBLIC LAW 480**

The only effective way of accomplishing that now would appear to be through the inclusion of a food stamp plan as part of Public Law 480. I am not unmindful of the fact that a veto could stop my food stamp bill much more effectively standing by itself than as part of Public Law 480, which the administration wants and needs. I ask your help, therefore, in working it out in this fashion.

And I sincerely believe that such a step would be one of the most effective things you could do at this point to help the hard-pressed small farmer—who raises the variety of foods needed for an adequate diet. Adding 7 or 8 million Americans to the number of his customers able to obtain a decent diet would be a tremendous help in boosting farm sales and farmers' income.

Thank you.

(Mrs. SULLIVAN asked and was given permission to revise and extend her remarks.)

Mr. COOLEY. Mr. Chairman, I certainly do not want to minimize the importance of the pending amendment, but I appreciate the fact that most of the Members of the House are entirely familiar with the subject matter.

Mr. Chairman, I ask unanimous consent that all debate on the pending amendment close in 15 minutes after the gentleman from Iowa [Mr. HOEVEN], has been recognized and has finished his remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

Mr. MCINTIRE. Mr. Chairman, I object.

Mr. COOLEY. Mr. Chairman, I move that all debate on the pending amendment close in 25 minutes after the gentleman from Iowa [Mr. HOEVEN] has been recognized and has completed his remarks.

The CHAIRMAN. The question is on the motion offered by the gentleman from North Carolina.

The motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. HOEVEN].

(Mr. HOEVEN asked and was given permission to revise and extend his remarks.)

Mr. HOEVEN. Mr. Chairman, in general debate on yesterday I advised members of the committee that the extension of Public Law 480 was considered must legislation, and that it would have to be extended before this session of Congress adjourned. I want to speak to you as seriously as I can and voice a one-man opinion that if this amendment is incorporated in the bill it will not be enacted into law.

This amendment has an interesting history. It was offered last year under suspension of the rules and was defeated. A separate bill was reported out of the Committee on Agriculture a few days ago, the bill being authored by the gentlewoman from Missouri, and known as H.R. 1359. It had the unanimous opposition of all the minority members of the committee and our minority report speaks for itself.

That bill was presented to the Committee on Rules and on August 19 the Committee on Rules, a majority of the members of which are members of the gentlewoman's political party, adopted a motion to lay the bill on the table. So we are only doing some more shadow-boxing here today.

This amendment would not make any more needy people eligible for surplus food. It would impose a system of distribution which has proved inefficient and wasteful.

The Secretary of Agriculture has the authority to put a food stamp plan into operation. It was only done once on a national basis and that was during the time of a depression when we had some 22 million people unemployed. Today we have about 2½ million, perhaps 3 million, unemployed and the situation is entirely different from what it was then.

Mr. ARENDS. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Illinois.

Mr. ARENDS. The gentleman stated that the Secretary of Agriculture had the power to put this into effect. Has not that been true for a number of years, other Secretaries have had the same power?

Mr. HOEVEN. The gentleman is correct.

The Secretary already has the authority to establish a food-stamp plan under clause 2 of section 32 of the act of August 24, 1935. The original stamp plan was set up under this authority by Secretary Wallace during an extreme depression. It was discontinued under Secretary Wickard. Neither Secretary Anderson, nor Secretary Brannan, nor Secretary Benson chose to operate another food-stamp plan. There is no depression today and no justification for this legislation.

This bill would put the Department of Agriculture squarely into the welfare business. This is a proper function of HEW. The Department has neither the facilities nor the personnel for such an activity.

It is the "foot in the door" toward more complex and broad stamp plans which

would run anywhere from \$600 million to \$2½ billion per year. While it is very difficult to estimate the cost of this bill, the stated purpose is to have the Federal Government pay all the costs of distributing surplus foods. The city of Detroit spends over \$4.6 million a year. You can imagine what the cost would be if Uncle Sam paid the cost for every city in the United States.

"Backdoor spending" is the heart of this bill. The appropriations would not come through the regular process. The money would come from impairing the capital stock of the Commodity Credit Corporation and by using section 32 funds which are derived from tariffs on agricultural imports. The entire cost would be assessed against the farm program and would be very great, especially in view of the fact that there would be a duplication of operations by the Department of Agriculture and the Department of Health, Education, and Welfare.

This bill stands as an unwarranted invasion into State and local rights and responsibilities. We thoroughly endorse the principle that welfare programs should be a State and local responsibility. This bill would make the Federal Government solely responsible for a large portion of welfare activity. It would not be long before the program was operated from Washington rather than from the county courthouse.

The needy would not benefit from this bill. If enacted, States and local communities would inevitably be tempted to reduce or hold steady already low and sometimes inadequate public assistance because the Federal Government was assuming all the cost of food distribution.

In conclusion, Mr. Chairman, let me say that I would be the last to say our present system is perfect. It can be improved; we all know it; but three very important points should be borne in mind concerning the present arrangement of food distribution:

First. Any State can now get all the surplus food it wants and needs for its welfare activities simply by asking for it.

Second. Any State or community can now set up a stamp plan if it so desires. The fact is that no State has chosen to do so. There is only one city, Detroit, which has a stamp plan, as far as I know. Philadelphia tried it, but rejected it as impractical and too costly.

Third. We have been steadily increasing the number of needy people receiving food. In fiscal 1953 only 100,000 needy people in family units received surplus food. In the first half of fiscal 1959 over 5.2 million received this food. The latest figures show over 5.7 million. Counting school lunch and needy people in institutions, we are contributing food to over 20 million people in this country, as compared with 10.7 million people in fiscal 1953. In addition, we distributed over 2.2 billion half pints of milk last year under the school milk program.

The amendment should be defeated.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. SANTANGELO].



(Mr. SANTANGELO asked and was given permission to revise and extend his remarks.)

Mr. SANTANGELO. Mr. Chairman, I rise in support of the amendment offered by the gentlewoman from Missouri [Mrs. SULLIVAN]. I commend the gentlewoman for her gallant fight to reduce the bulging bins in our food warehouses by feeding the needy people of our country. As a member of the subcommittee on appropriations for agriculture, I can state that we have more than sufficient food to take care of the needy. We have warehouses piled high with butter and eggs. We have poultry in surplus. We have milk in surplus. What do we do with these products? We let them go to waste and we spend millions for their storage. We refuse to take care of the people of our country while we are seeking to spend \$1,800 million for the needy people all over the world? Let us take care of our own first; let us realize that charity begins at home. The food provided for in this amendment is in addition to the small amount of help that people on relief now get. This surplus food will provide a balanced diet to those receiving public assistance. I trust that this amendment will pass.

The CHAIRMAN. The Chair recognizes the gentleman from Maine [Mr. McINTIRE].

(Mr. McINTIRE asked and was given permission to revise and extend his remarks.)

Mr. McINTIRE. Mr. Chairman, I appreciate that a strong appeal is being made on the humanitarian interest involved in this issue. I am equally interested to call for the needy but we ought to be frank and realistic. The purpose of this amendment is to begin on a program which is very broad in purpose. Let us be responsible enough to put the administration of this program, into the hands of the Department of Health, Education, and Welfare. Let that Department come to the Committee on Appropriations for the necessary funds so that the people of this country can know exactly the costs involved. This cost should not be loaded on to the Department of Agriculture then in the minds of the people be charged to the farmers.

Food acquired by price stabilizing programs of USDA can be transferred and cost covered out of appropriations to Department of Health, Education, and Welfare.

While we are caring for our needy let us be honest with ourselves and those we represent and do the job forthrightly and not by backdoor financial operations.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. ASHLEY].

Mr. ASHLEY. Mr. Chairman, I simply want to express my congratulations and my regard for the gentlewoman from Missouri and commend her for the devotion and hard work that she has put in on this amendment and on the bill which incorporates the same subject matter. I want her to know that the director of relief in Lucas County, Ohio, has spoken to me on this subject on many occasions

and urgently supports the food stamp plan. I must tell the gentlewoman from Missouri that she is, indeed, a heroine in his eyes and I am sure in the eyes of many who are in want of bread in our country.

The CHAIRMAN. The Chair recognizes the gentleman from North Dakota [Mr. SHORT].

Mr. SHORT. I believe the issue involved in this amendment is simply this: Shall we make the Department of Agriculture responsible for the Nation's welfare programs?

As far as food assistance for the needy is concerned, the Department of Agriculture is now doing all it should properly do in this field. It makes available to every State and Territory the surplus foods it has for donation to schools and needy persons. Its staff is available to help the State get started and its rules and regulations are no more than are needed to protect the Federal investment. Because of its sensible approach and its reasonable requirements, more than 5 million needy people in family units are now certified as eligible to receive available surplus foods.

In the past 6½ years, over 4 billion pounds of surplus food, valued at \$1.2 billion, has been made available to schools and needy persons in this country. I think that is a tremendous record of moving surpluses into constructive use. The entire cost of this program has been charged against agriculture, even though our children and needy people are a welfare problem rather than one of agriculture.

This amendment is an effort to make the Department of Agriculture responsible for the welfare of every needy person in this country. Of course, the foods available do not make up a complete diet. They are not intended to. The basic food requirements of the needy should be met under State or local welfare assistance program. The Federal surplus foods are supposed to be a desirable and valuable supplement—when, how, and if they are available.

The Department of Agriculture has its hands full right now dealing with agricultural problems. Let's not make it take on welfare responsibilities by passage of this amendment.

(Mr. SHORT asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. PIRNIE].

(Mr. PIRNIE asked and was given permission to revise and extend his remarks.)

Mr. PIRNIE. Mr. Chairman, in June of this year, a total of 43 States, the District of Columbia, Puerto Rico, American Samoa, and the trust territories were distributing surplus foods to needy people in family units. A total of 5.7 million people were certified to receive the Federal foods and distribution actually was made to 4.7 million people.

This distribution is being accomplished under a plan whereby the Department and the States share program responsibility and costs. This, I feel, is a very sound basis of operating.

The Department finances necessary processing and packaging costs and ships the commodities—on a freight-paid basis—to central receiving points within the various States. States are responsible for developing a method of certifying applicant families and for making arrangements with their counties and communities for the storage and handling of the donated food and for the operation of a distribution center where recipients receive the food. In a few instances, chiefly metropolitan areas, local arrangements have been worked out to distribute surplus foods through retail stores. This is the system that the amendment contemplates would be used on a nationwide basis, with the Federal Government picking up the bill for all the costs.

I believe the present system has several important advantages and we should oppose a system that would shift to the Department of Agriculture the full cost and responsibility for direct distribution. By requiring an agency of the State government to assume overall responsibility for the program, the Department of Agriculture can be assured that the food donation program will be operated in a manner that is consistent with the policies the State follows in the administration of its basic welfare assistance programs. Under the present arrangement, delivery costs within a State can be held to a practical minimum through the use of State, county, or municipal food storage and handling facilities and—in some cases—with the use of volunteer labor. In addition, such a system maintains sufficient flexibility to permit the scope of the program to be adjusted to changes in the need for such a program or in the volume of surplus food available for donation.

The present program is working effectively in those cases where the State and localities will do their fair share. I do not feel we should ask the Federal Government to assume responsibilities and costs that are more properly placed within the States.

In 1953, only 100,000 needy people were benefiting from Federal surplus foods. Now, the figure is close to 5 million. In March of this year, a Department of Agriculture tabulation showed that surplus foods were being distributed in 72 of the 74 major labor surplus areas and in 100 of the 193 smaller areas with substantial labor surpluses. This shows that the present program can work—if States and localities want it to work.

I urge that we reject this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from South Dakota [Mr. McGOVERN].

(Mr. McGOVERN asked and was given permission to revise and extend his remarks.)

Mr. McGOVERN. Mr. Chairman, I rise in support of the amendment offered by the gentlewoman from Missouri.

I think one of the most disturbing paradoxes in American life today is the presence of enormous quantities of surplus food in a country where there are still 17 million Americans who do not have an adequate diet.



This is a proposal that goes a long way in the direction of resolving that embarrassing paradox.

I would like to take this opportunity to inform the House that in conjunction with the distinguished gentleman from Massachusetts in the other body, Senator KENNEDY, I have introduced legislation to transfer the administration of all food distribution programs to the Department of Health, Education, and Welfare where it properly belongs.

I intend to push for approval of this legislation early next year. It is I believe vastly superior to the present food distribution plan. I support the amendment offered by the gentlewoman from Missouri [Mrs. SULLIVAN] as a most worthwhile step in the direction of a truly practical and humanitarian use of our farm abundance.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. QUIE].

(Mr. QUIE asked was given permission to revise and extend his remarks.)

Mr. QUIE. Mr. Chairman, the administration has really been doing an effective job of distributing surplus commodities, as the gentleman from New York [Mr. PIRNIE] stated. At the present time approximately 5,700,000 people in family units are receiving surplus food at the present time. Added to that are those in institutions and children in school. That means that something like 20 million people are already receiving surplus food.

Any State or local welfare agency in the country can receive all of the surplus food it needs right now. If they think it is best to have a food stamp plan to distribute it they can set up a food stamp plan, since they have not to any extent, it proves such a plan should not be instituted on the Federal level, administered by the Secretary of Agriculture. Secretaries of Agriculture Wickard, Anderson, Brannan, and the present Secretary of Agriculture, Benson, have all seen fit not to initiate such a program.

Section 32 funds would be used to administer this welfare program. This is wrong. Section 32 funds are for the purpose of taking surplus stocks out of the market to increase the price to farmers. Health, Education, and Welfare is the place where this type of a program belongs, not the Department of Agriculture.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. LEVERING].

Mr. LEVERING. Mr. Chairman, I am shocked by the fact that under existing law foreign peoples have priority over hungry Americans when it comes to sharing our overabundance of food.

Mr. Chairman, I listened with great interest to the statement of the gentlewoman from Missouri [Mrs. SULLIVAN] when she testified before our Committee on Agriculture and pointed out that in my State of Ohio there are some 345,000 persons on public assistance roles and that of this number only 18 percent are receiving surplus foods.

I applaud the manner in which this amendment would make it possible for thousands of American citizens to get

fresh fruits and vegetables through the regular retail outlets of the country. This would serve to provide an adequate diet to those, who through no fault of their own, cannot afford to buy foods other than those that just keep them alive.

I am also pleased by the way it saves many, many thousands of dollars of the taxpayers' money in the handling of surplus commodities.

I hope the amendment will be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from Utah [Mr. DIXON].

(Mr. DIXON asked and was given permission to revise and extend his remarks.)

Mr. DIXON. Mr. Chairman, I oppose this amendment because the plan has a history of failure.

I sat in the subcommittee meeting after meeting and heard the abuses to which this plan was subjected. It is no wonder that former Secretaries of Agriculture have discarded it.

People are entitled to all the surplus foods they can use. If they do not receive it, it is the fault of the State.

If they had more food than they are getting many States would simply take away just that much cash from those people or reduce the State effort.

It would take an army of people to operate a food stamp plan. Secretary Wallace had people who were on relief do the work. Now we would have to pay from \$600 million to \$1,800 million to operate it.

Our Rules Committee tabled the food stamp bill day before yesterday. Here it comes out as a surprise amendment to a good bill Public Law 480 which I must support. I do not like legislative procedures of that type.

Mr. Chairman, the present food distribution system through which the Department sends foods by the car loads to the States has been found to be far superior to the food stamp plan.

Take the case, for example, of poultry or pork, which has been raised by the proponents. The Secretary of Agriculture under Public Law 32 could buy these commodities in bulk, send them to distressed areas and meet the need far quicker and more effectively than he could administer it through a complicated food stamp plan.

Again this bill robs States of their right to take care of their own welfare people. They can do it far more cheaply and far more effectively than can the Federal Government.

Why, I ask you, Mr. Chairman, should the Government pay the retail grocery stores retail prices for food and place possibly \$1.8 billion extra load on the taxpayer, when under the present wholesale system we deliver it in bulk and the States distribute it?

How in the name of heaven is the Secretary of Agriculture going to replace on the shelves of the thousands of our grocery stores what could be millions of articles of food? It is no wonder Secretary Wickard abandoned the plan and Secretaries Anderson, Brannan, and Benson have refused to operate it.

Mr. Chairman, the Rules Committee tabled this bill the day before yesterday. There is actually no need for it. The States have the authority to institute it if they want to. The Federal Government has the authority to institute the program, so the amendment is completely redundant. Of course our public might be confused into thinking that those who are against this bill are against the poor and those who are for this bill are for the poor, but I have enough confidence in the intelligence of the public to feel that they will frown upon political demagoguery and actually criticize those who advocate spending \$1.8 billion for a method of distributing foods that is inferior to the method that is now in use.

I urge the defeat of the food stamp amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. RANDALL].

(Mr. RANDALL asked and was given permission to revise and extend his remarks.)

Mr. RANDALL. Mr. Chairman, I rise in support of H.R. 1359 for the establishment of a food stamp plan.

The objectives are most clearly and fully explained in the report which has been filed to accompany this bill. I shall not take any time to dwell on those things, rather I shall try to make two or three points in the brief time allotted to me. First, there certainly is a problem. There must be a problem so far as the CCC and its huge surpluses are concerned, or else we would not be here today considering the extension of Public Law 480. Now this bill, 1359, as I see it, simply constitutes an amendment to Public Law 480, be it extended.

I do not see how any Member can sit through this last spring and early summer as we considered the appropriations for the Department of Agriculture and hear about the huge storage costs which we are now paying and say there is no problem. The figure has become so sizable and so much a principal component in our overall cost of the agricultural program that the fixed costs of carrying these surpluses in storage was even an important item of debate during discussion to raise the debt ceiling limitation. I definitely do believe in our agricultural price support program—but the problem of these surpluses is here and also there is the other everexisting problem of providing the bare level of subsistence for hundreds of thousands of old people. I mean those fine old people drawing old-age assistance.

But today we are presented with a concrete proposal to start to do something about the solution of our surplus problem and too, at the same time, as a by-product, give much sorely needed additional food materials to these old undernourished people who are trying to get along on \$50 to \$60 a month old-age assistance.

This would not simply benefit the old, but those receiving aid to dependent children. Now let us consider these children. We talk a lot about juvenile delinquency and what we are going to do about it. Well, maybe this bill will not solve all the phases and facets of the juvenile delinquency problem, but cer-



tainly where there is a large family who has been abandoned by a father, there is going to be a much larger chance—much larger reason, for these young juveniles to become delinquents, simply by taking or stealing something to eat—and thereby taking their first step to being marked, labeled, or tagged as a “juvenile delinquent.”

I think instead of commenting generally on what all this bill will or can accomplish, I should like to turn back to the minority report from page 29 on of the report and not so much to engage in a rebuttal for the arguments against this plan, but to use this minority report as a guide for my very brief further discussion. The minority report states how the present plan operates and then devotes a full paragraph to invasion of local rights and responsibilities. I want to digress a little for a moment and say I have had some personal experience in this matter as late as January or February of this year, and during the summer and fall of 1958. Our metropolitan area was very definitely described in the labor statistics in the unpleasant terms of having a “surplus of labor.” What they meant to say was that the recession had hit us pretty hard out there. Now this minority report speaks of the local subdivision assuming the responsibility. I want to say there are other States like the State of Missouri, that because of a peculiarity of their State constitutions, find their taxable levy and general fund purposes at a fixed limitation. Ours is 35 cents per \$100 valuation. The local government cannot change that; even the legislature cannot change that. That can be changed only by a two-thirds affirmative vote of all citizens of the State. I suspect that our local government was no different from some of yours. We received a few carloads of these surpluses which were shipped in. They were entirely inadequate. We had no money, no regular personnel to handle even these. What we did was to set up a sort of duty-roster. We picked two from the auditor's office, two from the county clerk's, two from the recorder's office, two from the collector's office, two from the engineer's office, and so on, around the departments of the county government, taking men from their regular duties to make sure there would be someone there to distribute this surplus food. I repeat, I mention this local circumstance, only for the reason that I suspect this spectacle was repeated over and over again in many cities, in many States. It just should not be necessary that a situation of this kind should have to obtain.

Then the minority report speaks, “No help to the farmers, taxpayers, or needy.” Well, of course, the entire paragraph is simple doubletalk because if we can reduce these surpluses we do help the farmer. If we can provide food to these poorly fed people, it does help the taxpayers; because everyone of us in this Chamber today knows how hard pressed the local community chest or united fund organizations are when you try to raise your quota each fall. There is no place for these needy people to get this help—over and above their old-age

assistance or funds received for dependent children—except from such voluntary community contributions. Yes, this does aid the taxpayers, and there is little doubt about it. To those who signed this minority report, I think they know it does.

Then at the end of that paragraph, the minority says something like this: “If H.R. 1359 were passed, it would be an inevitable temptation for State and local governments to reduce public assistance.” Now my colleagues, that is about the most ridiculous argument I have ever found in any of the reports I have read this session. These needy people are wards of the State and local subdivisions that are going to have to be provided for somehow—somehow; from some fund—somewhere.

Now let us just look at this temptation. To say that a local subdivision of government would be foolish enough to reduce their contributions to these needy people merely because better machinery and just a little more efficient working system is provided to distribute these surpluses, would then turn around and reduce the payments to these needy people is just about as ridiculous as to say it is a temptation to walk by the Sergeant at Arms bank; it is just about as ridiculous as to say that when we leave this Chamber today we are going down the west stairs and clear around to some devious route just because we cannot stand the temptation of walking by that bank for fear we might go in and draw out some money that belongs to us. The analogy is a little clearer than it may seem at first because we as Congressmen are going to have to provide for ourselves and resist the temptation to be extravagant. If we do not have the funds in the Sergeant at Arms bank, we are going to have to get means from some other source. The same is true of the local governments. These people must be provided for. Certainly, there can be no temptation to reduce the already submarginal level of subsistence payments, because if they do, the difference is going to have to be made up from some other fund, whether the community chest, united fund, or these poor people going to their neighbors asking and begging for enough to supplement their assistance should this suggested temptation to reduce payments actually be carried out by State and local communities.

One of the most shallow arguments is interposed at the end of the minority report when they speak of the unfeasibility of this legislation just because it puts the Department of Agriculture in the welfare field. Well, is not that just too bad. Right now they are doing the very same thing by shipping surplus goods into these various States. Maybe they call this an invasion of the States. But why should not the Department of Agriculture carry on and see that these foods are properly processed, made edible, preserved by adequate refrigeration to where they will have value and be usable to the ultimate recipients for which shipments were originally intended. If I am not completely in error, we have already heard on the floor not so long ago that the Department of Agriculture was engaged in a lot of opera-

tions overseas. Then surely there is no reason why this same Department should worry about engaging in just a little activity that might constitute a possible overlapping of the Department of Health, Education, and Welfare, to help undernourished needy.

The President has recently said a lot about calling a conference for the study of the aged. I think this is a fine worthwhile objective, but I think long before this, and right now, he should call a conference with his Secretary of Agriculture in order to do something concrete and substantial instead of theoretical and philosophical for these old people drawing old-age assistance at the average of \$64.80 a month. Let us think of it a moment. That is not a week—it is a month—and that is all they get. You and I know that on a monetary subsistence of that amount, many of these old people do not ever have the means for regular transportation to one central city distribution point, and what do they do? They go hungry, or else continue to exist on these filler diets. The mechanics for this plan may not be perfect, it may need a change after it is given a trial. No one can predict in advance how well it will work. But it has been wisely provided that the Secretary of Agriculture and the Secretary of Health, Education, and Welfare, and the Secretary of Labor shall make a joint study and report to the Congress in 6 months the problems involved, the cost, and the feasibility of this program. There, if you please, is the built-in safety valve, or to make it even stronger, a built-in governor within this bill.

We are considering today two problems that are going to be with us a long while, and this one bill is a valiant effort at solution of both of these. Neither of these problems will just evaporate in the foreseeable future. First, it is unlikely that surpluses will cease to exist; and second, it is not unlikely that the number of recipients of old-age assistance will diminish, and of course, it is impossible for the need to completely cease to exist. Certainly this problem of caring for the aged will always be with us. All of us will get old. Many of us will be feeble. Some may have to look for outside help someday. I cannot say why there are so many needy people. It just must be that the good Lord loves poor people because he made so many of them.

Finally, I say that the details of this plan may not be perfect, but it provides in the bill that after a 6 months' study there will be a report to the Secretary of Agriculture, the Secretary of Labor, and the Secretary of Health, Education, and Welfare.

It attempts to solve two problems involving our surpluses, and to provide a better diet for these undernourished people. This bill tries to meet these needs. Let us give it a try.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. LATTA].

(Mr. LATTA asked and was given permission to revise and extend his remarks.)

Mr. LATTA. Mr. Chairman, I think we should examine this amendment



from a practical standpoint to see how it is going to work. A person would get these stamps and go down to the grocer and pay the retail price for agricultural products which are then in surplus. Proponents of this amendment point out that such a plan would save us millions of dollars in storage, handling, and transportation charges in addition to reducing our agricultural surpluses. For some reason unknown to me they have completely overlooked that fact that the retail price to be paid to the grocer will include all of these costs plus the additional profits of the middlemen and the retail merchant. In other words, proponents of this amendment would place these additional costs on to the backs of our already overburdened American taxpayers. Yes, and without ever touching or reducing the present stocks of the Commodity Credit Corporation as these purchases would be made through regular commercial channels. Furthermore, the idea suggested here that you are going to get fresh eggs and fresh vegetables all the time is not quite correct. The only time you are going to be able to purchase fresh vegetables and eggs with stamps is when those items are in surplus. If they are not in surplus, you will not be able to purchase them.

Mr. Chairman, I am opposed to this amendment as it is too costly, would be too difficult to police and would not reduce our CCC stocks. The present program would work, however, if the redtape involved in the present program was reduced to encourage participation by the local welfare agencies.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. ROOSEVELT].

(Mr. ROOSEVELT asked and was given permission to revise and extend his remarks.)

Mr. ROOSEVELT. Mr. Chairman, I heartily support the amendment offered by the gentlewoman from Missouri. I think it is well to reiterate that those who want to say this should not be adopted because it ought to go to a different department fail to emphasize the fact that the Secretary of Agriculture himself has said that "The experience of the Department in the operation of that program indicates that, if a stamp plan were to be authorized, legislation specifically directed to such a program should be enacted, which would define the objectives and scope of operation and provide safeguards for the administration and enforcement of the program." This the bill clearly accomplishes.

I have no farms in my district. But I cannot help believing that while of course it is a proper thing to help the wheat farmers, the cotton farmers, and other farmers, it would be of tremendous assistance to those who raise vegetables, livestock, and dairy cattle to do something to enable the Secretary under section 32 of the Agriculture Act of 1935 to help those growers also.

This proposal would limit its benefits to those on public assistance. But it also envisions that, if successful, the program may later be extended to those receiving social security and in need of

this assistance. If charity begins at home, certainly our first responsibility is to our own citizens. I hope the amendment will be adopted and become law.

The CHAIRMAN. The Chair recognizes the gentlewoman from Washington [Mrs. MAY].

Mrs. MAY. Mr. Chairman, I rise in opposition to the amendment offered by the gentlewoman from Missouri [Mrs. SULLIVAN], and this is not easy for me to do because she is a highly respected colleague and I share her concern over the needy citizens of our Nation. But I would point out that this amendment will not benefit our needy citizens. It is based on an assumed availability of Government-owned surplus foods that simply does not exist. The Secretary of Agriculture is authorized to distribute "food commodities acquired by the Commodity Credit Corporation or the Department of Agriculture in carrying out price-support operations or diverted from the normal channels of trade and commerce under section 32 of the act of August 24, 1935, as amended." That is what he is now doing.

This amendment adds not a single additional commodity to those already being distributed. As Secretary Benson said in his testimony before the House Agriculture Committee:

The Commodity Credit Corporation is not a supermarket bulging with a fabulous variety of foods. I have seen articles and speeches citing the fruits and vegetables, the meats and fresh eggs we presumably have on hand. You know and I know that we have none of these items in our inventory. \* \* \* Better than 85 percent of our surplus inventory consists of the so-called basics—corn, cotton, wheat, rice, peanuts, and tobacco.

You cannot distribute what you do not have. It is possible that, from time to time, supplies of certain foods may require a surplus removal operation with section 32 funds. When this happens, as is the case with dried eggs right now, the present system moves these foods to school lunch programs and the needy.

All the proposed amendment does is to relieve States and local governments of any costs in the physical delivery of these surplus foods. Right now under present law the Federal Government offers these foods free to States, packages them, ships them to receiving points the States designate. That seems like a pretty generous offer to me.

But, the sponsors of this amendment say that this is not enough. The Federal Government should also plan and finance the delivery right down to the individual needy family. Ladies and gentlemen, that is asking too much of Uncle Sam. I urge the defeat of this amendment.

(Mrs. MAY asked and was given permission to revise and extend her remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. GRAY].

Mr. GRAY. Mr. Chairman, did you ever feel when you were walking up a gangplank that there was no ship there? That is the way many hungry people in America feel. We take care of thousands

of people overseas and neglect our people back home. It is high time, in my opinion, that we pay a little attention to our own hungry people. I have thousands of people in my district receiving Government surplus food. Let us stop and analyze the situation. Many are coal miners, people who are forced on welfare rolls not of their choosing but because there are not job opportunities in the community in which they live.

Let us stop going down the road of destitution and make an effort to march up the road of hope and happiness so far as these people are concerned. Let us support the amendment offered by the gentlewoman from Missouri [Mrs. SULLIVAN] and give the hungry people of our own land some encouragement.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. ANDERSEN].

Mr. ANDERSEN of Minnesota. Mr. Chairman, it is my understanding that the gentleman from Wisconsin [Mr. LAIRD] will shortly offer an amendment providing for periodic review of this proposed food stamp program by the Committee on Appropriations, and if that amendment is approved I intend to support the amendment offered by the gentlewoman from Missouri [Mrs. SULLIVAN] to authorize the food stamp program.

I have a few things to say in behalf of the principles of the food stamp amendment, but first I would like to say a word or two in behalf of the amendment to be offered by the gentleman from Wisconsin [Mr. LAIRD]. There are several reasons, and very important ones, why this amendment should be approved. In the first place, Mr. Chairman, I am fundamentally opposed to any and all blank check programs. There is neither a floor nor a ceiling on this food stamp amendment. In my judgment, we need both and the way to arrive at that is by annual review on the part of the Committee on Appropriations.

I say that with plenty of experience to back me up. All of us know that the Secretary of Agriculture is a man of strong viewpoint. Sometimes we agree with him and other times we do not. Perhaps all of us are in error when we fail to properly appraise his accomplishments, but very few of us fail to criticize him when we disagree with what he does or does not do. In the final analysis, the responsibility rests right here in the Congress and we should in the enactment of any far-reaching legislation such as the food stamp plan before us provide, as a minimum, an effective means of congressional review. The Committee on Appropriations is, in my judgment, best equipped to conduct such review and make its recommendations to the Secretary and to the Congress.

From more than 20 years of experience in this greatest legislative body on earth, I would be the last person in the Nation to contend that Congress has the wisdom and the foresight to anticipate and provide for all eventualities. If we had such capacities, our work would be quickly done and those following in our paths could take it easy. On the contrary, we find in virtually all new pro-



grams that mistakes are made; that abuses creep in where loopholes exist; that language in the authorizations needs to be reinterpreted; and that constant review is required on the part of Congress if our legislative intent is to be fully and properly reflected in administrative action.

I hope, Mr. Chairman, that the Laird amendment will be approved and that after we have shown our responsibility in that respect we proceed to the favorable consideration of this proposed food stamp plan which has much to commend it.

Mention has been made today of the fact that we are already sharing our blessings of abundance with less fortunate people all over the world through the workings of the Public Law 480 program. Within reasonable and proper limits and subject to periodic review by the Congress, I fully subscribe to the basic principles of Public Law 480.

For many years I have campaigned for programs which would make our surplus agricultural commodities a vital instrument of our foreign policy. Since I first saw hunger written indelibly on the faces of less fortunate people in lands beyond the seas, I have been dedicated to the principle that surely a merciful providence must have intended that we share our abundance with those suffering human beings.

Although I do not favor the wholesale distribution of American tax dollars all over the world in the name of foreign aid, I most wholeheartedly favor the sharing of our surplus food with hungry people both at home and abroad.

As has been said, we are doing a good job abroad. But I personally believe that charity begins at home and much as I like to see our surpluses made available to others, I must say that we should take care of our own first.

With billions of dollars worth of surplus agricultural commodities bulging warehouses all over the Nation, we should not rest until every deserving American is assured of an adequate diet. There are today, and unless we do something about it there probably always will be, deserving children and physically handicapped and aged people in this land who do not have enough of the right kind of food to eat. Although we may not all believe that the amendment before us is perfect in every respect, at least let us do what we can to perfect it and then give this food stamp plan a chance to show what good it can do.

If the Laird amendment is adopted to provide for what I consider an absolutely essential review of the program, I intend to support the amendment offered by the gentlewoman from Missouri [Mrs. SULLIVAN].

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. BROWN].

(Mr. BROWN of Missouri asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Missouri. Mr. Chairman, I am very much in favor of the pending amendment. We have surplus milk, cheese, and butter in this inventory. We also have some corn, we have

some rice, and we have some people to eat these products.

We have some 530 counties in America where unemployment exceeds 5 percent of the population, yet in less than 50 percent of those counties are they getting any of our surplus foods at this time. Get this report, the establishment of a food-stamp plan and read it.

There is one county in my district that has not had a penny's worth of these surplus foods. We bogged down. This food-stamp plan will give us a better way to test it. It is high time we acted on it. In Detroit they administered a program for less than 10 percent of the total cost. There is \$400,000 worth of administrative cost to get rid of \$4 billion worth of surplus food. Let us vote for this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. LAIRD].

Mr. LAIRD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LAIRD to the amendment offered by Mrs. SULLIVAN: On page 2, line 7, strike out the period and insert, "in such amounts as may be specified from time to time in appropriation acts."

Mr. LAIRD. Mr. Chairman, I would like to remind the House that under the terms of the Sullivan amendment \$1 billion is authorized to be expended on a nationally administrated food distribution program. This authorization does not include the cost of administering, processing, or policing this program which would add many more millions to the cost of the new Federal program.

This is a blank check authorization. The Committee on Appropriations is required to reimburse the Commodity Credit Corporation for the cost of the program in each yearly agricultural appropriation bill. This program needs and deserves to be reviewed on an annual basis before funds are expended. It would be better to start this program on a pilot operation as recommended by the National Milk Producers Association. I cannot support this amendment without the assurance that the Federal distribution will be reviewed on a yearly basis by the Congress through its Committee on Appropriations.

I do not believe the House should approve this blank check authorization for back-door financing, opening up a very costly operation at the very time every effort must be made to balance the Federal budget.

It does not assure a new and better program with more benefits for needy people. It may just mean a more costly way of distributing surplus foods and a way of shifting all of this bigger cost to the Federal Government. This is the reason for my amendment requiring annual review.

What are the costs involved in a stamp plan? The title of the bill upon which this amendment is based talks about \$1 billion. The Department of Agriculture has estimated the lowest annual cost of a stamp plan at \$600 million and that a full scale program could run to \$2½ billion a year.

We already have developed a method of distributing surplus foods that is efficient and economical.

Over 20 million schoolchildren and needy people are benefiting from Federal surplus foods. And more people could, if State or local governments felt there was a need for such a program in their area.

The Department of Agriculture does not insist that every county participate in this program. It is the purpose of this bill to impose this program on States and counties, whether they want to participate or not. Before we completely reject present methods of distribution let us insist that the new stamp plan be subjected to annual review by this Congress. I hope my amendment is adopted.

The CHAIRMAN. The Chair recognizes the gentlewoman from Idaho [Mrs. PFOST].

Mrs. PFOST. Mr. Chairman, I rise in support of the amendment.

We in the House today have an invaluable opportunity to strike a blow against malnutrition among millions of our fellow Americans. At the same time we would be paving the way to dispose of mountains of surplus food commodities in a constructive manner.

I refer, of course, to the food stamp amendment which has been offered to Public Law 480 dealing with the disposal of our food surpluses abroad in exchange for foreign currencies.

Under this food stamp plan, the Secretary of Agriculture would issue food stamps to State and local welfare departments desiring to participate in the program. The stamps then would be given by the welfare departments to those receiving public assistance, as well as to other needy persons. They, in turn would exchange the stamps for surplus food commodities at designated outlets, preferably through normal trade channels. The bill provides that the details are to be worked out by the Secretary of Agriculture. The Department already has the manpower and the know-how. The details cannot be spelled out in a law, but is an administrative matter.

It is important to note that the surplus food would be in addition to, and not a substitute for, any welfare assistance, financial or otherwise, now received by the needy.

The plan is simple and workable and would be put into operation as early as possible. In addition, the Secretary of Agriculture, together with the Secretary of Health, Education and Welfare, and the Secretary of Labor, is directed under this amendment to make a study and report back to the Congress on the feasibility of extending the food stamp plan to include persons receiving unemployment compensation, social security pensions, and other low-income groups.

It has been said that a healthy people make a strong country. And physical fitness has always been one of this Nation's prime objects and boasts. Yet there are nearly 6 million men, women, and children whose inadequate public assistance payments prevent them from



enjoying the basic minimum diet essential to good health.

We pride ourselves on our abundant economy which has filled our granaries and storehouses to overflowing with wheat, rice, cheese, butter, beans, non-fat dry milk, and other foodstuffs. But millions of our citizens are struggling to survive on a bare subsistence level.

Surely, the spectacle of want and hunger in the midst of plenty should give us pause. How can we justify spending more than \$1 million daily—nearly half a billion a year—just to store food while permitting our own fellow Americans to go hungry?

America is synonymous with generosity throughout the world. Wherever there has been fire, flood, and famine, there has been prompt and speedy assistance by an openhearted American people.

But what greater disaster is there than Americans lacking sufficient food while surpluses are locked up in warehouses? When snowstorms and floods isolate large sections of the Nation, our Government comes to the aid of stranded cattle by parachuting food to the starving animals. Are we going to continue to refuse to extend the same assistance to our fellow human beings who are stranded by age, or physical disability, or unemployment and thus are prevented from sharing in this abundance of which we boast?

Let me give you the average incomes on which these people are trying to exist. These are figures which I have obtained from the Department of Health, Education, and Welfare as of May 1959.

In the old-age assistance category, only \$64 per month average went to about 2½ million people 65 years of age and over.

Aid to dependent children averaged only \$28.80 per child. Seven hundred and eighty thousand families fell into this category covering 2.2 million persons.

Next, we have 109,000 blind receiving an average of \$69.19 per month. Then, there are the 337,000 totally disabled receiving an average of \$64.10 a month, and finally, the 413,000 receiving general assistance with an average of \$67.21 a month.

In these days of inflated prices it is obvious that such payments are entirely inadequate to buy nourishing, wholesome food for these Americans.

Now, let us look at what we have in storage. According to the Agriculture Department, as of May 31, this year, we had \$6.1 billion worth of surplus food commodities stored away. Included were 1.1 billion bushels of wheat; 5.3 million pounds of beans; 900 million pounds of rice; 53 million pounds of butter; 13 million pounds of cheese, and 125 million pounds of nonfat dry milk.

This is incredible. Mountains of food on the one hand, and undernourished American citizens on the other. This is something we cannot and must not tolerate longer.

A food stamp plan would not only overcome this paradox of poverty in the midst of plenty; it would also be a major step forward in disposing of our surpluses.

Secondly, a food stamp plan would be tremendously useful and helpful in

guiding food consumption along lines that will improve diets. And third, a food stamp plan would make it possible to extend assistance to those who are in need but who are ineligible because of technical provisions of laws governing the granting of such aid.

I urge the House, therefore, to approve the amendment before us so we can meet the food needs of people in distress, while developing simultaneously a program that will bring security and dignity to all our citizens at home.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. WOLF].

(Mr. WOLF asked and was given permission to revise and extend his remarks.)

Mr. WOLF. Mr. Chairman, I, too, introduced a food stamp bill, and I am happy to join the gentlewoman from Missouri [Mrs. SULLIVAN] today in support of her amendment.

I would like to quote no less a personage than the Secretary of Agriculture being in favor of this program when he appeared on behalf of such legislation in 1944 in hearings before the Senate Agriculture Committee. At that time he endorsed and recommended to the committee the views of the National Council of Farmer Cooperatives:

We commend the U.S. Department of Agriculture on its food-stamp plan which provides an effective mechanism for moving agricultural surpluses into consumption among groups of low purchasing power in a manner that is highly beneficial to the recipient, and we think effectively utilizes the normal channels of distribution. We urge national extension of the plan as early as possible.

That was the Secretary of Agriculture, Mr. Benson, speaking. Let us give the Secretary the program that he has previously favored. By so doing we prove that charity begins at home.

I sincerely hope for the sake of hungry Americans the food stamp plan wins.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. PRICE].

Mr. PRICE. Mr. Chairman, I strongly favor this proposal and I hope the House will approve the amendment offered by the gentlewoman from Missouri [Mrs. SULLIVAN].

I have sponsored legislation for several years on this subject and I am happy that once again we have an opportunity to indicate the House membership's support of a stamp plan for the distribution of surplus commodities for our own needy persons.

(Mr. VANIK asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. VANIK. Mr. Chairman, I am in hearty support of the amendment of the gentlewoman from Missouri [Mrs. SULLIVAN] to provide for the institution of a nationwide food stamp plan for the distribution of surplus food to the needy from surplus stocks.

If we can afford to spend billions of dollars to provide essential food commodities to the needy people of foreign countries, we certainly should make some effort to provide for the needy people of our own country.

I was astonished to learn that of the 345,000 Ohioans receiving public assistance, only 61,000 or 18 percent are receiving surplus commodities in some form. It is regrettable that my State of Ohio has not been able to effectively use the surplus food program on the present basis.

I think that the food stamp plan should be attempted in an effort to increase the domestic use of surplus commodities in order to maintain the nutritional standards of needy American people. It is my hope that the food stamp plan will be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Chairman, the tragic situation that exists in West Virginia and some 13 other of our States, because of the unemployment situation, is the best answer for the adoption of this amendment.

Let me say to you that our situation has been considerably worsened by the steel strike in that 35 percent of our West Virginia coal goes into the manufacture of steel. Consequently, since the strike is on, and 35 percent of our coal production is down, it results in unemployment of several thousand additional laboring men in our State. They have furloughed over 1,100 railroad men, because there is no coal to haul. So, we are faced with the situation where, if this amendment is adopted, it could very well be useful in West Virginia.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. WIER].

Mr. WIER. Mr. Chairman, it has been my pleasure to be associated with this program for some time. I want to pay tribute to the gentlewoman from Missouri [Mrs. SULLIVAN] for this amendment.

Mrs. GRIFFITHS. Mr. Chairman, will the gentleman yield?

Mr. WIER. I yield.

Mrs. GRIFFITHS. Mr. Chairman, I would like to correct the figures given by the gentleman from Iowa concerning the city of Detroit. It cost the city of Detroit \$392,000 to give away more than \$4 million worth of food. I would like also to point out that the city of Detroit has more than 146 distribution points; because of the generosity and the cooperation of their grocers they have one of the best systems in the country, but it is not a stamp plan program.

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. WIER] has expired.

(Mr. WIER asked and was given permission to revise and extend his remarks.)

[Mrs. GRIFFITHS addressed the Committee. Her remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. GEORGE P. MILLER].

Mr. GEORGE P. MILLER. Mr. Chairman, I am in full support of the amendment by Mrs. SULLIVAN and I yield to the gentlewoman from Missouri [Mrs. SULLIVAN].



Mrs. SULLIVAN. Mr. Chairman, I appreciate the courtesy of the gentleman from California in yielding to me under the time limitation in effect so that I can say that I cannot accept the amendment offered by the gentleman from Wisconsin. There will, of course, be some expenses to the Department of Agriculture in this program, such as in printing up stamps, and making arrangements with the food industry on distribution, and all of those costs are, of course, subject to the review of the Appropriations Committee. But I point out that the stamps will be issued for food already owned by the Government under the CCC program, as well as food purchased under section 32 of the Agriculture Act of 1935. This is food owned by the Government, and which must be disposed of. The discretion for distribution would be entirely in the hands of the Secretary of Agriculture. He says we must give him a bill, if we want him to establish a food stamp plan, and this is the bill to make him act. The amendment to my amendment is innocent sounding but the program as proposed already has any necessary safeguards built in.

(Mr. GEORGE P. MILLER asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. CARNAHAN].

Mr. CARNAHAN. Mr. Chairman, I rise in support of the amendment offered by the gentlewoman from Missouri [Mrs. SULLIVAN] and to commend her for the consistent and effective work she is doing. While sharing our abundance with people throughout the world, I believe we should develop a more effective method of sharing our surpluses with the needy among our own people. Our food surpluses are mounting with every harvest. Also costs of storage and the overall problems in connection with handling our surpluses are growing. A food stamp plan as proposed by the pending amendment is needed. I urge support of the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. DINGELL].

(Mr. DINGELL asked and was given permission to revise and extend his remarks.)

Mr. DINGELL. Mr. Chairman, we have heard a great deal of talk about section 32 under which this program was carried out previously. Under the distinguished Secretary Benson, section 32 money has been permitted either to return to the Treasury or has been used for the purchase of horse food for distressed cattle and animals during periods of drought and blizzard and natural disaster throughout the West. I favor feeding hungry animals, it is humane, but only after we feed people who are hungry and in need. These section 32 funds were used by a previous Democratic administration to feed hungry people through a food stamp program. This benefited the farmers, too.

Let me tell the gentlemen on the Republican side of the aisle there is plenty

of food being shipped overseas under Public Law 480 that is being denied to our hungry at home right now. Vast quantities of lard, milk, cheese, butter, butter oil, other dairy products, beef, pork products, poultry, fruits, dried and frozen, dried edible beans, potatoes, and other food substances which are denied to our hungry at home are given away abroad for worthless currencies. If you do not believe it, look at the report of the committee on page 37 where the amounts are chronicled. The only thing the hungry of America get for this is a large shipping bill, costing millions each year, and stacks of worthless, blocked, soft frozen currencies at best earmarked for waste, dissipation, and ultimate forgiveness to the countries in which they originate.

Charity is fine, on a global level it is splendid, but charity begins at home. Let us feed our own hungry first.

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia [Mr. SLACK].

(Mr. SLACK asked and was given permission to revise and extend his remarks.)

Mr. SLACK. Mr. Chairman, I rise in support of the amendment and at this time I yield to the gentleman from Pennsylvania [Mr. DENT].

Mr. DENT. Mr. Chairman, I just want to give the latest figures from the State of Pennsylvania which arrived this morning. There are 900,000 citizens of the State of Pennsylvania now receiving surplus food. The State has ordered extras and in the month of October, due to the strike and other situations, we expect to feed 1,350,000 worthy citizens of the Commonwealth of Pennsylvania from surplus food.

I should like to be allied with the gentlewoman from Missouri in support of her amendment.

(Mr. DENT asked and was given permission to revise and extend his remarks.)

Mr. DENT. Mr. Chairman, in keeping with this subject and the bill before us, Public Law 480, I would like to call to the attention of the membership the peculiar situation we find ourselves in. At this point I want to present a press release from my office on this subject:

Congressmen JOHN H. DENT and ELMER J. HOLLAND today introduced legislation that, if passed, would assist the more than 6 million now unemployed and on our relief rolls to get more adequate food.

Their bill would require the Government, through the Commodity Credit Corporation, to set aside and process and package for human consumption, peanuts, red beans, and oats.

Congressmen DENT and HOLLAND pointed out that we do not hesitate to support programs that will feed and nurture the underprivileged children throughout the world, a program with which they are in accord. But they feel that we should also take care of our own people as well.

"Out of every 10 pounds of peanuts, we can have 9 pounds of peanut butter, a good nourishing food. Out of every 2 pounds of oats, 1 pound of rolled oats can be processed. The red beans need only to be packaged.

"We feel the time is certainly here when we should care for our own people and add these items to those now on the surplus food lists," said both Congressmen.

This bill is the result of a series of conferences held by the two western Pennsylvania Congressmen with various groups including representatives of unemployed steelworkers, Paul Hilbert, director of district 15, United Steelworkers of America, and John Connelly, staff representative.

Although most of us have both the political and Christian solicitude for our needy foreign neighbors, it seems a rarity to find in our midst any outspoken friends for the needy of our own country.

Later on I will introduce an article on the subject of migratory labor camps and another one on the surplus food needs of the out-of-work steel strikers.

In the article on migratory farmworkers lies buried one of America's long-standing eyesores.

How can any nation talk about the underprivileged in other nations.

How can any nation talk about giving away millions of tons of farm commodities to needy people without restrictions and yet drawn tight and narrow lines around the need of our own Nation?

These questions bring up other queries. How many Americans know that actually the foods given under Public Law 480 to foreign nations is paid for by loans made to these nations by our Treasury and not paid back to the United States except under the strangest set of loan arrangements ever conceived.

As an example, let us take a follow through on a shipment of foodstuffs.

There are three methods for giving food to foreign countries.

Title 1 authorizes the sale of surplus farm commodities into export for the local currency of the purchasing company and stipulates the uses such local currencies can be used for. The United States cannot take the money owed to us out of the foreign country except by purchases of certain items. The foreign nation owing the United States money can use this money for cultural advancements, schools, and so forth, it can use the money for financing industrial expansion, building public utilities and facilities or it can loan this money with our consent to other needy countries, or for advancement of agriculture.

This is not all bad nor is it all good. Some of the countries actually do repay the money in goods and services but the important thing is that it can be used to build up competitive enterprises which in turn compete against us in the world market. Since 1954 this has amounted to \$6¼ billion.

Title 2 authorizes donations of surplus commodities for relief of famine or other relief requirements. This has amounted to \$800 million.

Title 3 authorizes the barter of surplus commodities for strategic and other materials of value to the United States. This has amounted to \$1½ billion.

My point in calling your attention to this is to bring home the fact that although we subsidize the surplus production of these commodities out of general taxation, much of it never gets back to the very people who help pay the bills.

If we are so mindful of the needs of peoples, let us look in our own backyards



for some place to put some of the food-stuffs we have in surplus.

It is of small matter as to why a person is hungry. The important thing is that if we can feed the hungry we should do it both domestic as well as foreign.

Not passing Public Law 480 is not the answer at this time. The answer is to make certain that we are doing what is right, right for our own Nation primarily. With the need as shown by all the figures available being what it is I believe the following articles are of utmost importance to a well-meaning Congress.

Migratory workers seem to be the forgotten peoples of our Nation. It seems to me that we could provide better living conditions and better health conditions for these millions of workers who are an important cog in the wheel of food production.

The following timely article on the surplus food situation, and especially in my State of Pennsylvania, gives even more logic to my plea for the passage of H.R. 8609 dealing with the processing of certain surplus commodities.

[From the Wall Street Journal, Aug. 19, 1959]

**STEEL STRIKERS DIG DEEPER INTO FEDERAL FOOD SURPLUS HOARD—PENNSYLVANIA LEADS LIST BUT DULL MENU LIMITS DEMANDS—HOW STATES HANDLE HANDOUT**

WASHINGTON.—Memo from Ezra Taft Benson to David J. McDonald: "Dave, keep your steelworkers on strike for another 5 or 10 years and our farm surplus problem is solved."

This playfully forged message is the last thing in the world Mr. Benson would ever send. But Mr. McDonald's idle steelworkers are becoming a big new outlet for Uncle Sam's surplus food. The strikers, of course, would have to stay on the grocery dole a long, long time to eat Mr. Benson out of official house and home.

With the steel strike in its 5th week, Agriculture Department officials in charge of passing out food from the enormous Federal pantry report there's now a pickup in the normal summer volume of applications. "We're beginning to feel the additional load," says Howard Davis, deputy director of the Department's food distribution division.

#### FLOUR, RICE AND EGGS

The strikers are signing up for gifts of flour, cornmeal, rice, powdered milk, and powdered eggs. This is not exactly a mouth-watering array, and the dull menu is undoubtedly holding down the applications. "Everyone wants to know if they can get butter, cheese and meat," says Marvin Sandstrom, another distribution deputy. Mr. Sandstrom tells inquirers that no donations of these items are planned. "Maybe our stuff will look better to them after they've been on strike a little longer," observes another busy official down the hall.

Under the distribution setup, the Agriculture Department parcels out foods to the State relief agencies. State officials decide which citizens are eligible according to State definitions of "need." Technically, the steelworkers must meet the same standards of destitution as anyone else, and can't get food just because they're on strike.

Expecting a strike-swelled "caseload," Pennsylvania welfare officials already have asked Washington for a sizable boost in food shipments. Already dispatched or on the way are 25 extra carloads of flour, 10 carloads of powdered milk, 9 carloads of cornmeal and 9 carloads of rice. These ship-

ments are over and above Pennsylvania's earlier estimates of August needs.

Officials think the strike potentially could boost Pennsylvania's food applicants by as much as 450,000, depending on how long the walkout lasts. This would be a 50-percent increase from the prestrike number of Pennsylvanians receiving food in June, although it's doubtful that all the new applicants actually would be certified as "needy."

No increased food orders have been received here from other States yet, but some strikers are known to be signing applications in Ohio, Indiana, Michigan, Colorado, Washington, and New York.

At last count in June, there were 4.7 million needy persons on State relief rosters receiving Federal food. Normally, the number of recipients declines during the heavy summer employment season. Last year's recession, however, erased this seasonal dip, and officials think this summer's strike might do the same.

#### NUMBER IS BOUND TO GROW

No one will predict at this point how many strikers eventually will become certified by their States as needy, but the number is bound to grow as financial distress increases. All of the 43 States dispensing Federal food (not participating: Alaska, Florida, Idaho, North Carolina, South Carolina, Oregon) require that an applicant's income must have fallen below a certain level.

In Ohio and Indiana, professional social workers investigate and judge the poverty of applicants. But other States use a fairly mechanical formula. In New York, for example, a breadwinner for a wife and two children must make less than \$245 a month to meet the first eligibility test.

By themselves, these rules would make strikers eligible as soon as their paychecks stop. But most States also require a person's liquid assets—bank accounts, savings bonds, common stocks—to fall below a stipulated sum. A New York family of four must have less than \$735 in liquid assets to qualify as needy; in Michigan, the maximum is \$795.

"Most States don't require you to exhaust your life's savings just to get something to eat," says a Federal official. This is not true everywhere, however. In Alabama, food recipients must be almost completely broke. The Oklahoma regulations count pigs and chickens as liquid assets; these must be sold or eaten before a rural applicant can turn to Uncle Sam.

I would of course like to see the addition of substantive foods such as butter, cheese, and meats, but the Commodity Credit Corporation states that there are no surpluses available.

I have asked for and hope to receive a report on the shipment of these items under Public Law 480 to check on whether some of these products can be made available for domestic use.

The CHAIRMAN. The Chair recognizes the gentleman from Vermont [Mr. MEYER].

Mr. MEYER. Mr. Chairman, I rise in support of the amendment and would like to say to the gentleman from Iowa who is concerned that the Secretary of Agriculture would have to do some welfare work for the American people, that that is all right; he does not do anything for the welfare of the American farmer anyhow. This would give him an opportunity.

Mr. Chairman, they raise the flag of veto on the other side of the aisle. I say on this side of the aisle, let us raise the flag of humanitarianism, com-

monsense and proper use of our surplus agricultural products.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. SMITH].

Mr. SMITH of Iowa. Mr. Chairman, on the farms of Iowa in this day and age, we would not think of raising pigs without giving them a balanced diet. Yet, we have thousands and even millions of children who do not have either a balanced diet or an adequate diet in this country. I think, perhaps, there are better ways of accomplishing the objective of this amendment, but they are not before us in legislative form. I say now is the time to do something to help distribute surpluses to hungry and low-income people by adopting this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. COHELAN].

(Mr. COHELAN asked and was given permission to revise and extend his remarks.)

Mr. COHELAN. Mr. Chairman, I would like to ask the gentlewoman from Missouri if she would comment on the possibility of abuses such as have been suggested by Members opposed to the amendment.

Mrs. SULLIVAN. The only thing I can say to the gentleman is that every law that is enacted is abused in some way or other. But, for the few people who might misuse these stamps, I do not think we should deprive the great numbers of hungry and needy people who are on public assistance from receiving the benefit of the food stamp plan.

Mr. COHELAN. I thank the gentlewoman and I support the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. COOLEY] to close debate.

Mr. COOLEY. Mr. Chairman, I realize I cannot make a very convincing speech in 50 seconds. Therefore, I shall not attempt to do so.

Mr. Chairman, I do want to say I am sincerely in favor of the amendment offered by the gentlewoman from Missouri [Mrs. SULLIVAN]. I hope it will be adopted. I congratulate and commend her on the splendid manner in which she has presented this entire proposition to our committee from time to time. It is a strange thing to me, when we are dealing with poverty-stricken people and surplus commodities, that we must see this split along party lines. Every Republican member of our committee signed this minority report, and it is all, it seems to me, prompted by the theory that Mr. Benson can do no harm and should be supported.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. LAIRD] to the amendment offered by the gentlewoman from Missouri [Mrs. SULLIVAN].

Mr. WHITTEN. Mr. Chairman, I ask unanimous consent that the amendment be reread by the Clerk.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?



There was no objection.

The amendment was again read by the Clerk.

The question was taken; and on a division (demanded by Mr. ANDERSEN of Minnesota), there were—ayes 70, noes 104.

So the amendment to the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mrs. SULLIVAN].

Mr. HOEVEN. Mr. Chairman, on that I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mrs. SULLIVAN and Mr. HOEVEN.

The Committee divided and the tellers reported that there were—ayes 156, noes 96.

So the amendment was agreed to.

Mr. WHITTEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WHITTEN: On page 2, line 25, after the word "use" insert the following: "In such amounts as may be specified from time to time in appropriation acts."

Mr. WHITTEN. Mr. Chairman, I have a second amendment of a similar nature. I ask unanimous consent that it be reported and that the two be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. WHITTEN: On page 3, line 18, before the word "strategic" insert: "In such amount as may be specified from time to time in appropriation acts."

Mr. WHITTEN. Mr. Chairman, the purpose of the amendment is to give to the Appropriations Committee an annual review of foreign currencies in these particular fields. Certainly since these foreign currencies will be in excess of that required for good use, there would be no attitude on the part of our committee to in any way restrict it. If there is to be an annual planning and an annual reporting, it will lead to better planning, better handling, and to more results.

I am in hopes that the gentlemen on the committee might be able to accept the amendment.

Mr. COOLEY. Mr. Chairman, while I have no authority to accept this proposition on behalf of the Committee on Agriculture, I have examined the amendments and I personally have no objection to the amendments and hope they will be adopted.

Mr. HOEVEN. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Iowa.

Mr. HOEVEN. The gentleman from Mississippi was kind enough to show me these two amendments and there is no objection as far as I am concerned.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Mississippi [Mr. WHITTEN].

The amendments were agreed to.

Mr. WHITTEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WHITTEN: On page 2, line 2, strike out the figure "\$1,500,000,000" and substitute "\$1,250,000,000."

(Mr. WHITTEN asked and was given permission to revise and extend his remarks.)

Mr. WHITTEN. Mr. Chairman, as I have pointed out many times, the basic law provides for the acquisition of CCC commodities, and under existing law the Secretary of Agriculture has to obtain those commodities. Once they are obtained, there are several things that can be done with them, but the first and foremost is that the law authorizes and contemplates that they sell them for dollars in the normal way in a competitive market.

I have voted for Public Law 480 with misgivings from the start. Largely because of 480 sale for foreign currency for many years our Government got by with refusing to use its authority to sell in world trade competitively for dollars. After supplies on hand had reached \$6 billion we finally got started on competitive sales, which after all is the way to regain markets. This year we find that the Department once again is not fully utilizing its authority to sell for dollars. Certainly, in offering this amendment I agree that we must move commodities to the full extent that is provided in this bill. I do believe, however, that Public Law 480 has to a great degree retarded action by the Department in selling for dollars. Whatever the merits and benefits of this Public Law 480 program may be to foreign countries or to people in foreign countries, it shows up as a dead dollar loss to the Commodity Credit Corporation. Though the Secretary recommends this bill, he will use the cost, as will the press, to attack all agriculture programs. On the other hand, if the Secretary were to sell these commodities in world trade for dollars, as he is authorized to do, and as he should do, we would get a substantial recovery in dollars which would lessen greatly the amount of capital restoration that you make to the Commodity Credit Corporation. If this amendment is adopted, we should direct by law that the Secretary sell that much more through normal channels for dollars.

Like opium, we got stuck with "disposals" instead of sales. We will have to taper off. We must, however, dry up this means of outlet for Commodity Credit Corporation stocks and put more and more emphasis on sales through normal channels, because, after all, that is the only place where you are going to really regain markets.

Really, we will help foreign people or Governments far more by making our production available, year in and year out, at competitive prices. This would help them, the American farmer, and the taxpayer. We refer to needy people in foreign countries, both in this bill and in mutual security. However, in actuality and almost without exception, through the main provisions of mutual security and under this bill the commodities are

practically given to foreign governments which, in turn, sell such commodities to their people. The Department of Agriculture this year was unable to tell us after a 6 months' check, just what price foreign governments were charging their own people for these commodities in various countries. Our own investigating staff discovered the fact that in one country they were adding 70 percent markup to the price they pay "in their currency" when they sell these commodities to their own people. It is hard to believe this increases use in foreign countries.

May I say again, if this amendment is adopted, we must direct the Department of Agriculture not only to maintain our exports at present levels but to increase them by giving extra emphasis on sales for dollars through regular channels at competitive prices.

This program was started to get rid of surpluses. Instead of that it has led to them.

It was started on the basis that it would help needy people. The people have to pay through the nose to their own government.

Mr. Chairman, our trouble is that we are overproducing, though I may say we are refusing to regain and hold our normal markets through competitive sales for dollars. We must strengthen our efforts to force real sales.

This sale for foreign currencies has grown like "Topsy." It is destroying us in the long run, necessary perhaps at the start, necessary perhaps now on a reduced basis, yet I know it leads us in the wrong directions. I know that periodically we should reduce this approach and, in turn, push the Department further and further into regaining our markets through normal channels. My amendment is along that line.

Mr. Chairman, it would be so much better here today for the farmer, the taxpayer, and yes, people in foreign countries, if this were a bill requiring the Secretary to increase his sales for dollars by 20 percent. Remember, he has the authority.

One nation cannot support world prices. Our country has tried. This bill is the result. One billion five hundred million more dollars will be used by the Secretary and the press to attack our farm programs.

We must quit trying to sweep the surplus under the rug. We must quit this drug. My amendment is a step in the right direction.

Mr. Chairman, having served as chairman of the Appropriations Subcommittee for Agriculture for a number of years reviewing actual operations of the program, I would like to give my analysis of the farm situation, with suggested cures. Certainly this effort to "dispose of", by sweeping under the rug—with everybody looking on, fooling no one—is no solution.

#### CAUSES OF FAILURE OF PRESENT LAWS

Existing price support laws were for the purposes of providing a fair price at the market place. We have had some trouble in the past, but during the last 6 years the situation has become really bad, primarily for the following reasons:



First. Notwithstanding authority to sell competitively, our Government held U.S. production off world markets in 1953, 1954, and 1955. Cotton was held off the world market again this year. Thus, Government investment in price-supported commodities was built up from \$2.5 billion on January 1, 1953 to more than \$8.7 billion on January 1, 1959. The result was to hold an umbrella over foreign production. At the same time, 743 American agricultural representatives were paid to teach foreign people how to increase their agricultural output.

Second. The law which provided for controls on domestic production by limiting acreage has failed. The law worked reasonably well in the horse and mule days, but with mechanization, hybrid seed, and the more extensive use of improved fertilizer, acreage limits not only have not worked, but actually have served as an incentive to increase production.

Third. With a control program that no longer works, efforts to force reduced production by lowering support prices have had the opposite effect. Farmers simply have grown more units in order to make up for the reduction in prices.

Fourth. With perishable commodities, instead of moving in promptly to stabilize prices as soon as a surplus likely to depress prices became apparent, the Department consistently has waited until after prices broke, thereby greatly increasing costs to the Government and minimizing benefits to producers.

#### WHAT CONGRESS SHOULD DO

Present laws need to be changed to set up a more workable program and to guarantee that the program will be administered in accordance with the intent of Congress. Here are some suggested actions:

#### A. BASIC OR STORAGE COMMODITIES

First. Provide price protection on the farmer's share of the domestic market tied to costs of what the farmer must buy so as to keep a balance with labor and industry.

Second. Make price protection on storable commodities contingent upon the farmer holding his production in line with domestic and foreign markets. To accomplish this, we must require that the farmer agree to limit his production—not acreage—to his share of the domestic and foreign market in order to be eligible for price protection. He might be permitted to apply any overproduction against his next year's allotment.

Third. Require the Department of Agriculture to use its authority to sell competitively in world markets in order to insure that this country maintains its share of such markets. Thus, by limiting each farmer's production to his share of domestic and foreign markets, he will be in a position to get a fair price for his share of the domestic market in the marketplace.

Contrary to claims, selling agricultural commodities competitively in world markets need not jeopardize domestic industry. Existing law authorizes American processors to purchase at world prices such quantities of U.S. commodi-

ties as are needed to maintain exports of finished goods. Moreover, present law authorizes the President to protect domestic processors from foreign competition, either by tax or flat prohibition.

Fourth. Require the Government to completely isolate from the market such reserves of storable commodities as are considered essential for national defense and are needed for protection against possible shortages in bad years. This is necessary to prevent needed reserves from depressing prices in domestic and foreign markets.

Fifth. Make available part of any remaining surplus to farmers who hold their production below their share of domestic and foreign markets. This should help to dispose of costly surpluses already built up.

#### B. PERISHABLE COMMODITIES

Excess production of a perishable commodity in any given year usually will not have a significant effect on markets in the following year. However, even a small surplus during any given year may depress prices disastrously for all of that year's production. Generally, sufficient authority is available under present law to handle such situations if it is used properly. The following actions are suggested:

First. Require that the Department of Agriculture announce price-stabilization programs as soon as the likelihood of surplus becomes apparent. Require that Government purchases be made promptly and in sufficient quantity, and that the commodities so acquired be diverted to school lunch and other deserving programs.

Second. Provide the funds needed for such purchases and the costs of diversion.

If these suggestions are followed, markets for perishables will be stabilized and the producer will be able to get a fair price in the marketplace. Moreover, costs to the Government actually will be greatly reduced.

The key, however, is to require that purchases be made before the market breaks. This cannot be emphasized too much. To wait until after the market breaks simply will not work. After a break occurs, "all the king's horses and all the king's men can't put Humpty-Dumpty back together again." Past history has corroborated this again and again.

Farm income should come from the marketplace. In the long run, it must. Do not be misled by those who want to grab part of the farmer's share of the consumer dollar and force him to look annually to the Treasury for a remedy.

I hope, for the long-range benefit of the American farmer, the American taxpayer, our customers abroad, including foreign people who need our commodities, that my amendment will be adopted.

Mr. COOLEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, it seems to me that the officials of the executive branch of the Government, charged with the responsibility of administering this program, are in a far better position to fix the

volume of the program than we are here on the floor of the House.

Now, this surplus disposal program is gigantic, and our surplus problem is becoming more complex and more aggravated every harvest season.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Oklahoma.

Mr. ALBERT. Was not the matter of a limitation to this extent or any other extent explored in the long hearings that our committee held on this subject?

Mr. COOLEY. The gentleman is exactly right. Our committee, after having long hearings and investigations, concluded that we should follow the recommendation of the Department and fix the authorization at \$1,500 million, and that is what I hope this House will do.

Mr. ALBERT. Mr. Chairman, if the gentleman will yield further, everyone hope to see dollar sales, but this matter has been worked out by the Department and by the committee, and it seems to me we should go slow about making a change of this magnitude on the floor of the House.

Mr. COOLEY. It seems to me that the gentleman from Mississippi could very well have appeared before our committee and presented the amendment at that time, where we could have discussed it with the Secretary of Agriculture and his assistants. I know that the gentleman from Mississippi is sincere in his desire to have the surplus disposed of, and I agree with him that we should sell for dollars wherever possible to sell for dollars, and the Secretary has no moral or legal right to sell for foreign currencies where he can sell for dollars.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. Yes, I yield.

Mr. WHITTEN. I like very much and always enjoy visiting with the gentleman's committee. I am busy, too, and had no knowledge that the hearings were going to be had at the time they were. But, may I say this, it is hard for me to conceive, as the chairman has said and as my friend from Oklahoma has said, that you have placed in this bill a figure of \$1,500 million without even exploring whether it could have been reduced, where it is deadweight on the Treasury.

Mr. COOLEY. It is not deadweight on the Treasury. It is a direction for him to use up \$1,500 million worth of these commodities.

Mr. WHITTEN. Does not the gentleman realize that next year our committee will have to come in and ask for dollars for restoration of these dollars, \$1,500 million?

Mr. COOLEY. On all impaired capital of CCC, that is true. But I say it is necessary for us to exert every effort to dispose of this surplus. Just a few years ago we had a \$2,500 million surplus. Now it has reached a figure of about \$9 billion, and in the meantime we have lost about \$5 billion.



Mr. BELCHER. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Oklahoma.

Mr. BELCHER. Was there any evidence before our committee that any part of this program replaced dollar sales in any country in the world?

Mr. COOLEY. Only one suggestion was made, and we explored that suggestion and destroyed it and dissipated it, and we have no evidence that any transaction under this bill has displaced dollar transactions anywhere on this earth, and we do have information as to transactions which have taken place all over the world.

I want to repeat again, that the program has been remarkably free from criticism, and so far as I know, absolutely free from corruption and fraud. I hope that this amendment will be defeated and that this bill will be passed by this House and sent on to the White House.

I want to conclude by saying with reference to the food stamp amendment offered by the gentleman from Missouri [Mrs. SULLIVAN] and which was adopted, that there is nothing mandatory in it.

By my own amendment the committee struck out the word "directed" and put in the word "authorized." So the Secretary of Agriculture is not directed to put into effect any food stamp program. He is merely authorized to put it in. And I take that to mean that the President would not veto a bill merely because we authorized one of his Cabinet officers to do or not to do a certain thing, leaving it in his discretion whether to do it or not.

Mr. Chairman, I hope that the bill will be passed here and go on to the other body and finally to the White House and be enacted during this session, although it might very well be delayed until the next session.

Mr. HOEVEN. Mr. Chairman, I rise in opposition to the amendment.

Mr. COOLEY. Mr. Chairman, will the gentleman yield for a unanimous consent request?

Mr. HOEVEN. I yield.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment close in 5 minutes, at the conclusion of the remarks of the gentleman from Iowa.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. HOEVEN. Mr. Chairman, I join my chairman in opposition to the Whitten amendment. As he has so correctly pointed out we have about a \$9 billion investment in surplus agricultural commodities. Throughout the years we have been trying to do a good job in getting rid of it. As I said in the general debate we are doing a magnificent job in that regard.

This program that we are talking about started with an original authorization of some \$700 million and we are now operating at about \$1.5 billion per year. Throughout our hearings there was ample justification for the \$1.5 billion.

There was no evidence whatsoever that the authorization should be cut one dollar. I think it would be a mistake in view of the surplus situation that we should deny the Department whatever is justified.

So I urge that the amendment be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi.

The amendment was rejected.

Mr. GUBSER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time for the purpose of addressing the question to the distinguished chairman of the Committee on Agriculture, the gentleman from North Carolina [Mr. COOLEY]. It is a brief question.

The gentleman, through his long experience with Public Law 480 is well acquainted with the list of commodities which are disposed of under the terms of Public Law 480 either by being named specifically in the statute or by administrative interpretation. Can the gentleman assure me that there is no language in the bill before us at the present time which would eliminate any commodity presently disposed of under the terms of Public Law 480 or is there any intention on the part of the committee to eliminate any commodity presently sold or disposed of in that way?

Mr. COOLEY. I am afraid I do not understand clearly what the gentleman has in mind.

Mr. GUBSER. May I restate the question?

Mr. COOLEY. I wish the gentleman would.

Mr. GUBSER. Is there any language in this bill or is it intended by the committee that any commodity which is presently sold or disposed of under the terms of Public Law 480 would be no longer disposed of under the bill we have before us, if passed?

Mr. COOLEY. You mean whether or not any commodity or producers of commodities are being discriminated against in any way in this bill, I assume?

Mr. GUBSER. Simply if this bill were passed would we still be able to dispose of every commodity which we are disposing of today in the same way we always have?

Mr. COOLEY. I am certain that is true.

Mr. GUBSER. I thank the gentleman very much.

Mr. FULTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the purpose of my rising today is to put on the RECORD, so we shall have it in the future, both for the conference on this bill as well as for future action by the House in relation to the St. Lawrence Seaway, the following.

I want to comment particularly on the agreements between the United States of America and Canada effected by the exchange of notes signed at Ottawa on August 17, 1954, entered into force August 17, 1954, as well as an exchange of notes signed at Washington June 30, 1952, and entered into force June 30, 1952. They supplement previous treat-

ties between Canada and the United States affecting shipping on the St. Lawrence River and canals, particularly article I of the Boundary Waters Treaty of 1909.

I would call attention particularly to the fact that on anything that might limit the shipping of agricultural commodities over the St. Lawrence Seaway we are bound by an agreement on the exchange of notes between L. B. Pearson, Secretary of State for External Affairs of Canada and Don C. Bliss, Chargé d'Affaires, ad interim, for the United States at the Embassy of the United States of America at Ottawa. That says specifically:

6. (a) It is recognized that it is of great importance to Canada and the United States that the St. Lawrence Seaway be used to the maximum extent required by the needs of commerce. It is understood therefore that both Governments will use their best endeavours to avoid placing unreasonable restrictions on the transit of passengers, shipping or trade in the international section of the St. Lawrence Seaway.

(b) It is further agreed that each Government will consult the other before it enacts any new law or promulgates any new regulations, applicable in the respective national parts of the international section of the St. Lawrence River, which might affect Canadian or United States shipping, or shipping of third-country registry proceeding to or from Canada or the United States respectively.

(c) Similarly, with respect to any laws or regulations now in force in either country which affect the shipping interests of the other country in the international section of the St. Lawrence River, the government affected may request consultation concerning such laws or regulations and the other government shall accede to requests for consultation.

(d) The foregoing undertakings are in addition to the treaty obligations now in force between Canada and the United States affecting shipping in the St. Lawrence River and canals, particularly article I of the Boundary Waters Treaty of 1909.

Don C. Bliss in his note in the third from the last paragraph says:

The U.S. Government agrees with the requirement of consultation between the two governments set forth in paragraph 4(b) and 6 and agrees to relieve Canada of its obligation.

So we have specifically in the United States entered into an agreement that before we restrict in any way the operation of shipping in the St. Lawrence Seaway by either regulation or statute that we will first have consultation between the Government of the United States and the Government of Canada. I hope in the future we will not in this Congress, without prior notice to our good friends north of the border try to put on by amendment actions that limit this seaway. I must say to you, I voted against it, but once it was put into effect and the seaway is put into operation, I want it used in full under the agreement. So I want to point out, any future amendments are subject, because this is the superior law of the land being a U.S. treaty and an executive international agreement, subject to a point of order and could have been subject to a point of order. But I wanted to hear the Keogh amendment discussed.



Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. COOLEY. The gentleman is aware of the fact that the amendment he is talking about was defeated; is he not?

Mr. FULTON. I do and that is why I did not put this in as a point of order. I wanted it decided on its merits and I am glad to see the Keogh amendment was defeated.

Mr. COOLEY. I do not think the Keogh amendment would have imposed any restrictions on the St. Lawrence Seaway.

Mr. FULTON. I thought it would, and I wanted this in the RECORD in case the question comes up. May I close on this point. I feel when we have part of the canal and the St. Lawrence Seaway in our country, and part exclusively in Canada, if we turn the back of our hand to our good Canadian neighbors, that is one thing we had better watch because Canada can shut off her part of the canal or her part of the St. Lawrence Seaway and effectively close that waterway to us in the United States. I hope we cooperate further.

Mr. QUIE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. QUIE: on page 1, line 8, after the words "December 31" strike out "1960" and insert "1961".

On page 2, line 2, after the figure "1,500,000,000" insert "annually".

On page 2, line 18, strike out "1960" and insert "1961".

On page 6, line 12, strike out "\$1,100,000,000" and insert "\$1,400,000,000".

On page 6, line 18, strike out "1960" and insert "1961".

(Mr. QUIE asked and was given permission to revise and extend his remarks.)

Mr. QUIE. Mr. Chairman, this will not be too difficult to explain because this provides for a 2-year extension of title I and title II of Public Law 480. Title I and title II are the only titles that expire. Title III never expires. So the reason I am offering this amendment is to enable us next year to go through this process of working on agricultural legislation without bringing up Public Law 480. We seem to get into a hassle on Public Law 480 each year. So at least we can go by 1 year without bringing it up.

The amendment so far as the funds are concerned does not change the authorization. Presently, there is a \$1,500 million authorization for title I for next year. With a 2-year extension, it would provide the same amount of money for the year after.

The same thing would apply to title II. The request here is for an additional \$300 million, bringing it from the old law of \$800 million to \$1,100 million. This would then make the same amount of money available for the year after that.

I think this is an excellent thing to do in order that the people who are looking to us for food, when we have plenty of surplus food, and when we have on hand \$9 billion worth in storage at the present time, can be plan-

ning not on the \$1,500 million available for next year only, but also for the year after that.

Mr. McGOVERN. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield.

Mr. McGOVERN. I think there is a great deal of good sense in the proposal that the gentleman from Minnesota is making. Would this 2-year extension enable the people both on our side and the people in the receiving countries to do a little more planning and to bring about a little more order in the program? I think it has that advantage as well as to save our time here in the Congress in renewing a program that may be renewed automatically, but which always raises a period of doubt and insecurity each year in the minds of people that are participating in the program.

Mr. QUIE. The gentleman is absolutely correct. This would be not only a benefit to our taxpayers but also to the people overseas, especially in the matter of their planning.

Mr. HOEVEN. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield.

Mr. HOEVEN. I think the gentleman's amendment is excellent and I expect to support it.

Mr. QUIE. I thank the gentleman for his support.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield.

Mr. SHORT. I desire to associate myself with the gentleman's amendment and urge its support.

Mr. QUIE. I thank the gentleman from North Dakota for supporting my amendment. I think it is unreasonable to have to go through this long process of extending Public Law 480 each year.

Mr. HAGEN. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield.

Mr. HAGEN. I would like to point out that we adopted this amendment once in the Committee on Agriculture. This program was designed to get rid of surpluses. We are going to have surpluses for at least 5 years in the future. If the extension of the program for 1 year is justified, then it is equally justified to extend it 2 years. The other body adopted a 3-year extension. Is not that correct?

Mr. QUIE. From what I hear the gentleman certainly is correct.

Mr. HOEVEN. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield.

Mr. HOEVEN. The gentleman from California stated it correctly. The bill as passed in the other body provides for a 3-year extension, so it is reasonable to assume that a 2-year extension would be supported in conference.

Mr. COAD. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield.

Mr. COAD. I desire to associate myself with the gentleman's remarks and urge support of his amendment.

Mr. QUIE. I had originally introduced a bill for a 5-year extension of Public Law 480 because for at least 5 years we will have surpluses that must

be distributed overseas because we cannot keep them in storage and pay high storage costs here. To get this program on a little longer basis than 1 year I am offering this amendment for a 2-year extension. I think it will be of great benefit, not only to the taxpayers of this country, but also it has been pointed out to the people of foreign countries as well.

I urge you to support this amendment.

Mr. COOLEY. Mr. Chairman, I rise in opposition to the amendment.

I wonder if the Republican Members of the House realize that their Secretary of Agriculture, Mr. Benson, asked for only a 1-year extension? Are they now going to repudiate their own Secretary's recommendation?

Furthermore, the committee upon which the gentleman serves with great ability and distinction has rejected this amendment.

We feel that this program is important enough to justify and warrant a review annually. Moreover, if the gentleman's amendment is adopted it will go out to the country that you have doubled the size of this program. The bill we have before us is for a little more than a billion and a half. If the amendment is adopted it will be a \$3,600 million bill. That is a thing we discussed in committee. I do not want this adopted. I hope the amendment will be rejected.

Mr. QUIE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. QUIE. I have not worried about what the Secretary of Agriculture said.

Mr. COOLEY. I know, but I worry about it all the time.

Mr. QUIE. It seems that the gentleman usually does not care what the Secretary says, but if the Secretary of Agriculture is in favor of and supports a 1-year extension there is nothing to prevent our extending it for two years. We look at all these laws each year.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment close in 3 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. HAGEN. Mr. Chairman, I rise in support of the amendment.

(Mr. HAGEN asked and was given permission to revise and extend his remarks.)

Mr. HAGEN. Mr. Chairman, I would like to speak in favor of this amendment. It was presented in the committee and adopted. We then voted to reconsider on a subsequent day and reversed our position, because, I am satisfied, certain people want to play politics with a program that everyone who deals directly with it supports.

The simple fact is that this program exists to get rid of surpluses, and no one is so foolish as to say we will not have surpluses for 4, 5, or possibly 6 years. If a program is good for 1 year, it is far better for 2 years, because then better planning and programing can be done with the disposal of these surpluses.

There is a new program in this bill on a 10-year basis yet we are asked to be-



lieve that a 2-year extension of established programs is somehow unwise. How can anyone object to a 2-year extension of title I which provides for sales for soft currency and title II of the bill?

Title III of the act already is on an indeterminate basis. I think this is a justified amendment, as indicated by the judgment of the other body. They have already acted in committee to extend titles I and II for a 3-year period.

I hope that those of you who are interested in disposing of these mountains of wheat and bales of cotton and corn we will have at the end of this crop season will vote to establish a logically long range program for disposing of these surpluses. Let me conclude by saying that the motives of those who would oppose a 3-year extension, or, perhaps I should say the motives of some of those who oppose such extension, are not related to the merits of the question. Their purpose is solely to use the 480 program as a pawn in next year's political agricultural game. They are willing to risk the continuation of a program beneficial to all agriculture in pursuit of parochial commodity gains. This, of course, poses danger to the beneficiaries of 480 on the farm and also to those city Congressman who will again be asked next year for a record vote on a program, which although necessary, under current programs of price support, carries a big price tag on it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. QUIG].

The question was taken; and on a division (demanded by Mr. QUIG), there were—ayes 69, noes 109.

So the amendment was rejected.

Mr. BOLAND. Mr. Chairman, in yesterday's debate on the amendments offered by the gentleman from Iowa [Mr. HOEVEN], I supported his position that Public Law 480 ought to be extended and the barter program continued. But I agreed with him that this program should not be expanded to the point of ridiculousness. And that is precisely where we would arrive if this bill were passed without the amendments of Mr. HOEVEN striking out paragraphs in the bill which tended to increase the folly that now surrounds the national stockpile and its objectives.

I repeat that the stockpile of strategic and critical materials totals some \$8 billion and that this is \$4 billion in excess of the needs. As of March 31, 1959, the acquisition cost of the supplemental stockpile was \$361,776,700 and the excess cost to the objective totaled \$346,224,600. In addition acquisition cost of Commodity Credit Corporation barter came to \$269,994,000 with the excess to the objective being \$255,286,500. Both the supplemental stockpile and CCC barter are the direct result of operations under Public Law 480.

Several minerals and metals were procured under this program that are not even on the national stockpile list as essential to our needs. Some 32 metals and minerals were procured under this program where the percent in excess of the stockpile needs ran from the low of 125 percent to a high of 400 percent.

With these facts in mind, the committee yesterday acted wisely in supporting the amendments which will at least assist in giving some semblance of commonsense to the national stockpile program.

Mr. ULLMAN. Mr. Chairman, I rise in support of the legislation now before the Committee. I know of few programs of greater importance than that authorized by Public Law 480 and I urge its continuation through the adoption of H.R. 8609.

The 480 program affords one of those rare opportunities whereby accumulated farm surpluses can be disposed of abroad and, at the same time, U.S. foreign policy objectives strengthened. Since its inception in 1954, the program has done much to substantially increase U.S. agriculture exports. Title I sales alone have amounted to 843 million bushels of wheat, 210 million bushels of feed grains, 4 million bales of cotton, 3.6 billion pounds of fats and oils, and substantial quantities of several other farm products. The implementation of titles II and III have also been of importance.

One reason for the success of title I activities has been the work of organizations such as the Oregon Wheat League. Far Eastern sales have been generated by the league's activities and new types of wheat products geared to the traditional oriental diet have been developed. The success of this development program can best be illustrated by statistics showing a 20-percent increase in Japanese wheat consumption.

The 480 program has done much to alleviate hunger both here and abroad. Drought and flood stricken peoples throughout the world have received aid essential to their continued existence. Foodstuffs donated pursuant to the provisions of title III have permitted non-profit voluntary relief agencies to carry on their feeding programs abroad. Similar work of equal importance has been carried on in this country.

Much more remains to be done, however. I am convinced that even greater use of our abundant food supplies can be effectively utilized to insure a proper nutritious diet for the needy. I strongly support the Sullivan amendment for a food-stamp plan for our own needy people. How better can we use our surplus commodities? The 480 program provides the framework for this humanitarian work and so I am pleased to vote for its continuation.

Mr. BREEDING. Mr. Chairman, I rise in support of the amendment offered by the gentlewoman from Missouri [Mrs. SULLIVAN] to establish a food stamp plan.

First, I wish to commend the gentlewoman for the fine job she had done in presenting this matter to the House. She appeared before the House Agriculture Committee and her presentation was most convincing.

I favor a food stamp plan for distributing surplus foods to needy persons. Such a plan would result in a more orderly distribution of foods. It also would protect the processors of wheat and other foods on the surplus list and it would protect the neighborhood retailers.

There is no doubt that when surplus foods are shipped into a depressed area for distribution normal trade channels are disrupted.

The amendment offered by the gentlewoman would, in my opinion, restore orderly distribution of the products and result in a better, more efficient system.

I am happy to support the amendment.

Mr. COHELAN. Mr. Chairman, I commend the gentlewoman from Missouri [Mrs. SULLIVAN] for her long-time concern and consistent work on behalf of a program to supplement the food supply of needy Americans, including senior citizens and families in want in both rural and urban areas and particularly those not on public assistance but certified by State or local welfare authorities as being in need of assistance, though ineligible under local statutes to supplement their food supply by using surplus crops which otherwise spoil in warehouses or rot in the fields for want of harvest.

Mr. YATES. Mr. Chairman, I am casting my vote for this bill after much thought and with many misgivings. I would not want my vote interpreted as continued support for this program and I reserve the right to vote against it the next time it is presented for consideration. I have consistently voted against high fixed price farm support programs and I was very much persuaded to vote against this bill for the reason that it is part of the total fixed price farm support program which is so unrealistic at the present time. Persuading me to the contrary, however, is the knowledge that even if this bill were not passed—and it is obvious that it is going to be passed the House—the surpluses would continue to mount because the law requires the Secretary of Agriculture to continue to purchase farm products through the CCC. Furthermore, this bill is useful in small measure at least for moving some of our surplus commodities and in feeding the needy people of the world.

The answer, of course, lies in changing the basic farm legislation and certainly the Congress ought to act on that with all dispatch.

Mr. BURDICK. Mr. Chairman, I rise to oppose the amendment offered by the gentleman from New York. The Great Lakes seaway brought the seven seas to the doorstep of North Dakota. The advantages which will flow from this new artery of transportation to the great wheat State of North Dakota are manifold. This great project has been opposed for many years by voices similar to those raised here today. If this amendment were adopted, curtailment of Great Lakes shipping would follow, and costs to the Government under the Public Law 480 program would increase. I urge my colleagues to defeat this amendment.

Mr. Chairman, there is, however, an amendment which will be offered by the gentlewoman from Missouri to establish a food stamp plan in connection with this law, which merits your support. This would authorize the Secretary of Agriculture to make our abundance available to undernourished Americans



and, at the same time, dispose of more of our agricultural surplus. I urge your consideration and approval of that amendment.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. BOLLING, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 8609) to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes, pursuant to House Resolution 346, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment?

Mr. HOEVEN. Mr. Speaker, I demand a separate vote on the Sullivan amendment.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The Clerk will report the amendment upon which a separate vote has been demanded.

The Clerk read as follows:

Amendment offered by Mrs. SULLIVAN: On page 8, after line 23, insert the following new section 14 and renumber succeeding sections to conform:

"SEC. 14. Title III of the Agricultural Trade Development and Assistance Act of 1954, as amended, is further amended by adding at the end thereof the following new section:

"SEC. 306. (a) In order to promote the general welfare, raise the levels of health and of nourishment for persons whose incomes prevent them from enjoying adequate diets, and dispose in a beneficial manner of food commodities acquired by the Commodity Credit Corporation or the Department of Agriculture in carrying out price support operations or diverted from the normal channels of trade and commerce under section 32 of the Act of August 24, 1935, as amended, the Secretary of Agriculture (in this section referred to as the "Secretary") is hereby authorized to promulgate and put into operation as quickly as possible, a program to distribute to needy persons in the United States through a food stamp system such surplus food commodities.

"(b) In carrying out such program, the Secretary shall—

"(1) distribute surplus food made available by the Secretary for distribution under this program only when requested to do so by a State or political subdivision thereof;

"(2) issue, or cause to be issued, pursuant to subsection (c), food stamps redeemable by eligible needy persons for such types and quantities of surplus food as the Secretary shall determine;

"(3) distribute surplus food in commercially packaged form, preferably through normal channels of trade;

"(4) establish standards under which, pursuant to subsection (c), the welfare authorities of any State or political subdivision thereof may participate in the food stamp plan for the distribution of surplus foods to the needy;

"(5) consult the Secretary of Health, Education, and Welfare, and the Secretary

of Labor, in establishing standards for eligibility for surplus foods and in the conduct of the program generally to assure achievement of the goals outlined in subsection (a) of this section; and

"(6) make such other rules and regulations as he may deem necessary to carry out the purpose of this section.

"(c) The Secretary shall issue, to each welfare department or equivalent agency of a State or political subdivision requesting the distribution of surplus food under subsection (b) (1), food stamps for each kind of surplus food to be distributed, in amounts based on the total amount of surplus food to be distributed and on the total number of needy persons in the various States and political subdivisions eligible to receive such food. The food stamps shall be issued by each such welfare department or equivalent agency to needy persons receiving welfare assistance, or in need of welfare assistance but ineligible because of State or local law, and shall be redeemable by such needy persons at local distribution points to be determined by the Secretary under subsection (b) (3).

"(d) Surplus food distributed under this section shall be in addition to, and not in place of, any welfare assistance (financial or otherwise) granted needy persons by a State or any political subdivision thereof.

"(e) In any one calendar year the Secretary is authorized to distribute surplus food under this section to a value of up to \$1,000,000,000, based on the cost to the Federal Government of acquiring, storing, and handling such food.

"(f) For the purposes of this section, a needy person is anyone receiving welfare assistance (financial or otherwise) from the welfare department or equivalent agency of any State or political subdivision thereof, or who is, in the opinion of such agency or agencies, in need of welfare assistance but is ineligible to receive it because of State or local law.

"(g) The Secretary of Agriculture, in consultation with the Secretary of Health, Education, and Welfare and the Secretary of Labor, shall make a study of, and shall report to Congress within six months after the date of enactment of this section, on the feasibility of, the costs of, and the problems involved in, extending the scope of the food stamp plan established by this section to include persons receiving unemployment compensation, receiving old-age and survivors insurance (social security) pensions, and other low-income groups not eligible to receive food stamps under this section.

"(h) There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the purposes of this section."

The SPEAKER. The question is on the amendment.

Mr. HOEVEN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 232, nays 127, answered "present" 2, not voting 76, as follows:

[Roll No. 141]

YEAS—232

Adair	Barrett	Bray
Addonizio	Bass, Tenn.	Breeding
Albert	Beckworth	Brewster
Alexander	Bennett, Fla.	Brock
Anderson,	Bennett, Mich.	Brooks, La.
Mont.	Blatnik	Brooks, Tex.
Andrews	Blitch	Broomfield
Ashley	Boggs	Brown, Mo.
Aspinall	Boland	Buckley
Baker	Bolling	Burdick
Baring	Bonner	Burke, Mass.
Barr	Boyle	Byrne, Pa.
	Brademas	Carnahan

Carter	Jennings	Pfost
Casey	Johnson, Calif.	Philbin
Celler	Johnson, Md.	Poage
Chelf	Johnson, Wis.	Porter
Church	Jones, Ala.	Price
Clark	Jones, Mo.	Prokop
Coad	Judd	Pucinski
Cohelan	Karsten	Quigley
Conte	Karth	Rabaut
Cook	Kasem	Rains
Cooley	Kastenmeier	Randall
Corbett	Kee	Reuss
Daddario	Kelly	Rhodes, Pa.
Daniels	King, Calif.	Rivers, Alaska
Delaney	Kirwan	Roberts
Dent	Kluczynski	Rodino
Denton	Kowalski	Rogers, Colo.
Diggs	Lane	Rogers, Fla.
Dingell	Lankford	Rogers, Mass.
Donohue	Lennon	Rogers, Tex.
Dorn, N. Y.	Lesinski	Roosevelt
Dowdy	Levering	Roush
Doyle	Libonati	Rutherford
Dulski	Losier	Santangelo
Durham	McCormack	Saund
Dwyer	McDowell	Saylor
Edmondson	McFall	Sott
Fallon	McGinley	Selden
Feighan	McGovern	Shelley
Flood	McMillan	Sheppard
Flynn	McDonald	Sikes
Foley	Machrowicz	Siler
Forand	Mack, Ill.	Sisk
Fountain	Madden	Slack
Frazier	Mahon	Smith, Iowa
Friedel	Matthews	Smith, Miss.
Fulton	Metcalf	Spence
Gallagher	Meyer	Staggers
Garmatz	Miller, Clem	Stratton
Gathings	Miller,	Stubblefield
George	George P.	Sullivan
Glaime	Mills	Teague, Tex.
Granahan	Mitchell	Thomas
Gray	Moeller	Thompson, N.J.
Green, Oreg.	Montoya	Thompson, Tex.
Green, Pa.	Moore	Thornberry
Griffin	Moorhead	Toll
Griffiths	Morris, N. Mex.	Trimble
Halpern	Morris, Okla.	Ullman
Hardy	Moss	Vanik
Hargis	Moulder	Van Zandt
Harmon	Multer	Vinson
Harris	Murphy	Walter
Healey	Natcher	Watts
Hébert	Nix	Whitener
Hechler	Norblad	Whitten
Hemphill	Norrell	Wier
Hogan	O'Brien, Ill.	Willis
Holifield	O'Hara, Ill.	Withrow
Holland	O'Hara, Mich.	Wolf
Holtzman	O'Konski	Wright
Huddleston	O'Neill	Yates
Hull	Oliver	Young
Ikard	Patman	Zablocki
Jarman	Perkins	Zelenko

NAYS—127

Abbitt	Derwinski	Kitchin
Allen	Devine	Lafore
Andersen,	Dixon	Laird
Minn.	Dorn, S.C.	Landrum
Arends	Downing	Langen
Ashmore	Everett	Latta
Auchincloss	Fascell	Lindsay
Avery	Fenton	McCulloch
Ayres	Ford	McDonough
Baldwin	Forrester	McIntire
Barden	Frelinghuysen	Mack, Wash.
Barry	Gary	Mailliard
Bass, N.H.	Gavin	Marshall
Bates	Glenn	May
Baumhart	Goodell	Meador
Belcher	Grant	Michel
Berry	Gross	Milliken
Betts	Gubser	Mumma
Bosch	Hagen	Murray
Brown, Ga.	Haley	Nelsen
Brown, Ohio	Harrison	Ostertag
Broyhill	Henderson	Pelly
Budge	Herlong	Pirnie
Burleson	Hess	Poff
Bush	Hiestand	Quie
Byrnes, Wis.	Hoeven	Ray
Cahill	Hoffman, Ill.	Reece, Tenn.
Chamberlain	Hoffman, Mich.	Reese, Kans.
Chenoweth	Holt	Rhodes, Ariz.
Chipfield	Hosmer	Riehlman
Coffin	Irwin	Riley
Cramer	Jensen	Robison
Cunningham	Johansen	St. George
Curtin	Jonas	Schenck
Curtis, Mass.	Kearns	Scherer
Curtis, Mo.	Keith	Schwengel
Davis, Ga.	Kilgore	Short
Derounian	King, Utah	Simpson, Ill.



Smith, Kans.	Tuck	Westland
Smith, Va.	Utt	Widnall
Springer	Wallhauser	Wilson
Thomson, Wyo.	Weaver	Younger
Tollefson	Weis	

## ANSWERED "PRESENT"—2

Bentley	Knox
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## NOT VOTING—76

Abernethy	Flynt	Pilcher
Alford	Fogarty	Pillion
Alger	Hall	Powell
Anfuso	Halleck	Preston
Becker	Hays	Rivers, S.C.
Bolton	Horan	Rooney
Bow	Jackson	Rostenkowski
Bowles	Johnson, Colo.	Shipley
Boykin	Keogh	Simpson, Pa.
Burke, Ky.	Kilburn	Smith, Calif.
Canfield	Kilday	Steed
Cannon	Liscomb	Taber
Cederberg	McSween	Taylor
Collier	Magnuson	Teague, Calif.
Colmer	Martin	Teller
Dague	Mason	Thompson, La.
Davis, Tenn.	Merrow	Udall
Dawson	Miller, N.Y.	Van Pelt
Dollinger	Minshall	Wainwright
Dooley	Monagan	Wampler
Elliott	Morgan	Wharton
Evins	Morrison	Williams
Farbstein	O'Brien, N.Y.	Winstead
Fino	Osmer	
Fisher	Passman	

So the amendment was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Bentley for, with Mr. Wainwright against.

Mr. Keogh for, with Mr. Simpson of Pennsylvania against.

Mr. Anfuso for, with Mr. Taber against.

Mr. Farbstein for, with Mr. Kilburn against.

Mr. Thompson of Louisiana for, with Mr. Lipscomb against.

Mr. Morrison for, with Mr. Van Pelt against.

Mr. Hays for, with Mr. Pilcher against.

Mr. Knox for, with Mr. Cederberg against.

Mr. Collier for, with Mr. Preston against.

Mr. Fino for, with Mr. Minshall against.

Mr. Morgan for, with Mrs. Bolton against.

Mr. Teller for, with Mr. Bow against.

Mr. Rooney for, with Mr. Smith of California against.

Mr. Dollinger for, with Mr. Alger against.

Mr. Powell for, with Mr. Osmer against.

Mr. O'Brien of New York for, with Mr. Taylor against.

Mr. Passman for, with Mr. Teague of California against.

Mr. Burke of Kentucky for, with Mr. Becker against.

Mr. Fogarty for, with Mr. Flynt against.

Mr. Steed for, with Mr. McSween against.

Mr. Wampler for, with Mr. Williams against.

Mr. Evins for, with Mr. Winstead against.

Until further notice:

Mr. Johnson of Colorado with Mr. Halleck.

Mr. Rivers of South Carolina with Mr. Pillion.

Mr. Davis of Tennessee with Mr. Miller of New York.

Mr. Colmer with Mr. Merrow.

Mr. Elliott with Mr. Jackson.

Mr. Monagan with Mr. Horan.

Mr. Bowles with Mr. Dague.

Mr. Alford with Mr. Dooley.

Mr. Abernethy with Mr. Wharton.

Mr. Boykin with Mr. Martin.

Mr. Rostenkowski with Mr. Mason.

Mr. Magnuson with Mr. Canfield.

Mr. HARDY changed his vote from "nay" to "yea."

Mr. SHELLEY changed his vote from "nay" to "yea."

Mr. GOODELL changed his vote from "yea" to "nay."

Mr. BENTLEY. Mr. Speaker, I have a live pair with the gentleman from New York [Mr. WAINWRIGHT]. I voted "yea." If he were present, he would vote "nay." Therefore, I withdraw my "yea" vote and vote "present."

Mr. KNOX. Mr. Speaker, I have a live pair with the gentleman from Michigan [Mr. CEDERBERG]. If he were present, he would vote "nay." I voted "yea." Therefore, I withdraw my "yea" vote and vote "present."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. SHORT. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. SHORT. I am.

The SPEAKER. The gentleman qualifies. The Clerk will report the motion.

The Clerk read as follows:

Mr. SHORT moves to recommit the bill H.R. 8609 to the Committee on Agriculture.

Mr. COOLEY. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The motion was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. COOLEY. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 305, nays 53, answered "present" 1, not voting 76, as follows:

[Roll No. 142]

## YEAS—305

Abbt	Bolling	Cook
Adair	Bonner	Cooley
Addonizio	Boyle	Corbett
Albert	Brademas	Curtin
Alexander	Bray	Daddario
Andersen,	Breeding	Daniels
Minn.	Brewster	Davis, Ga.
Anderson,	Brock	Delaney
Mont.	Brooks, La.	Dent
Andrews	Brooks, Tex.	Denton
Ashmore	Broomfield	Derwinski
Aspinall	Brown, Ga.	Devine
Auchincloss	Brown, Mo.	Diggs
Avery	Brown, Ohio	Dixon
Ayres	Broyhill	Donohue
Bailey	Buckley	Dowdy
Baker	Budge	Downing
Baldwin	Burdick	Doyle
Barden	Burke, Mass.	Dulski
Barr	Burleson	Durham
Barrett	Bush	Dwyer
Barry	Byrne, Pa.	Edmondson
Bass, N.H.	Cahill	Everett
Bass, Tenn.	Carnahan	Fallon
Baumhart	Carter	Fascell
Beckworth	Casey	Feighan
Belcher	Celler	Fenton
Bennett, Fla.	Chamberlain	Flood
Bennett, Mich.	Chelf	Flynn
Bentley	Chenoweth	Foley
Berry	Church	Forand
Betts	Clark	Forrester
Blatnik	Coad	Fountain
Blitch	Coffin	Frazier
Boggs	Cohelan	Friedel
Boland	Conte	Fulton

Gallagher	Lesinski	Reuss
Garmatz	Levering	Rhodes, Ariz.
Gathings	Libonati	Rhodes, Pa.
Gavin	Lindsay	Riehlman
George	Loser	Riley
Gialmo	McCormack	Rivers, Alaska
Glenn	McCulloch	Roberts
Goodell	McDowell	Rodino
Granahan	McFall	Rogers, Colo.
Grant	McGinley	Rogers, Fla.
Gray	McGovern	Rogers, Mass.
Green, Oreg.	McMillan	Rogers, Tex.
Green, Pa.	Macdonald	Roosevelt
Griffin	Machrowicz	Roush
Griffiths	Mack, Ill.	Rutherford
Gross	Mack, Wash.	Santangelo
Hagen	Madden	Saund
Halpern	Mahon	Schenck
Hardy	Mailliard	Schwengel
Hargis	Marshall	Scott
Harmon	Matthews	Selden
Harris	May	Shelley
Healey	Metcalf	Sheppard
Hébert	Meyer	Sikes
Hechler	Miller, Clem	Siler
Hemphill	Miller,	Simpson, Ill.
Henderson	George P.	Sisk
Hoffman, Ill.	Milliken	Slack
Hoffman, Mich.	Mills	Smith, Iowa
Hogan	Mitchell	Smith, Miss.
Holifield	Moeller	Spence
Holland	Montoya	Springer
Holtzman	Moorhead	Staggers
Huddleston	Morris, N. Mex.	Stratton
Hull	Morris, Okla.	Stubblefield
Ikard	Morris	Sullivan
Irwin	Moulder	Teague, Tex.
Jarman	Multer	Thomas
Jennings	Mumma	Thompson, N.J.
Jensen	Murphy	Thompson, Tex.
Johnson, Calif.	Natcher	Thomson, Wyo.
Johnson, Md.	Nelsen	Thornberry
Johnson, Wis.	Nix	Toll
Jonas	Norblad	Tollefson
Jones, Ala.	Norrell	Trimble
Jones, Mo.	O'Brien, Ill.	Tuck
Judd	O'Hara, Ill.	Ullman
Karsten	O'Hara, Mich.	Vanik
Karth	O'Konski	Van Zandt
Kasem	O'Neill	Vinson
Kastenmeier	Oliver	Wallhauser
Kearns	Ostertag	Walter
Kee	Patman	Watts
Kilgore	Perkins	Weaver
King, Calif.	Pfost	Westland
King, Utah	Philbin	Whitener
Kirwan	Poage	Whitten
Kitchin	Poff	Wier
Kluczynski	Porter	Willis
Knox	Price	Withrow
Kowalski	Prokop	Wolf
Landrum	Pucinski	Wright
Lane	Quie	Yates
Langen	Quigley	Young
Lankford	Rabaut	Zablocki
Latta	Randall	Zelenko
Lennon		

## NAYS—53

Allen	Haley	Pelly
Arends	Harrison	Pirnie
Baring	Herlong	Ray
Bates	Hess	Reece, Tenn.
Bosch	Hiestand	Rees, Kans.
Byrnes, Wis.	Hoeven	Robison
Chiperfield	Holt	St. George
Cramer	Hosmer	Saylor
Cunningham	Johansen	Scherer
Curtis, Mass.	Keith	Short
Curtis, Mo.	Kelly	Smith, Kans.
Derounian	Lafore	Smith, Va.
Dorn, N.Y.	Laird	Utt
Dorn, S.C.	McDonough	Weis
Ford	McIntire	Widnall
Frelinghuysen	Meader	Wilson
Gary	Michel	Younger
Gubser	Murray	

## ANSWERED "PRESENT"—1

Dingell

## NOT VOTING—76

Abernethy	Canfield	Evins
Alford	Cannon	Farbstein
Alger	Cederberg	Fino
Anfuso	Collier	Fisher
Ashley	Colmer	Flynt
Becker	Dague	Fogarty
Bolton	Davis, Tenn.	Hall
Bow	Dawson	Halleck
Bowles	Dollinger	Hays
Boykin	Dooley	Horan
Burke, Ky.	Elliott	Jackson



Johnson, Colo.	Morgan	Smith, Calif.
Keogh	Morrison	Steed
Kilburn	O'Brien, N.Y.	Taber
Kilday	Osmers	Taylor
Lipscomb	Passman	Teague, Calif.
McSween	Pilcher	Teller
Magnuson	Pillion	Thompson, La.
Martin	Powell	Udall
Mason	Preston	Van Pelt
Morrow	Rivers, S.C.	Wainwright
Miller, N.Y.	Rooney	Wampler
Minshall	Rostenkowski	Wharton
Monagan	Shipley	Williams
Moore	Simpson, Pa.	Winstead

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Wampler for, with Mr. Dingell against.  
Mr. Preston for, with Mr. Lipscomb against.  
Mr. Horan for, with Mr. Taylor against.  
Mr. Cederberg for, with Mr. Osmers against.  
Mr. Collier for, with Mr. Teague of California against.

Mr. Wainwright for, with Mr. Simpson of Pennsylvania against.

Mr. Keogh for, with Mr. Taber against.  
Mr. Dollinger for, with Mr. Kilburn against.  
Mr. Anfuso for, with Mr. Van Pelt against.  
Mr. Farbstein for, with Mr. Minshall against.

Mr. Teller for, with Mrs. Bolton against.  
Mr. Williams for, with Mr. Bow against.  
Mr. Winstead for, with Mr. Smith of California against.

Mr. Colmer for, with Mr. Jackson against.  
Mr. Rooney for, with Mr. Becker against.

Until further notice:

Mr. Davis of Tennessee with Mr. Alger.  
Mr. Morrison with Mr. Wharton.  
Mr. Thompson of Louisiana with Mr. Pillion.

Mr. Abernethy with Mr. Martin.  
Mr. Hays with Mr. Halleck.  
Mr. Johnson of Colorado with Mr. Fino.  
Mr. McSween with Mr. Dague.  
Mr. Monagan with Mr. Morrow.  
Mr. Bowles with Mr. Moore.  
Mr. Morgan with Mr. Miller of New York.  
Mr. Pilcher with Mr. Mason.  
Mr. Flynt with Mr. Deoley.  
Mr. Evins with Mr. Canfield.

Mr. DINGELL. Mr. Speaker, I have a live pair with the gentleman from Indiana [Mr. WAMPLER]. I voted "no." If Mr. WAMPLER were present, he would vote "yea." Therefore, I withdraw my "no" vote and vote "present."

Mr. AYRES changed his vote from "nay" to "yea."

Mr. THOMSON of Wyoming changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

#### GENERAL LEAVE TO EXTEND

Mr. THOMPSON of Texas. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks at such point as they may wish in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

#### AMENDING COMMUNICATIONS ACT OF 1934

Mr. HARRIS. Mr. Speaker, I ask unanimous consent to take from the

Speaker's desk the bill (S. 2424) to amend the Communications Act of 1934 in order to provide that the equal-time provisions with respect to candidates for public office shall not apply to news and other similar programs, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas. [After a pause.] The Chair hears none and appoints the following conferees: Messrs. HARRIS, ROGERS of Texas, FLYNT, MOSS, BENNETT of Michigan, YOUNGER, and AVERY.

#### ADJOURNMENT OVER

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

#### LABOR-MANAGEMENT REFORM LEGISLATION

(Mr. THOMPSON of New Jersey at the request of Mr. McCORMACK) was granted permission to extend his remarks at this point in the RECORD.)

Mr. THOMPSON of New Jersey. Mr. Speaker, because of many requests from Members of the House and Senate for information as to the effects of the Landrum-Griffin bill, Senator KENNEDY and I have prepared the following analysis of that bill's secondary boycott and hot cargo provisions. The following analysis sets forth the differences between the bills passed by the House and Senate:

##### SECONDARY BOYCOTTS AND HOT CARGO CONTRACTS

The House and Senate bills contain radically different provisions dealing with activities often brought under the misleading slogan "secondary boycotts." The phrase "secondary boycott" has no exact meaning today. The nature of the differences between the House and Senate bills can only be understood by agreeing upon more exact terminology and talking about specific kinds of activities or contracts.

Historically a "primary boycott" is a refusal to have dealings with an offending person. To induce customers not to buy from an offending grocery store would be a primary boycott. To persuade grocery stores not to buy Swift products would still be a primary boycott. For plumbing contractors not to buy the products of United States Pipe Co. would be a primary boycott. In each case the only economic pressure is leveled at the offending person—in terms of labor cases at the employer involved in the labor dispute.

The element of "secondary activity" is introduced when there is a refusal to have dealings with one who has dealings with the offending person. If housewives refuse to deal with any grocery store which deals with Swift & Co., there is a secondary boycott. It is also a secondary boycott for members of the Plumbers Union to refuse to work for any contractor who buys pipe from United States Pipe Co. Strictly speaking only the grocery store case is a boycott; the plumbers case should be called a secondary strike. But both are called secondary boycotts so that we can distinguish only by

calling the first a "secondary consumer boycott" and the second, a "secondary boycott" without qualification.

In all cases of secondary boycotts two employers are involved. The union brings pressure upon the employer with whom it has a dispute (called the "primary" employer) by inducing the employees of another employer (called the "secondary" employer) to go on strike—or the customers not to patronize—until the secondary employer stops dealing with the primary employer. Or the union may simply induce the employees of the secondary employer to refuse to handle or work on goods—or the customers not to buy—coming from the primary employer as a way of putting pressure upon him.

The present law unequivocally forbids secondary boycotts in which a union induces the employees of a secondary employer to strike or refuse to perform their normal duties as a way of putting economic pressure on a primary employer. Section 8(b) (4) (A) provides:

"(b) It shall be an unfair labor practice for a labor organization or its agents—

(4) to engage in, or to induce or encourage the employees of any employer to engage in, a strike or a concerted refusal in the course of their employment to use, manufacture, process, transport, or otherwise handle or work on any goods, articles, materials, or commodities or to perform any services, where an object thereof is: (A) forcing or requiring any employer or self-employed person to join any labor or employer organization or any employer or other person to cease using, selling, handling, transporting, or otherwise dealing in the products of any other producer, processor, or manufacturer, or to cease doing business with any other person."

There is no dispute, therefore, about the prohibition of "secondary boycotts" in the sense in which the term was used by Senator Taft in 1947 and is used in this memorandum. As Senator Taft said, section 8(b) (4) (A) forbids all these secondary boycotts.

There is ground for controversy, however, about three separate issues:

(1) Whether there are "loopholes" in section 8(b) (4) (A) which can and should be closed without interfering with legitimate labor activities;

(2) Whether certain other activities and agreements which are outside the term "secondary boycotts" are so similar in their effect that they should be prohibited; and

(3) Whether secondary consumer boycotts should be prohibited.

The Senate bill takes a step in this direction by prohibiting hot cargo agreements by common carriers. It is subject to the criticism that it does nothing about true loopholes in the present law.

The House bill takes many long steps in these directions. It is subject to the criticism that it curtails essential labor activities which cannot be fairly classed with secondary boycotts.

It now becomes necessary to deal in detail with specific activities.

##### 1. RAILROAD AIRLINE, AND PUBLIC EMPLOYEES

The NLRA definitions of "employer" and "employee" exclude various special categories of employees among them agricultural workers, Government employees and employees of railroads and airlines who are subject to the Railway Labor Act. Since section 8(b) (4) presently speaks of inducing "the employees of any employer," it does not apply to these groups.

The House bill extends the prohibition to secondary boycotts by agricultural workers, Government employees and employees of railroads and airlines. Apparently the theory is that the omission was simply a mistake in the original draftsmanship.







86TH CONGRESS  
1ST SESSION

# H. R. 8609

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IN THE SENATE OF THE UNITED STATES

AUGUST 21, 1959

Read twice and referred to the Committee on Agriculture and Forestry

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## AN ACT

To amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       That section 103 (b) of the Agricultural Trade Develop-  
4       ment and Assistance Act of 1954, as amended, is amended  
5       to read as follows:

6       “(b) Agreements shall not be entered into under this  
7       title during the period beginning January 1, 1960, and end-  
8       ing December 31, 1960, which will call for appropriations  
9       to reimburse the Commodity Credit Corporation, pursuant to



1 subsection (a) of this section, in amounts in excess of  
2 \$1,500,000,000, plus any amount by which agreements  
3 entered into in prior fiscal years have called or will call for  
4 appropriations to reimburse the Commodity Credit Corpora-  
5 tion in amounts less than authorized for such prior fiscal  
6 years by this Act as in effect during such fiscal years.”

7 SEC. 2. Section 109 of such Act is amended by striking  
8 out “December 31, 1959” and inserting “December 31,  
9 1960”.

10 SEC. 3. Subsection (a) of section 104 of such Act is  
11 amended by inserting a period in lieu of the semicolon at the  
12 end thereof, and adding the following:

13 “From sale proceeds and loan repayments under this title  
14 not less than the equivalent of 5 per centum of the total sales  
15 made under this title after the date of this amendment shall  
16 be made available in advance for use, in such amounts as  
17 may be specified from time to time in appropriation acts,  
18 over such period of years as the Secretary of Agriculture  
19 determines will most effectively carry out the purpose of  
20 this subsection and particular regard shall be given to  
21 provide in sale and loan agreements for the convertibility  
22 of such amount of the proceeds thereof as may be needed  
23 to carry out the purpose of this subsection in those countries  
24 which are or offer reasonable potential of becoming dollar  
25 markets for United States agricultural commodities. Not-

1 withstanding any other provision of law, if sufficient foreign  
2 currencies for carrying out the purpose of this subsection  
3 in such countries are not otherwise available, agreements  
4 may be entered into with such countries for the sale of  
5 surplus agricultural commodities in such amounts as the  
6 Secretary of Agriculture determines to be adequate and for  
7 the use of the proceeds to carry out the purpose of this sub-  
8 section;"

9 SEC. 4. Subsection (b) of section 104 of such Act is  
10 amended to read as follows:

11 "(b) To purchase or contract to purchase, in such  
12 amounts as may be specified from time to time in appro-  
13 priation acts, strategic or other materials for a supplemental  
14 United States stockpile of such materials as the President  
15 may determine from time to time. Such strategic or other  
16 materials acquired under this subsection shall be placed in  
17 the above named supplemental stockpile and shall be released  
18 therefrom only under the provisions of section 3 of the  
19 Strategic and Critical Materials Stock Piling Act;"

20 SEC. 5. Subsection (e) of section 104 of such Act is  
21 amended by adding at the end thereof the following new  
22 sentence: "Interest and principal payments received on such  
23 loans shall remain with and be available to the Export-  
24 Import Bank for additional loans under this subsection;"

25 SEC. 6. Subsection (g) of section 104 of such Act is



1 amended by changing the semicolon at the end thereof to a  
2 colon and adding the following: "*Provided*, That such loans  
3 shall be denominated in United States dollars and payments  
4 in foreign currencies shall be in amounts calculated at the  
5 time of payment to be equivalent to the United States dollar  
6 obligation in accordance with the applicable rate of ex-  
7 change;"

8 SEC. 7. Section 104 of such Act is amended by inserting  
9 after subsection (o) the following new subsection:

10 "(p) where such agreements permit such action, for  
11 assistance to meet emergency relief requirements other than  
12 requirements for surplus food commodities: *Provided*, That  
13 not more than an amount equivalent to \$2,000,000 may be  
14 made available in any one country for this purpose during  
15 any fiscal year."

16 SEC. 8. Title I of such Act is amended—

17 (a) by adding at the end thereof a new section, as  
18 follows:

19 "SEC. 110. In order to facilitate the establishment of  
20 national food reserves in underdeveloped countries, surplus  
21 agricultural commodities may be made available by the  
22 President on a grant basis for such reserve purposes pursuant  
23 to an agreement with the recipient country requiring that  
24 payment shall be made when such commodities are with-  
25 drawn from the reserve and that the recipient country shall

1 assume full responsibility for the storage, preservation, and  
2 delivery of such commodities: *Provided*, That no payment  
3 shall be required for any quantities of such commodities  
4 which are used by agreement of the President and the gov-  
5 ernment of the recipient country for purposes provided for in  
6 section 201 of this Act. Agreements under which com-  
7 modities are provided pursuant to this section shall specify  
8 whether any payment made thereunder shall be in foreign  
9 currency or in dollars, and the purposes authorized under  
10 section 104 of this Act for which any such foreign currency  
11 payments may be used. In negotiating agreements under  
12 this section the President shall give effect to the requirements  
13 prescribed in section 101 for agreements entered into under  
14 that section.”; and

15 (b) by inserting the words “or for grant” after the  
16 words “domestic exporters” in item (1) of subsection  
17 (a) of section 102, and by inserting the words “or  
18 grant” after the word “sale” in item (2) of subsection  
19 (a) of section 102.

20 SEC. 9. Section 202 of such Act is amended by striking  
21 out “The” at the beginning thereof and inserting “In order  
22 to facilitate the utilization of surplus agricultural commodities  
23 in meeting the requirements of needy peoples, and in order  
24 to promote economic development in underdeveloped areas



1 in addition to that which can be accomplished under title I  
2 of this Act, the”.

3 SEC. 10. Section 203 of such Act is amended by striking  
4 out “\$800,000,000” and inserting in lieu thereof “\$1,100,-  
5 000,000,” and by inserting before the period at the end of  
6 the third sentence “and charges for general average con-  
7 tributions arising out of the ocean transport of commodities  
8 transferred pursuant hereto, may be paid from such funds”.

9 SEC. 11. Section 204 of such Act is amended by striking  
10 out “1959” and substituting in lieu thereof “1960”.

11 SEC. 12. Section 303 of such Act is amended by striking  
12 out the fourth sentence of such section and inserting in lieu  
13 thereof the following: “The Secretary shall permit and  
14 encourage barter for materials processed in the United States  
15 providing the agricultural commodities to be bartered for  
16 such materials be exported to friendly foreign countries.”

17 SEC. 13. Section 305 of such Act is amended to read  
18 as follows:

19 “All Commodity Credit Corporation stocks donated  
20 abroad under title II of this Act and section 416 of the  
21 Agricultural Act of 1949, as amended, shall be clearly  
22 identified by appropriate marking on each package or con-  
23 tainer and insofar as practical in the language of the locality

1 where such stocks are distributed as being furnished by the  
2 people of the United States of America and where available  
3 funds accruing under title I shall be used for this purpose.”

4 SEC. 14. Title III of the Agricultural Trade Develop-  
5 ment and Assistance Act of 1954, as amended, is further  
6 amended by adding at the end thereof the following new  
7 section:

8 “SEC. 306. (a) In order to promote the general welfare,  
9 raise the levels of health and of nourishment for persons whose  
10 incomes prevent them from enjoying adequate diets, and dis-  
11 pose in a beneficial manner of food commodities acquired by  
12 the Commodity Credit Corporation or the Department of Agri-  
13 culture in carrying out price support operations or diverted  
14 from the normal channels of trade and commerce under sec-  
15 tion 32 of the Act of August 24, 1935, as amended, the  
16 Secretary of Agriculture (in this section referred to as the  
17 ‘Secretary’) is hereby authorized to promulgate and put  
18 into operation as quickly as possible a program to distribute  
19 to needy persons in the United States through a food stamp  
20 system such surplus food commodities.

21 “(b) In carrying out such program, the Secretary  
22 shall—

23 “(1) distribute surplus food made available by the



1 Secretary for distribution under this program only when  
2 requested to do so by a State or political subdivision  
3 thereof;

4 “(2) issue, or cause to be issued, pursuant to sub-  
5 section (c), food stamps redeemable by eligible needy  
6 persons for such types and quantities of surplus food as  
7 the Secretary shall determine;

8 “(3) distribute surplus food in commercially pack-  
9 aged form, preferably through normal channels of trade;

10 “(4) establish standards under which, pursuant to  
11 subsection (c), the welfare authorities of any State or  
12 political subdivision thereof may participate in the food  
13 stamp plan for the distribution of surplus foods to the  
14 needy;

15 “(5) consult the Secretary of Health, Education,  
16 and Welfare, and the Secretary of Labor, in establish-  
17 ing standards for eligibility for surplus foods and in  
18 the conduct of the program generally to assure achieve-  
19 ment of the goals outlined in subsection (a) of this  
20 section; and

21 “(6) make such other rules and regulations as he  
22 may deem necessary to carry out the purpose of this  
23 section.

24 “(c) The Secretary shall issue, to each welfare de-  
25 partment or equivalent agency of a State or political sub-

1 division requesting the distribution of surplus food under  
2 subsection (b) (1), food stamps for each kind of surplus  
3 food to be distributed, in amounts based on the total amount  
4 of surplus food to be distributed and on the total number of  
5 needy persons in the various States and political subdivisions  
6 eligible to receive such food. The food stamps shall be issued  
7 by each such welfare department or equivalent agency to  
8 needy persons receiving welfare assistance, or in need of  
9 welfare assistance but ineligible because of State or local law,  
10 and shall be redeemable by such needy persons at local dis-  
11 tribution points to be determined by the Secretary under  
12 subsection (b) (3).

13 “(d) Surplus food distributed under this section shall be  
14 in addition to, and not in place of, any welfare assistance  
15 (financial or otherwise) granted needy persons by a State  
16 or any political subdivision thereof.

17 “(e) In any one calendar year the Secretary is au-  
18 thorized to distribute surplus food under this section to a value  
19 of up to \$1,000,000,000, based on the cost to the Federal  
20 Government of acquiring, storing, and handling such food.

21 “(f) For the purposes of this section, a needy person  
22 is anyone receiving welfare assistance (financial or other-  
23 wise) from the welfare department or equivalent agency of  
24 any State or political subdivision thereof, or who is, in the  
25 opinion of such agency or agencies, in need of welfare assist-



1   ance but is ineligible to receive it because of State or local  
2   law.

3       “(g) The Secretary of Agriculture, in consultation with  
4   the Secretary of Health, Education, and Welfare and the  
5   Secretary of Labor, shall make a study of, and shall report  
6   to Congress within six months after the date of enactment of  
7   this section, on the feasibility of, the costs of, and the prob-  
8   lems involved in, extending the scope of the food stamp  
9   plan established by this section to include persons receiving  
10   unemployment compensation, receiving old-age and survivors  
11   insurance (social security) pensions, and other low-income  
12   groups not eligible to receive food stamps under this section.

13       “(h) There are hereby authorized to be appropriated,  
14   out of any money in the Treasury not otherwise appropri-  
15   ated, such sums as may be necessary to carry out the  
16   purposes of this section.”

17       SEC. 15. The Agricultural Trade Development and  
18   Assistance Act of 1954, as amended, is amended by adding  
19   thereto the following new title:

20       “TITLE IV—LONG-TERM SUPPLY CONTRACTS

21       “SEC. 401. The purpose of this title is to utilize surplus  
22   agricultural commodities and the products thereof produced  
23   in the United States to assist the economic development of  
24   friendly nations by assuring such nations a stable supply of

1 agricultural commodities on long-term credit for domestic  
2 consumption during periods of economic development so that  
3 the resources and manpower of such nations may be utilized  
4 more effectively for industrial and other domestic economic  
5 development without jeopardizing meanwhile adequate sup-  
6 plies of agricultural commodities for domestic use.

7       “SEC. 402. In furtherance of this purpose, the Presi-  
8 dent is authorized to enter into agreements with friendly  
9 nations under which the United States shall undertake to  
10 provide for delivery annually of certain quantities of such  
11 surplus agricultural commodities for periods of not to exceed  
12 ten years, pursuant to the terms and conditions set out in this  
13 title, providing such commodities are in surplus at the time  
14 delivery is to be made.

15       “SEC. 403. Payment for such commodities shall be in  
16 dollars with interest at such rate as the Secretary may de-  
17 termine but not more than the cost of the funds to the  
18 United States Treasury as determined by the Secretary of  
19 the Treasury, taking into consideration the current average  
20 market yields on outstanding marketable obligations of the  
21 United States having maturity comparable to the maturities  
22 of loans made by the President under this section. Pay-  
23 ment may be made in approximately equal annual amounts  
24 over periods of not to exceed twenty years from the date of



1 the last delivery of commodities in each calendar year under  
2 the agreement and interest shall be computed from the date  
3 of such last delivery.

4 "SEC. 404. In carrying out the provisions of this title,  
5 the Secretary of Agriculture shall endeavor to maximize  
6 the sale of United States agricultural commodities taking  
7 such reasonable precautions as he determines necessary to  
8 avoid replacing any sales which the Secretary finds and de-  
9 termines would otherwise be made for cash dollars.

10 "SEC. 405. In entering into such agreements, the Sec-  
11 retary shall endeavor to reach agreement with other export-  
12 ing nations of such commodities for their participation in  
13 the supply and assistance program herein authorized on a  
14 proportionate and equitable basis.

15 "SEC. 406. In carrying out this title, the provisions of  
16 sections 102, 103 (a), 106, 107, and 108 of this Act shall  
17 be applicable to the extent not inconsistent with this title."

18 SEC. 16. Section 206 (a) of the Agricultural Act of 1956  
19 is amended by inserting before the period at the end thereof  
20 a comma and the following: "or strategic or other materials  
21 required by other Government agencies".

22 SEC. 17. Section 347 (b) of the Agricultural Adjustment  
23 Act of 1938, as amended, is amended by striking out the  
24 period at the end thereof and inserting a colon and the fol-  
25 lowing:

1       *“Provided, however, That the national marketing quota*  
2 for the 1960 crop of such cotton shall not be less than 90  
3 per centum of the 1959 marketing quota for such cotton.”

4       SEC. 18. This Act may be cited as the “Food for Peace  
5 Act of 1959”.

Passed the House of Representatives August 20, 1959.

Attest:

RALPH R. ROBERTS,

*Clerk.*









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## AN ACT

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To amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes.

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APRIL 21, 1959

Read twice and referred to the Committee on  
Agriculture and Forestry







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

## CONTENTS

Issued Aug. 26, 1959  
For actions of Aug. 25, 1959  
86th-1st, No. 146

Acresage allotments.....	35		
Alaska.....	31		
Appropriations.....	9,36		
Banking.....	38		
Buildings.....	7		
Civil defense.....	9,30		
Claims.....	9		
Conservation.....	33		
Credit unions.....	3		
Faster relief.....	10		
Educational exchange.....	21	Interest rates.....	22
Electrification.....	29	Intergovernmental	
Exhibits.....	18	relations.....	15
Extension work.....	5	Lands.....	6,12,27,40
Farm program.....	25	Legislative program.....	15
Feed grains.....	15	Libraries.....	5
Flag.....	28	Life insurance.....	4
Food stamps.....	19,24	Loans.....	38
Food surplus.....	19	Marketing quotas.....	16
Foreign aid.....	13	Minerals.....	32
Foreign trade.....	1,2,8	Peanuts.....	11
Forestry.....	14	Personnel.....	4,34,37
Health.....	34	Personnel management.....	4
Holidays.....	4	Property.....	5,40
Housing.....	17	Public Law 480.....	1,24
Imports.....	2,18	REA.....	29
		Reclamation.....	26
		Recreation.....	12
		Rice.....	16
		Scientific research.....	4,37
		Seeds.....	23
		Silk imports.....	2
		Small business.....	41
		Soil conservation.....	20
		Surplus commodities.....	1,24
		Taxes.....	5
		Tobacco.....	35
		Transportation.....	23
		Water pollution.....	39
		Wood moldings.....	8
		Wheat.....	15
		Wild horses.....	6

HIGHLIGHTS: Senate committee reported amendments to Public Law 480 bill. House committee reported housing bill. House subcommittee voted to report bill to require marketing quotas for rice.

## SENATE

1. FOREIGN TRADE; SURPLUS COMMODITIES. The Agriculture and Forestry Committee reported amendments to S. 1748, to extend Public Law 480 (p. 15478). The "Daily Digest" states that the committee amendments include a 3-year extension of the law (p. D821). Sen. Johnston expressed his support for an amendment proposed by Sen. Butler "to provide that shipments of surplus agricultural commodities destined to foreign countries exported under the Public Law 480 program, must be delivered directly to the export vessel at a U. S. port." Several Senators expressed opposition to the proposed amendment, (pp. 15576-8).



2. SILK IMPORTS. The Finance Committee reported without amendment H. R. 2386, to suspend for 3 years, beginning 60 days from date of enactment, the import duties on certain classification of spun silk yarn (S. Rept. 311). p. 15474
3. CREDIT UNIONS. The Banking and Currency Committee reported with amendments H. R. 2305, to make various amendments to the Federal Credit Union Act (S. Rept. 314). p. 15474
4. PERSONNEL. The Post Office and Civil Service Committee voted to report (but did not actually report) the following bills: H. R. 5752, to grant Federal employees legal holidays on Friday for holidays occurring on Saturday; and H. R. 6059, to provide additional civilian positions for the Department of Defense for scientific research and development, with an amendment to include the text of S. 2461, to amend the Federal Employees Group Life Insurance Act of 1954 to eliminate the provision reducing the amount of insurance after age 65. p. D822  

The Post Office and Civil Service Committee voted, 6 to 3, to postpone action until next year on S. 1638, to establish an Office of Personnel Management and revise the functions of the Civil Service Commission. p D822
5. PROPERTY. The Government Operations Committee voted to report (but did not actually report) the following: S. J. Res. 121, without amendment, to permit certain property conveyed by this Department to the La. State University and Agricultural and Mechanical College to be used for general educational purposes; S. 155, with amendment, to permit the donation of Government surplus property to libraries which are tax-supported or publicly owned and operated; S. 1018, with amendment, to authorize the donation of surplus property to certain agencies engaged in cooperative agricultural extension work; and S. 910, with amendment, to authorize the payment to local governments of sums in lieu of taxes and special assessments on Federal property (the "Daily Digest" states that prior to approval of this bill the committee rejected a motion by Sen. Mundt to substitute the language of his bill, S. 1417, to establish a temporary Commission on Federal Contributions to State and Local Governments). p. D821
6. PUBLIC LANDS; WILDLIFE. Passed without amendment H. R. 2725, to prohibit the use of aircraft or motor vehicles to hunt wild horses or burros on Federal lands. This bill will now be sent to the President. pp. 15493-7
7. BUILDINGS. Passed with amendment H. R. 7645, to grant GSA additional authority for the construction, alteration, and acquisition of Federal buildings. Senate conferees were appointed. A similar bill, S. 1654, was indefinitely postponed. pp. 15523-33
8. FOREIGN TRADE. Passed with amendment H. R. 2411, to provide for the free importation of tourist literature after agreeing to an amendment by Sen. Yarborough to delete a section which would have increased the import duty on wood moldings. pp. 15514-23, 15526
9. CLAIMS; CIVIL DEFENSE. Received from the President supplemental appropriation estimates to pay claims for damages and judgments against the U. S. (S. Doc. 48), and for "salaries and expenses" of the Office of Civil and Defense Mobilization (S. Doc. 49). p. 15474

Calendar No. 518

86TH CONGRESS  
1ST SESSION

**S. 1748**

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IN THE SENATE OF THE UNITED STATES

AUGUST 25, 1959

Ordered to be printed

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## **AMENDMENTS**

Reported by Mr. HUMPHREY, from the Committee on Agriculture and Forestry, to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

1        On page 1, line 7, strike out "1960" and insert "1962".

2        On page 1, strike out lines 8 through 11 and insert the  
3 following:

4        (2) Section 103 (b) (prescribing limit on appropria-  
5 tions) is amended, effective January 1, 1960, to read as  
6 follows:

7        "(b) Agreements shall not be entered into under this  
8 title during the period beginning January 1, 1960, and end-  
9 ing December 31, 1962, which will call for appropriations



1 to reimburse the Commodity Credit Corporation, pursuant to  
2 subsection (a) of this section, in amounts in excess of  
3 \$4,500,000,000, plus any amount by which agreements  
4 entered into in prior periods have called or will call for  
5 appropriations to reimburse the Commodity Credit Corpora-  
6 tion in amounts less than authorized for such prior periods  
7 by this Act as in effect during such periods.”

8 (4) The first section (which provides the short title)  
9 is amended to read as follows:

10 “That this Act may be cited as the ‘Food for Peace Act  
11 of 1959’.”

12 (5) Section 102 (a) (which relates to the carrying out  
13 of agreements) is amended by inserting the words “or for  
14 grant” after the words “domestic exporters” in clause (1),  
15 and by inserting the words “or grant” after the word “sale”  
16 in clause (2).

17 (6) Section 104 (k) (relating to scientific activities) is  
18 amended by striking out the colon and inserting in lieu  
19 thereof a comma and the following: “and to promote and  
20 support programs of medical and scientific research, cultural  
21 and educational development, health, nutrition, and sani-  
22 tation:”.

23 (7) Section 104 (o) (relating to assistance to educa-  
24 tional facilities sponsored by United States citizens) is

1 amended by striking out so much thereof as follows the  
2 semicolon.

3 (8) Section 104 (relating to uses of foreign curren-  
4 cies) is further amended by inserting after paragraph (o)  
5 the following new paragraphs:

6 “(p) For supporting workshops in American studies or  
7 American educational techniques, and supporting chairs in  
8 American studies;

9 “(q) For assistance to meet emergency or extraordinary  
10 relief requirements other than requirements for surplus food  
11 commodities: *Provided*, That not more than a total amount  
12 equivalent to \$2,000,000 may be made available for this  
13 purpose during any fiscal year;

14 “(r) For financing the preparation, distribution, and  
15 exhibiting of audio-visual informational and educational ma-  
16 terials, including Government materials, abroad: *Provided*,  
17 That not more than a total amount equivalent to \$5,000,000  
18 may be made available for this purpose during any fiscal  
19 year;

20 “(s) For financing the services of technicians, advisers,  
21 and administrators who are nationals of any friendly country,  
22 which may be needed to further economic and social develop-  
23 ment programs in other friendly countries;”.

24 (9) Section 104 is further amended by inserting be-



1 fore the period at the end thereof a colon and the following:  
2 “*Provided, however,* That foreign currencies shall be avail-  
3 able for the purpose of subsections (p) and (s), in addition  
4 to funds otherwise made available for such purposes, only  
5 in such amounts as may be specified from time to time in  
6 appropriation Acts”.

7 (10) Title I is further amended by adding at the end  
8 thereof the following new section:

9 “SEC. 110. In order to implement the resolution adopted  
10 by the United Nations on February 20, 1957 (United  
11 Nations Resolution 1025 [XI]), which was sponsored by  
12 the United States, calling for international cooperation in  
13 the establishment of national food reserves, surplus agricul-  
14 tural commodities may be made available by the President  
15 on a grant basis for such reserve purposes pursuant to an  
16 agreement with the recipient country requiring that payment  
17 shall be made when such commodities are withdrawn from  
18 the reserve: *Provided,* That no payment shall be required for  
19 any quantities of such commodities which are used by agree-  
20 ment of the President and the government of the recipient  
21 country for purposes provided for in section 201 of this Act.  
22 Agreement under which commodities are provided pursuant  
23 to this section shall specify whether any payment made  
24 thereunder shall be in foreign currency or in dollars, and the  
25 purposes authorized under section 104 of this Act for which

1 any such foreign currency payments may be used. Such  
2 agreements shall require the government of the recipient  
3 country to maintain the reserve at agreed levels unless the  
4 President specifically approves a reduction below the agreed  
5 level, and shall contain reasonable safeguards to assure that  
6 the commodities in the reserve are not used for speculative  
7 purposes. In negotiating agreements under this section the  
8 President shall give effect to the requirements prescribed in  
9 section 101 for agreements entered into under that section.”

10 (1) Such Act is further amended by adding at the end  
11 thereof the following new title:

12 “TITLE IV—ADMINISTRATION

13 “SEC. 401. The President may carry out the functions  
14 conferred upon him by this Act and section 402 of the  
15 Mutual Security Act of 1954, as amended, either directly or  
16 through an administrator designated by him. The adminis-  
17 trator shall perform his functions as assigned by the Presi-  
18 dent in accordance with the provisions of this Act under the  
19 general supervision and direction of the Secretary of  
20 Agriculture.”









86TH CONGRESS  
1ST SESSION

**S. 1748**

---

## **AMENDMENTS**

---

Reported by Mr. HUMPHREY, from the Committee on Agriculture and Forestry, to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

---

AUGUST 25, 1959

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civil-rights bill conference report, and the first major civil-rights bill in more than 80 years was enacted by the Congress. How far we are now from that situation in this session when we consider the disorder in Little Rock, bombings of homes, schools, churches, and synagogues, and all of the other difficulties which we have experienced since. We are still a long way from a civil-rights bill.

Accordingly, Mr. President, on behalf of myself and the Senator from New Jersey [Mr. CASE], I submit a resolution to discharge the Judiciary Committee from further consideration of Senate bill 2391, to extend the Commission on Civil Rights and to provide further means for securing and protecting the right to vote.

The PRESIDING OFFICER. The time available to the Senator from New York, under the 3-minute limitation, has expired.

Mr. JAVITS. Mr. President, I ask that the resolution lie over for 1 day, under the rule.

The PRESIDING OFFICER. The resolution will lie over 1 day, under the rule.

The resolution (S. Res. 174) ordered to lie over 1 day under the rule, is as follows:

*Resolved*, That the Committee on the Judiciary be, and hereby is, discharged from further consideration of the bill (S. 2391) to extend the Commission on Civil Rights and to provide further means for securing and protecting the right to vote.

Mr. JAVITS. Mr. President, I ask unanimous consent that the remarks I was unable to make because of the time limitation, be printed in the RECORD as a part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The conclusion of the statement submitted by Mr. JAVITS is as follows:

#### STATEMENT BY SENATOR JAVITS

If Premier Khrushchev visits the Senate while he is in Washington, I hope he will have the opportunity to see both sides debating their differences on civil rights legislation on the Senate floor. I can think of no news story that I would rather have the people of Africa, Asia, and those living behind the Iron Curtain read than that one. Indeed, its worldwide effect may be greatly enhanced if Premier Khrushchev is here at the time. But should the Russian Premier pay us a visit and find this Chamber deserted, its Members departed without having dealt with civil rights legislation, then the Communist propagandists can have a field day again over the problems of race relations in the United States of America. The worldwide effect of such situations as Little Rock and the bombings of homes, schools, churches, and synagogues is thereby enhanced.

Under those circumstances, to say "but wait until next year," would have a hollow ring for, in a presidential election year, adjournment pressures will conspire even more viciously against passage of a civil rights bill. Let every Member here who wants to adjourn and yet wants civil rights legislation be honest with himself—it is either now or probably 2 years from now—not 1960. I move that we act now.

Two years ago, this was a historic week for the U.S. Senate. On August 29, 1957, the Senate approved the conference report and the first major civil rights bill in more than 80 years was enacted by the Congress.

On July 1, 1959, I called attention to the responsibility of the majority to bring up a civil rights bill this year and placed in the record the timetable of action on the civil rights bill in 1957, and warned that in 1959, we were already dangerously behind the 1957 pace. I made similar observations in a statement here on the floor earlier this month on August 13. During the July debate, the following exchange took place between the majority leader, Senator JOHNSON, and myself:

"Mr. JAVITS. In my own time, I should like to ask the majority leader, who always is so gracious and courteous to all of us, if he will answer the following question; and if he does not choose to answer it, I shall have no complaint. But I should like to ask the question of him: Is there in his statement the implication—I do not impute it; I only ask him; and if my question is inartistic I hope he will correct me—that the only way we can act on proposed civil-rights legislation at this session will be by acting on a bill reported from the Judiciary Committee; or does he believe the Senate will be given such an opportunity, regardless of whether such a bill is reported in the regular way from that committee?"

"Mr. JOHNSON of Texas. Of course, there is no such implication, and no one knows that better than the Senator from New York."

"Mr. JAVITS. I am glad to be assured of that."

Subsequently the assistant majority leader, Senator MANSFIELD, and I had a further colloquy, as follows:

"Mr. MANSFIELD. How can the majority leader or the policy committee of the majority call up a bill which has not been reported from the committee, or give consideration to a bill which, as I understand the situation, has not even been considered by the House, except in committee?"

"Mr. JAVITS. I pointed out, Mr. President, when I began my address—and obviously the Senator was not present—that there are three ways in which we cannot get action on the proposed legislation. The first is to discharge the committee. The second is to get a bill from the committee. The third is to act upon a House bill."

"I am pointing out in this speech that we are at the point of no return. If we do not do one of these three things very shortly, in my opinion, we shall not have civil-rights legislation passed in this session of Congress."

Thus, it is clear that the majority leadership feels that it cannot tell the committees what to do, but it does intend to call up civil-rights legislation if an opportunity presents itself to do so. I had great faith that this would be the case, and was particularly encouraged by the statements of the majority leader during the Senate's debate last week on Senate Resolution 130, during which the majority leader stated to the Senate: "I think the Senate should always have an opportunity to permit a majority to work its will. I do not want to see the Senate refused an opportunity to work its will."

In view of these encouraging statements, I feel that it is my duty as a Member of the Senate who is seriously troubled by the thought that we may not have adequate opportunity to consider civil rights legislation during the present session, to make available an opportunity through the exercise of the leadership function to call up civil rights legislation for floor action.

I am therefore offering on behalf of myself and Senator CASE of New Jersey a motion to discharge the Judiciary Committee from further consideration of S. 2391, the civil rights bill now under consideration by it.

There is ample precedent for the motion which I am about to make. On nine occasions during the last 50 years, motions were

made to discharge committees of the Senate from the consideration of specific matters. Among these was a resolution to discharge a committee from further consideration of the proposed constitutional amendment on women's suffrage—a powerful example of congressional action in the civil rights field.

On January 9, 1959, the first day on which bills could be introduced in the Senate this year, a group of civil rights bills was introduced by me in cosponsorship with eight other Senators. On January 20, 1959, the Senate majority leader introduced his civil rights package and called upon the Senate to provide in the civil rights field the "leadership that the American people yearn for," and on February 5, the administration's civil rights bills, sponsored by 13 Senators, were introduced. And yet, as of August 25, 1959, there is reportedly a stalemate in the Senate Judiciary Committee which has been struggling for weeks to report out a bill. We have waited long enough. We must do everything in our power to present the majority leadership with the undeniable opportunity to bring civil rights legislation to the floor where it will then become a bipartisan responsibility to enact a meaningful bill.

I therefore send to the desk a resolution to discharge the Committee on the Judiciary from further consideration of the bill (S. 2391) to extend the Commission on Civil Rights and to provide further means for securing and protecting the right to vote, and ask that it lie over for 1 day under the rule.

Mr. CASE of New Jersey. Mr. President—

Mr. JAVITS. Mr. President, will the Senator from New Jersey yield?

Mr. CASE of New Jersey. I yield.

Mr. JAVITS. Mr. President, I wish to announce that the resolution to discharge the Judiciary Committee has been submitted by me together with the Senator from New Jersey [Mr. CASE].

Mr. CASE of New Jersey. I thank the Senator from New York.

Mr. President, it is not often that the Senate has to resort to discharge of a committee in order to carry out its legislative responsibilities. But the situation with regard to civil rights has become so critical that drastic action is necessary.

At the beginning of the session a number of bills to protect civil rights were introduced. I joined in sponsoring several of them: S. 456, S. 810, S. 957 and S. 960. Referred to the Senate Constitutional Rights Subcommittee, they languished there for many weeks. Somehow the subcommittee was unable to gather a quorum of members even for the simple purpose of setting a termination date to hearings. The hearings themselves extended over 2½ months. Finally, the subcommittee did act, but once again the full Judiciary Committee finds itself unable to act on a civil rights bill.

The majority leadership has assured the Senate that it would have an opportunity to act on civil rights legislation provided a bill was reported out of committee. But the leadership has pointed out that it has no power to require a committee to act.

In these circumstances, Mr. President, our course is clear. Let us discharge the committee of further responsibility in the matter and thus make it possible for the Senate as a whole to fulfill its responsibility. For we do indeed have a responsibility. The Senate must not



stand idly by while citizens are denied the elementary right to vote, while there is open defiance of law and the Constitution by State and local authorities.

Failure to act only reflects on the Senate itself. It would demonstrate once again the helplessness of the Senate at the hands of a determined few. Surely the Senate will not consent to the attempted burial of civil rights legislation. Through the discharge procedure we can at last deal with this issue which so vitally affects millions of Americans, which indeed goes to the heart of our whole democratic way of life.

#### PRINTING OF ADDITIONAL COPIES OF SENATE REPORT 807, ENTITLED "FEDERAL DISASTER RELIEF MANUAL"

Mr. HUMPHREY. Mr. President, on behalf of myself, the senior Senator from Montana [Mr. MURRAY] and the junior Senator from Montana [Mr. MANSFIELD], I submit a resolution to print an additional 8,000 copies of Senate Report No. 807, a "Federal Disaster Relief Manual."

The publication of this manual has been hurried because of the earthquake which struck Montana and Wyoming.

I would add I hurried the publication of the manual because the senior Senator from Montana [Mr. MURRAY] came to me early last week to discuss the disaster relief program. I was delighted to be able to tell him that we had this manual in process.

This resolution is necessary because I now find that to take care of the needs of Montana, additional copies are required.

The Montana delegation certainly deserves credit for the decisive and effective way it has worked to solve the many problems created by this earthquake and their efforts to speed relief from human suffering.

This manual is going to help the people of Montana. It is going to be of great help to other communities stricken by disasters.

I regret that Montana has been hit by this catastrophe, but I join with all my colleagues in thanks that this area of Montana most heavily hit has a light population and the loss of life has been low.

I am also proud to call attention to the magnificent effort by the Forest Service and the effective work of its smoke jumpers. These "paratroopers of peace" have saved hundreds of lives, and each year they save millions of dollars worth of timber from fire destruction.

The PRESIDING OFFICER. The resolution will be received and appropriately referred.

The resolution (S. Res. 179) was referred to the Committee on Rules and Administration, as follows:

*Resolved*, That there be printed for the use of the Committee on Government Operations 8,000 additional copies of Senate Report 807, Eighty-sixth Congress, entitled "Federal Disaster Relief Manual", reported to the Senate by the Committee on Government Operations.

#### PROHIBITION OF EXAMINATION OF MINISTERS OF RELIGION IN CERTAIN CASES—AMENDMENTS

Mr. KEATING. Mr. President, I submit, and ask to be printed and lie on the table proposed amendments to H.R. 4192, which is now pending on the Senate Calendar under General Order No. 683.

H.R. 4192 would prohibit the examination in the District of Columbia courts of any minister of religion in connection with any communication made to him in his professional capacity without the consent of the party to such communication.

The purpose of the amendments is to extend the provisions of H.R. 4192, as reported by the Committee on the District of Columbia, to all of the Federal courts.

Recognition of the clergyman-penitent privilege is advocated by almost all the authorities on the law of evidence. As was pointed out by Judge Fahy in a recent decision of the Court of Appeals for the District of Columbia Circuit, "Sound policy—reason and experience—concedes to religious liberty a rule of evidence that a clergyman shall not disclose in a trial the secrets of a penitent's confidential confession to him, at least absent the penitent's consent."

Early this session, I introduced a bill (S. 965), cosponsored by the senior Senator from Minnesota [Mr. HUMPHREY], which would have accorded recognition both to the clergyman and news reporters' privilege under Federal law. Unfortunately, the pressure of other work and additional circumstances has thus far prevented consideration of this important measure by the appropriate subcommittee of the Committee on the Judiciary. However, while there may be some controversy about the news reporters' privilege, I do not believe that anyone would deny the desirability of giving legal recognition to the clergymen's privilege.

The District of Columbia Committee action, which I heartily commend, offers an excellent opportunity to deal with this problem in regard to all the Federal courts. I hope that the District of Columbia Committee will see fit to accept my amendments since I see no reason to limit the benefit of its action to the courts of the District of Columbia.

The PRESIDING OFFICER. The amendments will be received, printed, and lie on the table.

Mr. KEATING. Mr. President, I ask unanimous consent that the amendments be printed at the conclusion of my remarks.

There being no objection, the amendments were ordered to be printed in the RECORD, as follows:

On page 1, line 6, immediately after the word "the" insert the words "United States and the".

Amend the title so as to read: "An Act to prohibit the examination in the courts of the United States and the District of Columbia of any minister of religion in connection with communications made by or to him in his professional capacity without the consent of the parties to such communications".

#### EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954—AUTHORITY TO REPORT AMENDMENTS

Mr. HUMPHREY. Mr. President, on behalf of the Senate Committee on Agriculture and Forestry, I ask unanimous consent to file committee amendments tonight to S. 1748, the bill to extend Public Law 480.

The PRESIDING OFFICER. Without objection, it is so ordered.

Subsequently, Mr. HUMPHREY, from the Committee on Agriculture and Forestry, reported amendments to Senate bill 1748, which were ordered to be printed.

#### LIMITATION OF APPLICABILITY OF ANTITRUST LAWS TO CERTAIN DESIGNATED PROFESSIONAL TEAM SPORTS—ADDITIONAL COSPONSORS OF BILL

Mr. KEFAUVER. Mr. President, I ask unanimous consent that the names of the junior Senator from North Dakota [Mr. YOUNG], the junior Senator from California [Mr. ENGLE], the junior Senator from Massachusetts [Mr. KENNEDY], the junior Senator from New Jersey [Mr. WILLIAMS], the junior Senator from South Dakota [Mr. CASE], the senior Senator from Colorado [Mr. ALLOTT], the senior Senator from Maryland [Mr. BUTLER], and the junior Senator from Nevada [Mr. CANNON] be added as cosponsors of Senate bill 2545, a bill to limit the applicability of the antitrust laws so as to exempt certain aspects of designated professional team sports, and for other purposes, when the bill is next printed.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### RETIRED FEDERAL EMPLOYEES HEALTH BENEFITS ACT—ADDITIONAL COSPONSORS OF BILL

Mr. NEUBERGER. Mr. President, on Friday, August 21, 1959, I introduced, with the cosponsorship of other Senators, the bill (S. 2575) to provide a health benefits program for certain retired employees of the Government. I ask unanimous consent that the name of the distinguished junior Senator from Indiana [Mr. HARTKE] be added as a cosponsor of this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. NEUBERGER. Mr. President, I ask unanimous consent that the name of the able junior Senator from Iowa [Mr. MARTIN] be added as cosponsor of S. 2575, the bill to provide a health benefits program for certain retired employees of the Government. When I introduced S. 2575 consent was given for the bill to lie on the table for 3 days so other Senators could join in its sponsorship, but the name of the Senator from Iowa was not included due to a miscalculation of time available to additional cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.



"exercise in futility." Let me read his words:

"It seems to me that if the Senators are complaining about the terms of the law under which these officials are operating, Senators should have made a proposal here either to change the law or to repeal it. I believe that an approach as futile and as meaningless as the one now taken is not quite worthy of this fine body of men and one very wonderful woman. \* \* \*

"This kind of exercise in futility is not only bad for the health and temper of the Senate, but is destructive of the high reputation of this very fine institution with the public and in our own minds" (p. 15160 of the August 20 RECORD).

The Senator from Ohio [Mr. LAUSCHE] stated: "I do not want to be one to imply baseness and, in effect, dishonesty on the part of the Chief Executive of the Nation when he speaks to the 170 million American people and openly expresses his judgment in regard to what will be best.

"I do not wish to be one to tell the 2,800 million people of the world that the President of the United States had any purpose to be on the brink of dishonesty in stating what he believed should be done" (p. 15151 of the Aug. 20 RECORD).

The resolution passed, unfortunately. But I do want to spell out for this RECORD just what was involved in last Thursday's action.

FNMA's proposed action was taken as a means of balancing the budget in line with the expressed intent of Congress that FNMA liquidate these mortgages.

In the law, Congress specifically instructed FNMA to liquidate these mortgages in an "orderly" manner. Specifically, the law states that FNMA should liquidate this portfolio whenever it can do so (1) without adverse effect on the home mortgage market generally, and (2) with minimum loss to the Federal Government.

The administration's proposal (to which S. Res. 130 objects) was based on this expressed congressional intent that FNMA liquidate the mortgages.

One way to liquidate these mortgages would be to sell them in the mortgage market directly. This procedure has been frequently followed in the past, under both Democratic and Republican administrations.

However, the administration devised a plan under which the liquidation meant both less effect on the home mortgage market and less loss to the Federal Government—in short, it more fully met both the requirements set forth by Congress in the 1954 law.

The administration proposed the following operation:

FNMA would offer \$335 million of its VA mortgages (out of a total of about \$1 billion) to private investors in exchange for 2½-percent Treasury bonds. The Treasury bonds which FNMA would thus acquire would in turn be credited to FNMA. This credit of \$335 million would enable FNMA to finance \$335 million of its other activities without impact on the Federal Budget for fiscal 1960.

This operation would cause less disturbance to the home mortgage market than outright sale of the mortgages. If FNMA sold the \$335 million, they would be in direct competition with new home mortgages to the full extent of the \$335 million. But, under the administration's proposal, FNMA would swap the mortgages for funds which are not now in the mortgage market.

This operation would also cause less loss to the Federal Government. If FNMA sold the mortgages outright, it would have to do so at a discount. Under the administration's proposal, FNMA will exchange the mortgages at par for Treasury bonds.

An added advantage of the administration proposal is that it will help balance the budget for fiscal 1960. FNMA is com-

mitted to engage in \$335 million worth of special assistance activities in fiscal 1960. If the money were not available to FNMA via this administration proposal, FNMA would have to finance the \$335 million directly in the Federal Budget.

Now, against this perfectly honest administration proposal for carrying out Congressional intent, along comes Senate Resolution 130.

Senate Resolution 130 expresses the sense of the Senate that the proposed exchange should not take place. Does Senate Resolution 130 change the law? Does it change the expressed congressional intent that these mortgages be liquidated? It does not.

Senate Resolution 130 merely expresses disapproval. It looks askance. It tells the President he shouldn't do what Congress told him to do in 1954.

Senate Resolution 130 lists three reasons—and only three reasons—why the proposed exchange should not take place:

(1) "Loss of income from the mortgage loans"; specifically, that FNMA will no longer receive interest income on these mortgages.

(2) "Loss of tax revenues"; specifically, that the Treasury will lose revenue because private investors might take a capital loss on the exchange.

(3) "Adverse effect upon the home mortgage market"; specifically, that mortgage funds will be spent on FNMA's portfolio and will thus detract from funds available for new home mortgages.

I want to expose each of these three charges to the light of day.

First, Senate Resolution 130 charges that FNMA would lose money under the administration's proposal since FNMA will no longer receive interest payments on these mortgages.

Fundamentally, the issue here is whether FNMA is in business to make money or for other purposes.

Of course, any time anyone sells an income-producing asset, he foregoes future income. Now, if FNMA is in business to make money off mortgages, then by all means it should hold on to them; not only that, FNMA should try to buy more mortgages to make more money. However, if—as Congress stated in 1954—FNMA's function is "to manage and liquidate" this particular portfolio of mortgages, then it must sell or exchange them whenever the situation warrants.

There is no way to liquidate the mortgages—as directed by Congress—and still enjoy interest income from them.

That would be having your cake and eating it too.

Most important, the only alternatives would cost the Government more.

Alternative one: If FNMA sold the mortgages outright (instead of exchanging them) it could do so only at a discount; this would mean loss of principal, not just a nebulous concept of lost future income.

Alternative two: If FNMA held on to these mortgages, the full impact of its \$335 million in special assistance activities would hit the budget for fiscal 1960.

Thus the alleged loss to the Federal Government amounts to a hypothetical future loss of less than \$13.4 million—as compared with an equivalent impact of \$335 million in fiscal year 1960, if the administration's proposal is not carried out.

So, the first charge on which Senate Resolution 130 is based is erroneous.

Second, Senate Resolution 130 charges that the Treasury would lose tax revenues under the administration's proposal. This charge is just plain inaccurate.

The tax experts tell us that any tax loss in fiscal 1960 would be fully matched by a tax gain in later years as mortgages matured. So there is no net tax gain or loss whatsoever. Only if we take the narrow

and fiscally shortsighted view of 1960 is there any loss at all.

Third, Senate Resolution 130 charges that the administration's proposal would have an adverse effect on the home mortgage market. What about this charge?

The \$335 million proposed for liquidation compares with total mortgage lending in excess of \$30 billion during the past year, considering only recorded nonfarm mortgages of \$20,000 and under. The \$0.3 billion which FNMA wants to exchange would hardly make much of a dent on this kind of mortgage market.

In 1954, Congress must have had in mind a time when this portfolio could be "liquidated without adverse effect on the home mortgage market. If any such time exists, it is now, when the home mortgage market is close to an alltime peak.

So we see that on a minute's examination of the facts, no one of the three charges raised by Senate Resolution 130 stands up.

The astonishing fact is that in the debate last Thursday these three stated reasons for opposing the exchange were scarcely mentioned. Instead, the burden of the attack was that this exchange was some kind of questionable "deal."

Some of the language used to describe this plan—which is sponsored by the President of the United States—was deplorable in my book. Let me read back some of the language used to describe the exchange:

"Ballout \* \* \* to the barefoot boys of Wall Street" (pp. 15141-15142 of the August 20 RECORD).

"An utterly unwarranted break to holders, mostly large corporations, insurance companies, and banks" (p. 15144 of the August 20 RECORD).

"Operation Horse Trade" (p. 15139 of the August 20 RECORD).

"Benefit which would be bestowed upon the holders of the long-term bonds" (p. 15138 of the August 20 RECORD).

"About the best trade since Father Knickerbocker bought Manhattan Island for \$24" (p. 15142 of the August 20 RECORD).

"A real 'dilly'" (p. 15149 of the August 20 RECORD).

All I need to say about these intemperate charges is that if they were true—if there were a grain of truth to them—why aren't they mentioned in Senate Resolution 130 or the committee's report.

Instead, Senate Resolution 130 cooks up three other charges, which are equally erroneous.

There is much else that could be said on this subject—the fact that Democratic administrations sold almost a billion of these mortgages with never a peep of objection from Congress—the fact that the real purpose of the exchange is to finance positive housing programs of FNMA which we all support—the fact that failure to make this exchange will raise the already burdensome public debt another \$335 million.

My purpose, however, is merely to make these few closing remarks on the subject. I simply want the RECORD to show the emptiness of the case against this proposed exchange.

I regret that the Senate took the action which it did.

## RACIAL PROBLEMS IN NEW YORK

Mr. THURMOND. Mr. President, this morning the senior Senator from New York joined with the senior Senator from New Jersey in offering a resolution to discharge the Senate Judiciary Committee from its further consideration of so-called civil rights legislation. This action indicates an extreme lack of patience and a lack of appreciation of the deep-seated emotional problems connected with racial matters.



Perhaps the senior Senator from New York believes that he has the solution to problems concerning the races. It is my own personal opinion that the solutions to such problems do not lie in legislation—and particularly such solutions do not lie in Federal legislation, since the problems are not uniform in either type or degree. If, indeed, the senior Senator from New York feels that he has solutions to problems arising from racial differences, there is no better place where they could be applied than in the largest city of his own State.

This is more than amply illustrated by an editorial published in the New York Times today, Tuesday, August 25, entitled "Child-Gang Murders." The editorial is as follows:

"Girl Slain, Six Hurt as Two Gangs Fight." That was yesterday's headline, but here are some others, telling part of the story of New York in July and August: "Police Slay Youth in Gang War Fight"; "Boy in Gang Fight Dies of Shooting"; "Two Held in Killing in Gang Rumble"; "Two Teenagers Get 5 to 20 Years for Fatal Beating in Park Here"; "Racial Resentment Is Cited in Shooting"; "Youth Sentenced in Park Slaying"; "Three Indicted in Murder"; "Brooklyn Boy, 15, Seized as Killer"; "Four Held in Beating of Physician Here"; "Boy Held in Homicide—Accused of Strangling Woman in Robbery That Netted \$1.10"; "Policeman Slashed at Teenage Dance"; "Kings Court Jailed 538 Youths in Year"; "Bronx Boy, 15, Held in Slaying of Girl."

These are headlines from the last 2 months. The catalog is not complete, of course. This is just the worst of it. Some of it, the latest shocking incident on the lower East Side, involves racial conflict, as between Negroes and Puerto Ricans. Some of it is merely bestial brutality, without rhyme or reason.

Only recently the city administration had been voicing satisfaction over the comparative lull in young gang rumbles. Then the storm breaks again. Obviously there is no room for satisfaction. The hunt for the causes of juvenile delinquency and for its remedies cannot rest. We, in this city of many races and shades of color, still have lessons to learn in living together. And we still need more policemen on the streets. When will that word reach city hall?

In view of the action of the senior Senator from New York this morning, the last sentence of the editorial might well be changed from "When will that word reach city hall?" to "When will that word reach the New York Senator?"

#### FREE IMPORTATION OF TOURIST LITERATURE

The Senate resumed the consideration of the bill (H.R. 2411) to amend paragraph 1629 of the Tariff Act of 1930 so as to provide for the free importation of tourist literature.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 2411) was passed.

The title was amended so as to read: "An act to amend paragraph 1629 of the Tariff Act of 1930 so as to provide for the free importation of tourist literature, to liberalize the tariff laws for works of art and other exhibition material, and for other purposes."

Mr. YARBOROUGH subsequently said: Mr. President, I move that the vote by which H.R. 2411 was passed be reconsidered.

Mr. MANSFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

#### EMERGENCY ASSISTANCE TO REPATRIATED AMERICAN NATIONALS WITHOUT AVAILABLE RESOURCES

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 811, Senate bill 2467.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 2467) to authorize the development of plans and arrangements for the provision of emergency assistance, and the provision of such assistance, to repatriated American nationals without available resources, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

#### STIMULATION OF PRODUCTION AND CONSERVATION OF COAL—CONFERENCE REPORT

Mr. MOCS. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6596) to encourage and stimulate the production and conservation of coal in the United States through research and development by creating a Coal Research and Development Commission, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). The report will be read for the information of the Senate.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6596) to encourage and stimulate the production and conservation of coal in the United States through research and development by creating a Coal Research and Development Commission, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 1.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, and 4, and agree to the same.

JAMES E. MURRAY,  
FRANK E. MOSS,  
GORDON ALLOTT,

Managers on the Part of the Senate.

WAYNE N. ASPINALL,  
ED EDMONDSON,  
JOHN P. SAYLOR,  
J. ERNEST WHARTON  
(by proxy),

Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. MOSS. Mr. President, I move that the report be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

So the report was agreed to.

Mr. SCHOEPPFEL. Mr. President, through a misunderstanding, S. 2578 was reported yesterday without the separate minority views of the junior Senator from Kentucky [Mr. MORTON] and myself. The report has been printed with only the individual views of the senior Senator from Ohio [Mr. LAUSCHE] and the junior Senator from South Carolina [Mr. THURMOND]. I ask unanimous consent that the separate minority views of the junior Senator from Kentucky and the senior Senator from Kansas on S. 2578, to provide a program of assistance to correct inequities in the construction of fishing vessels, and so forth, may be printed separately.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### EXPORTATION OF SURPLUS AGRICULTURAL PRODUCTS

Mr. JOHNSTON of South Carolina. Mr. President, it was my intention to submit an amendment to S. 1748, to provide that shipments of surplus agricultural commodities destined to foreign countries exported under the Public Law 480 program, must be delivered directly to the export vessel at a U. S. port. However, my colleague, the senior Senator from Maryland [Mr. BUTLER] has also foreseen the harmful situations which may arise under the terms of the bill in absence of such an amendment, and he has introduced his amendment to remedy those situations.

I now wish to go on record as being in favor of the amendment; and with the Senator's permission, I would like to co-sponsor the measure.

On July 23 the Department of Agriculture issued notice of a new policy order which will result in complete disruption of the well-established and orderly way in which our surplus agricultural commodities are exported under title I, II, and III provisions of Public Law 480 of our foreign aid program. Beginning September 1, for the first time in history, American grain inspectors will be allowed to inspect American surplus grain at Canadian ports. For the first time the transshipment of this grain through Canadian ports will be permitted. For



the first time grain and other surplus commodities going to foreign countries under Federal auspices will be inspected at and shipped through non-American ports, in great volume and for an indefinite period of time.

This may sound quite harmless on the surface. But consider for a moment what can and will happen once this radically different method of handling export grain takes effect.

There will be a serious and sudden cutback in the amount of grain shipped to, stored at, and loaded from our Atlantic and gulf ports. This will deal these ports a staggering financial blow, and not one will fail to feel the effect. Everyone from the grain elevator owner to the stevedore on the dock will suffer. Millions of dollars of public and private capital invested in grain-handling facilities at these ports will lie idle. I am sure Senators will agree that such debilitation of our ports is a serious matter. As soon as the bars are let down and our tremendous stocks of surplus commodities start flowing through Canadian ports, stagnation of our own ports will begin.

The volume of the grain involved under Public Law 480 is hard to conceive. It amounts to nearly half of all the grain usually exported through our Atlantic and gulf ports, and is estimated to have a value in excess of \$3 billion. Records show that shipments totaled nearly 300 million bushels in the fiscal year ended June 30 alone. That is a great deal of grain.

Although grain accounts for most of the tonnage, I point out that grain is not by any means the only commodity involved. All surplus agricultural commodities covered by title I, II, and III of Public Law 480 are included. To give an idea of how many interests will be affected, some of the other large volume commodities also included are tobacco, cotton, butter, dried milk and other dairy products, poultry, lard, vegetable oil, and rice.

In this connection, I have discussed this problem with officials in South Carolina; and the State ports authority people tell me this is an extremely dangerous precedent. While the initial steps by the Department of Agriculture would only affect grains, we could eventually expect other commodities possibly to be shipped out of other foreign ports, reducing traffic in ports all over the United States.

One can readily see that anything disrupting the normal flow of these items through our ports would disrupt the balance of our national economy. Our transportation industry will be among those seriously affected.

The American merchant marine, already in financial difficulties and faced with ever-increasing foreign competition, will be all but out of the picture once this change is made. Although American exports normally must be placed in American-flag ships at the minimum ratio of one for one, if there are not enough American ships available at the time of loading, this requirement is not binding. And American ships—especially the ocean-going variety—are in an

extreme minority on the Great Lakes and the St. Lawrence Seaway.

This is a case in which the taxpayer has subsidized this surplus grain every step of the way, from the sowing of the seed to its storage in public elevators. Suddenly, the taxpayer is denied this last chance to get some of his money back. The money we spend to ship this grain overseas in foreign vessels is not only lost forever to American shipowners and businesses, but also represents a considerable loss to America at large.

The merchant marine, of course, is not the only part of our transportation industry to feel the effects of this arbitrary action by the Department of Agriculture. Our land carriers will lose the comparatively long hauls from the Midwest to our ocean ports. And when anything the size of this grain movement is snatched away from a segment of the economy whose principal livelihood is derived from transporting volume goods, there is bound to be financial hardship and debilitation reaching out in all directions.

There is no quarrel here with the St. Lawrence Seaway. Opponents of this high-handed move by the Department of Agriculture are not opponents of the St. Lawrence Seaway. The protection of our own U.S. ports is the main issue, and it is our duty to see that this protection is afforded.

There are other ways in which this unreasonable action will harm America and its businesses. American ship chandlers and all the people from which they buy goods will be affected. This is true because a ship gets its supplies at the last port of loading, and that port in this case will be Canadian. Thus, instead of American goods being placed aboard, Canadian or other goods will be used, regardless of the nationality of the ship. All phases of American labor is adversely affected by the policy of the Department of Agriculture.

At American ports, a dual system of grain inspection is used. Under the present system, an agriculture employee checks the work of employees of States or private commercial organizations licensed by the Department. In this way, there is a doublecheck on the quality of the grain. No provision for such a system has yet been made under this new setup.

Furthermore, there is no provision for an appeal service at Canadian inspection points, such as is called for by the U.S. Grain Standards Act of 1916. The importance of allowing interested parties to appeal the grade given a particular shipment by a particular inspection team is obvious and necessary.

Finally, there is the legal aspect. Questions have been raised as to the legality of this abrupt change in the rules. The U.S. Grain Standards Act is in part a criminal statute. As such, it contains provisions for the prosecution for failure to comply with the act. How, I ask, can our Department of Agriculture implement the criminal provisions of the act, or extend its jurisdiction to a foreign country—even when that country is our good neighbor to the north? Congress and Congress alone can give such authority, and no such authority has been given to date.

Lastly, I point out to you the unreasonable—almost ludicrous—aspect of this move by one of our Federal agencies charged with fostering American economic growth. Under this plan, millions of tons of subsidized agricultural products will be diverted to ports outside our borders and to ships of other nations at a time when our own economy—and particularly those segments which have to do with transportation—is in the condition it is today. There is no assurance that this system of beyond-the-border grain inspection will not spread from the Atlantic and gulf ports to the Pacific Northwest, bringing to that area the same sort of disruption and hardship.

The problem presented by this new policy, I am happy to say, can readily be solved by the passage of this amendment, providing that when these products leave the country, they must do so through an American port. By this amendment, our ports, our carriers, our grain interests, and the taxpayers at large would not be deprived of their rightful share of this important segment of American commerce.

I am encouraged to have the assurance that other Senators, including the senior Senator from West Virginia [Mr. RANDOLPH], who now stands beside me, will support the position I have just stated.

Mr. HART. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. HART. I was not present in the Chamber at the outset of the Senator's remarks. This, I take it, is a subject which was debated at some length in the other House within the past few days.

Mr. JOHNSTON of South Carolina. It has been. There is also an amendment pending in the Senate, submitted by the Senator from Maryland [Mr. BUTLER].

Mr. HART. Would the Senator from South Carolina agree that if the saving to the taxpayers of the United States through the use of St. Lawrence Seaway would be substantial, about the only interest that could be said to be protected and gain ground as a result of the proposed amendment would be, at the most, 100 shippers on the eastern and Gulf ports?

Mr. JOHNSTON of South Carolina. Not only that, but when commodities are loaded in another country, there is not the same protection.

Mr. HART. Does not the Senator know that the Secretary of Agriculture has agreed that the Port of Montreal will be supplied with an adequate inspection staff from the Department of Agriculture?

Mr. JOHNSTON of South Carolina. That is true; but in the case of criminal statutes, I ask how we would enforce a criminal statute if it were violated in Canada.

Mr. HART. I assume that the use of the St. Lawrence Seaway reflects a saving of some 15 to 17 cents a bushel of grain moved.

If the amendment which it is proposed to submit, as I understand it, is adopted, the taxpayer, the shipper, indeed, the ultimate user of these foods will be dis-



advantaged in substantial sums of money.

Mr. JOHNSTON of South Carolina. Why cannot that food be loaded in the United States?

Mr. HART. Some of it will be. As I understand, the amendment is aimed to prevent the topping off at Montreal of shipments which move from the upper lakes through the limited draft of the seaway to Montreal. Is that correct?

Mr. HUMPHREY. That is correct.

Mr. HART. There will be a large movement in American bottoms through the Great Lakes, but I suggest that we seriously ought to question this amendment to see if it is not a renewal of the battle which was waged for so many years, and which we in the Midwest—indeed, the Nation—thought had been won. We believe the railroads must step aside for the benefit of the economic growth of the whole Nation.

This is a question which was debated for years in the seaway fight. I would be surprised if the wheat farmers of the Dakotas and the Far West could do anything except suffer substantially if we were misled into the adoption of this amendment, in the notion that it is a pro-American gesture.

If the amendment is offered, I hope that this exchange of views of today will serve to alert all of us to what is really behind the amendment. I am certain that it is offered by the Senator from Maryland in what he believes to be the best interests of his State.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. DOUGLAS. I support what the Senator from Michigan has said. It is well known that not all the Lake States agree on all subjects. But on this subject we do agree, namely, we do want to get the benefits of the St. Lawrence Seaway. The construction of the St. Lawrence Seaway was fought for many years by the railroads and by the Atlantic ports. We have now been able to have it constructed. But if we cannot ship goods, if we cannot ship wheat from the lake ports, and it has to be taken by rail to the gulf or the Atlantic coast and there be put on seagoing ships, we will lose the advantage of the seaway.

So while Wisconsin and Michigan unfortunately will differ with Illinois over the diversion of water from Lake Michigan, in the battle which we hope will be fought out tomorrow, nevertheless on the seaway issue and on other points we are together. We are desirous of maintaining friendly relations with Canada.

If the amendment does what I think it will do, the result will be that Canada will lose a large portion of its business in the form of shipments to Montreal. While Canada at times is unreasonable in the demands which it makes, nevertheless, we want Canada and the United States to act together in the development of the seaway.

So I hope the Senator from South Carolina [Mr. JOHNSTON] who is one of the most amiable Member of this body, and whom we all like very much, will

not urge this amendment, because if he does, on this point, then those of us who tomorrow will be struggling with one another on the Lake Michigan water diversion bill will, on the day after tomorrow, be united in the defense of the seaway and will be working for friendly relations with our sister in the snows to the north.

Mr. HUMPHREY. Mr. President, the particular amendment to which the Senator from South Carolina addressed himself was offered in the other body and was, I am happy to report, rejected there. That amendment provided for a 50-50 shipping ratio between foreign bottoms and domestic bottoms, so as to give special consideration to the American merchant marine with respect to agricultural commodities.

Mr. JOHNSTON of South Carolina. That is true, provided the ships are available. If the shipments are to be made from Canada, it can easily be said that American ships are not available.

Mr. HUMPHREY. The Senator from South Carolina raises a very good point. In other words, he is saying, on behalf of the amendment proposed to be offered by the Senator from Maryland, that the American merchant marine does not service some of the ports along the St. Lawrence Seaway. Well, let the American merchant marine get busy. Let them service the ports of the United States. The Middle West is a rich, productive part of the Nation. As a matter of fact, the second largest seaport in the United States is Duluth, Minn. We have no restrictions on American ships; in fact, we love them and want them. I think most of the ships which operate there are American ships.

I hope it will not be necessary to punish the great Middle West, which is served by the St. Lawrence Seaway, because we have not been afforded oceangoing ships operating under the American flag. I hope that oceangoing ships under the American flag will come to the lake port cities. There is no law against that. It is simply that the ship operators did not believe the market was going to be there.

I will make a prediction: The port of Duluth-Superior will produce more commerce than any of the ports of the Gulf States or the Eastern Seaboard save one—New York City.

I see no reason why the lake ports should be penalized. Furthermore, I see no reason why our farm producers should be penalized by excessive rates, when we can get reasonable rates through ocean shipping or lake shipping with foreign ships.

When the amendment is offered to the bill to renew or extend Public Law 480, I assure the Senator from South Carolina that just as we from the Midwest stood valiantly and fought for the seaway, which today is a reality, and is one of the greatest assets of the North American Continent, so we shall see to it that the St. Lawrence Seaway will not be made merely some sort of private park. It is supposed to be utilized as a means of transportation for the good of the North American Continent, the defense of the United States, and international commerce.

## ORDER FOR ADJOURNMENT UNTIL TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate concludes its business today, it stand in adjournment until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. With out objection, it is so ordered.

## PUBLIC BUILDINGS ACT OF 1959

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside and that the Senate proceed to the consideration of Calendar No. 700, S. 1654.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 1654) to provide for the construction, alteration, and acquisition of public buildings of the Federal Government, and for other purposes, which had been reported from the Committee on Public Works with an amendment to strike out all after the enacting clause and insert:

That this Act may be cited as the "Public Buildings Act of 1959".

Sec. 2. No public building shall be constructed except by the Administrator, who shall construct such public building in accordance with this Act.

Sec. 3. The Administrator is authorized to acquire, by purchase, condemnation, donation, exchange, or otherwise, any building and its site which he determines to be necessary to carry out his duties under this Act.

Sec. 4. (a) The Administrator is authorized to alter any public building, and to acquire in accordance with section 5 of this Act such land as may be necessary to carry out such alteration.

(b) No approval under section 7 shall be required for any alteration and acquisition authorized by this section the estimated maximum cost of which does not exceed \$200,000.

Sec. 5. (a) The Administrator is authorized to acquire, by purchase, condemnation, donation, exchange, or otherwise, such lands or interests in lands as he deems necessary for use as sites, or additions to sites, for public buildings authorized to be constructed or altered under this Act.

(b) Whenever a public building is to be used in whole or in part for post office purposes the Administrator shall act jointly with the Postmaster General in selecting the town or city wherein such building is to be constructed, and in selecting the site in such town or city for such building.

(c) Whenever the Administrator is to acquire a site under this section, he may, if he deems it necessary, solicit by public advertisement proposals for the sale, donation, or exchange of real property to the United States to be used as such site. In selecting a site under this section the Administrator (with the concurrence of the Postmaster General if the public building to be constructed thereon is to be used in whole or in part for post office purposes) is authorized to select such site as in his estimation is the most advantageous to the United States to construct a new public building to acquire such site without regard to title III of the Federal Property and Administrative Services Act of 1949, as amended.

Sec. 6. (a) Whenever the Administrator deems it to be in the best interest of the United States to construct a new public building to take the place of an existing public building, he is authorized to demolish the existing building and to use the site on which it is located for the site of the







# Digest of CONGRESSIONAL PROCEEDINGS

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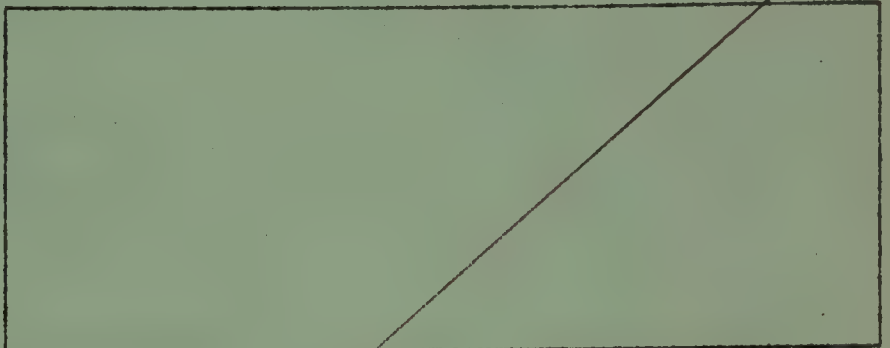
(For Department  
Staff Only)

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

## CONTENTS

Issued Aug. 31, 1959  
For actions of Aug. 28, 1959  
86th-1st, No. 149

Appropriations.....	7
Cotton.....	2
Electrification.....	8,11
Farm program.....	2
Foreign trade.....	1
Lamb.....	3
Libraries.....	6
Operation bootstrap.....	10
Property.....	6,12
Public lands.....	5
Public Law 480.....	1
Creation.....	9
Surplus commodities.....	1
Water pollution.....	4
Wheat.....	2



HIGHLIGHTS: Sen. Bridges submitted Public Law 480 amendment to require shipments of surplus commodities from U. S. ports. Sen. Stennis urged establishment of Agricultural Policy Commission. Sen. McGee urged reduction of lamb imports.

## SENATE

1. SURPLUS COMMODITIES; FOREIGN TRADE. Sen. Bridges submitted an amendment, for himself and several others (to S. 1748, to extend Public Law 480) to require that the shipment of surplus commodities under the Public Law 480 program be transported and shipped directly from U. S. ports. He stated that this Department has announced that effective Sept. 1, 1959, "it will permit the export of grain moving under Government programs through Canadian ports, providing it passes U. S. Government inspection," and that "There seems to be no rhyme or reason when the American taxpayer must foot the bill in carrying out this Public Law 480 program, why we should not permit the American economy to participate to the maximum extent in the business and commerce that develops out of these programs." p. 15845



2. FARM PROGRAM. Sen. Stennis urged enactment of his bill, S. 2395, to establish an Agricultural Policy Commission "to make a full and complete study on a commodity-by-commodity basis of various agricultural programs of the Federal Government." He referred to the increasing surpluses of cotton and wheat and stated that, "I see no real hope of sound legislation until a complete reappraisal and evaluation is made of existing program and basic objectives and a policy clearly established." pp. 15871-2
3. LAMB. Sen. McGee stated that the lamb market "has been in deep trouble, partly due to the importation of frozen carcasses, and partly due to some questionable practices of lamb grading, condoned by the Department of Agriculture," stated that lamb and mutton imports jumped from 1 1/3 million pounds in 1956 to 24 million in 1958, urged this Department "to take the proper procedures, the precautionary steps, to check these future imports", and inserted an article discussing the importation of lamb and mutton from Australia. p. 15872
4. WATER POLLUTION. The Public Works Committee reported with amendments H. R. 3610, to increase grants for the construction of sewage treatment works under the Federal Water Pollution Control Act (S. Rept. 835). p. 15844
5. PUBLIC LANDS. Received and agreed to the conference report on H. R. 6939, to increase the area of public lands in Alaska which may be held under coal lease by any one person or firm from 2,560 acres to 10,240 acres or, in some circumstances, to 15,360 acres. pp. 15845-6
6. SURPLUS PROPERTY. The Government Operations Committee reported with amendments S. 155, to permit the donation of Government surplus property to libraries which are tax-supported or publicly owned and operated (S. Rept. 836). p. 15909
7. APPROPRIATIONS. Sen. Neuberger expressed his opposition to the proposed bill by Sen. Gore to provide for supplemental financing of the Federal highway program by a recision of 1 percent of all appropriations approved for the fiscal year 1960, stating that many Federal programs affected are as important as the highway program. pp. 15866-8
8. ELECTRIFICATION. Sen. Young, Ohio, stated there was a need for lower electric power rates for the Northeastern States, and commended the TVA program for providing electric power in the Tennessee Valley. pp. 15877-8

#### ITEMS IN APPENDIX

9. RECREATION. Sen. Yarborough commended and inserted two newspaper articles favoring legislation to preserve certain national shorelines for public recreation, including Padre Island, Tex. pp. A7490-1
10. OPERATION BOOTSTRAP. Rep. Berry inserted an editorial favoring his operation bootstrap plan for Indians. p. A7492
11. ELECTRIFICATION. Sen. Neuberger inserted an editorial discussing a proposal to connect Federal power generating facilities of the Pacific Northwest with those in the Central Valley region in California, expressing concern about the value of a study of the tie by Interior and stating that Interior "sold out the beginnings of the tie to a power company 5 years ago." p. A7497



We are advised by the Bureau of the Budget that it would interpose no objection to the submission of this proposed legislation.

Sincerely yours,

FREDERICK H. MUELLER,  
Secretary of Commerce.

**STATEMENT OF PURPOSE OF AND NEED FOR THE PROPOSED LEGISLATION TO REPEAL CERTAIN RETIREMENT PROMOTION AUTHORITY OF THE COAST AND GEODETIC SURVEY**

Sections 9 and 10 of Public Law 86-155 repealed the so-called "tombstone" promotion provision of certain existing laws which authorize a higher retirement grade for officers specially commended for performance in actual combat. Sections 9 and 10, however, related only to the Navy, the Marine Corps, and the Coast Guard. The existing "tombstone" promotion provision applicable to the commissioned officers of this Department's Coast and Geodetic Survey remains in effect.

In the interests of parity of treatment, we do not believe that the commissioned officers of the Coast and Geodetic Survey should continue to be granted this authority where similar authority with respect to the Navy, the Marine Corps, and the Coast Guard has been repealed.

The subject draft legislation would repeal the "tombstone" promotion authority of the Coast and Geodetic Survey.

**ADJUSTMENT OF LEGISLATIVE JURISDICTION EXERCISED BY THE UNITED STATES OVER CERTAIN LAND—AMENDMENT**

Mr. JAVITS (for himself and Mr. HART) submitted an amendment, intended to be proposed by them, jointly, to the bill (S. 1617) to provide for the adjustment of the legislative jurisdiction exercised by the United States over land in the several States used for Federal purposes, and for other purposes, which was ordered to lie on the table and be printed.

**EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954—AMENDMENT**

Mr. BRIDGES. Mr. President, on behalf of myself, the senior Senator from Maryland [Mr. BUTLER], the senior Senator from California [Mr. KUCHEL], the junior Senator from Delaware [Mr. FREAR], and the junior Senator from Maryland [Mr. BEALL], I submit an amendment, intended to be proposed by us, jointly, to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes. The purpose of this amendment is to correct the situation that is being created by an extraordinary move by one of the departments of our Government.

The Department of Agriculture has announced that, effective September 1, 1959, it will permit the export of grain moving under Government programs through Canadian ports, providing it passes U.S. Government inspection. This means, Mr. President, that U.S. inspection stations will have to be established at such Canadian ports.

The essential question involved here is simply whether American-owned surplus

commodities shall be handled at our expense through a foreign port.

The Department of Agriculture proposes to ship surplus wheat through a foreign port at what is, in effect, a subsidy of that port. The question is whether we want to subsidize a foreign operation in that manner.

We are talking about commodities that every taxpayer of this country has money invested in.

Until this move by the Department of Agriculture, the American people and American businesses received some return benefits as part of the Public Law 480 program. This was only as it should be.

There seems to be no rhyme or reason, when the American taxpayer must foot the bill in carrying out this Public Law 480 program, why we should not permit the American economy to participate to the maximum extent in the business and commerce that develops out of these programs.

To cut off or reduce this American participation is to cut off or reduce the taxes generated by this American business.

The reason advanced for shipping our Government-owned surplus commodities through a foreign port is that some savings in transportation costs are indicated.

There is a serious question in my mind whether enough will be saved through use of a foreign port to make up the amount which will be lost in the form of taxes from American businesses.

Mr. President, heretofore the Department of Agriculture has specified that grain and other surplus U.S. farm products for overseas delivery had to be handled through U.S. ports, and it was only in U.S. ports that grain inspection service, which is essential for export grain, was provided.

The amendment which I am offering simply maintains this sensible and proven satisfactory arrangement.

Mr. President, I ask that the amendment lie on the desk for 1 day. Certain other Senators have indicated they may wish to join as cosponsors.

The VICE PRESIDENT. The amendment will be received, printed, and lie on the table; and, without objection, the amendment will lie on the table for 1 day, as requested by the Senator from New Hampshire.

Mr. BUTLER. Mr. President, I heretofore filed an amendment of similar import to that now filed by the distinguished senior Senator from New Hampshire. My amendment is now printed and lying on the table. Having joined in the amendment of the senior Senator from New Hampshire I do not have at the moment any intention of calling up my amendment.

I ask unanimous consent that a copy of my amendment be printed at this point in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

On page 2, after line 3, insert the following:

"(4) Title III of such Act is amended by adding at the end thereof a new section as follows:

"Sec. 306. Any shipment of surplus agricultural commodities to be exported to a foreign country under this Act shall be delivered to the ocean vessel on which such commodities are to be transported to the foreign port of discharge only at a United States port."

**STABILIZATION PAYMENTS TO SMALL DOMESTIC PRODUCERS OF LEAD AND ZINC—ADDITIONAL COSPONSORS OF BILL**

Mr. KERR. Mr. President, on August 26, I introduced Senate bill 2601, directing the Secretary of the Interior to establish and maintain a program of stabilization payments to small domestic producers of lead and zinc. Since that time both of the distinguished and able Senators from Nevada [Mr. BIBLE and Mr. CANNON] have requested to be joined as cosponsors to this important legislation.

Mr. President, I ask unanimous consent that when Senate bill 2601 is next printed, that the names of the Senators from Nevada he added as cosponsors.

The VICE PRESIDENT. Without objection, it is so ordered.

**AUTHORIZATION FOR SELECT COMMITTEE ON SMALL BUSINESS TO FILE REPORTS SUBSEQUENT TO SINE DIE ADJOURNMENT**

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the Select Committee on Small Business be authorized during the adjournment of the 1st session of the 86th Congress to file with the Secretary of the Senate a report entitled "Studies of Dual Distribution: The Flat Glass Industry, Together With Staff Report," and that the report be printed.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. LONG of Louisiana. Mr. President, I also ask unanimous consent that the Select Committee on Small Business be authorized during the adjournment of the 1st session of the 86th Congress to file with the Secretary of the Senate a report entitled "Monopoly and Technological Problems in the Scrap-Steel Industry" and that the report be printed.

The VICE PRESIDENT. Without objection, it is so ordered.

**LEASING OF COAL LANDS IN ALASKA—CONFERENCE REPORT**

Mr. GRUENING. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6939) to repeal the act of October 20, 1914 (38 Stat. 741), as amended (48 U.S.C., secs. 432-452), and for other purposes. I ask unanimous consent for the present consideration of the report.

The VICE PRESIDENT. The report will be read for the information of the Senate.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the



amendments of the Senate to the bill (H.R. 6939) to repeal the act of October 20, 1914 (38 Stat. 741), as amended (48 U.S.C., secs. 432-452), and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment and the Senate agree to the same.

ERNEST GRUENING,  
FRANK E. MOSS,  
GORDON ALLOTT,

*Managers on the Part of the Senate.*

WAYNE N. ASPINALL,  
WALTER ROGERS,  
JOHN P. SAYLOR,  
J. ERNEST WHARTON,

*Managers on the Part of the House.*

The VICE PRESIDENT. Is there objection to the present consideration of the report?

There being no objection, the report was considered and agreed to.

#### ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. McCARTHY:

Address by Senator KUCHEL, delivered in Statuary Hall on August 28, 1959, in commemoration of the death of Padre Junipero Serra.

By Mr. NEUBERGER:

Editorial entitled "Needed: More Doctors," published in the Paterson (N.J.) Morning Call of August 7, 1959.

Editorial entitled "Power Intertie," published in the Northwest Ruralite for August 1959.

By Mr. WILEY:

Editorial entitled "Now It's Up to the Russians," published in the New York Times on today, August 28, 1959.

Editorial entitled "U.S. Labor Leaders Can Handle Selves With Khrushchev," published in the Milwaukee (Wis.) Journal.

Article written by James Marlow, entitled "How To Spur Americans To Keep Up With Soviet Progress," published in the Janesville Daily Gazette on August 26, 1959.

By Mr. YARBOROUGH:

Editorial entitled "Let Senate Group Know People Want Park at Padre Island," published in the Houston (Tex.) Chronicle on Tuesday, August 25, 1959; and article written by Marquis Childs, entitled "Powerful Lobbies Oppose Park Conservation Moves," published in the Corpus Christi (Tex.) Caller on Tuesday, August 25, 1959.

By Mr. MANSFIELD:

Article on Premier Pedro G. Beltran, of Peru, written by Tad Szulc and published in the New York Times of August 28, 1959.

By Mr. SCOTT:

Article written by Alan L. Otten, entitled "The Taft-Nixon, Ike-Rockefeller Parallels Are Much Less Valid Than Often Claimed," published in the Wall Street Journal on August 27, 1959; and article written by Courtney Sheldon, entitled "Elevating the Vice President," published in the Christian Science Monitor on August 26, 1959.

By Mr. THURMOND:

Article written by Mr. Marvin D. Resnick, entitled "Contested Election Expert," published in Roll Call, the newspaper of Capitol Hill, Washington, D.C., on August 26, 1959.

By Mr. CASE of South Dakota:

Column entitled "The Rambler Looks Back 20 Years," by George Kennedy, and published in the Washington Evening Star of August 26, 1959.

By Mr. CASE of New Jersey:

Editorial entitled "Confirm Judge Foran," published in the Asbury Park (N.J.) Evening Press, on August 10, 1959.

By Mr. RANDOLPH:

Excerpts of television program "Today," relating to Harpers Ferry, W. Va., presented on August 26, 1959.

Mr. MANSFIELD. Mr. President, has morning business been concluded?

The VICE PRESIDENT. Is there further morning business? If not, morning business is concluded.

#### DIVERSION OF WATER FROM LAKE MICHIGAN, AT CHICAGO

The VICE PRESIDENT. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H.R. 1) to require a study to be conducted of the effect of increasing the diversion of water from Lake Michigan into the Illinois Waterway for navigation, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the first committee amendment.

#### FUNCTIONAL REORGANIZATION FOR NATIONAL DEFENSE: A "MUST" IN THE SPACE AGE

Mr. ENGLE. Mr. President—

The PRESIDING OFFICER (Mr. FONG in the chair). The Senator from California.

Mr. ENGLE. Mr. President, today I wish to speak about the organization of the Federal Government in the space and missile programs. I shall also have some proposals to make regarding the organization, in general, of the Department of Defense. It is my conviction that U.S. supremacy in space science is threatened, not by lack of talent, but by lack of skill in bureaucracy. If we are to be superior to the Soviets, the first requisite is a system of government that can maximize our scientific and industrial capabilities.

Our form of government, our way of doing business, is relatively new in the perspective of history. The question is whether we can stand the test against one of the most efficient examples of the old order—a dictatorship with modern refinements, a dictatorship that has the singleness of purpose, the discipline to override the agony and frustration of the masses, and a straight line of command that can direct toward a single objective the resources, human and material, of a large and powerful nation. In meeting this challenge, the economic and political structures of this country face the greatest challenge in our history in the short years ahead. How we organize to do the job will be the difference between winning and losing the cold war.

Some time ago I held an informal, off-the-record dinner meeting with the industrial leaders in the aircraft, missile, and space field of southern California. I asked them a blunt question: "If we want to make better and faster progress in keeping ahead of the Russians in the

missile and space field, what do you recommend—more money, better organization, or what?"

The answer was unanimous: That what we need most is better organization from a governmental standpoint. It was pointed out that in some selected areas, more money would be helpful. But the basic difficulty in making progress is the multiheaded approach to the solution of our defense problems and the bureaucratic quagmire that surrounds our missile and our space effort. I was impressed with the fact that these leaders did not ask for more money, particularly. What they asked for was better governmental organization.

#### NO CLEAR LINE OF COMMAND

This view of the matter has been corroborated time and again by the men in the military field who have primary responsibility for causing the missile and space program to go forward.

Maj. Gen. John B. Medaris, commander of the Army Ordnance Missile Command, said at a congressional hearing:

We have no handicap in the use of our resources once our resources are approved to us and our line of approach is approved.

It cannot be doubted that the confusion, the overlapping of jurisdiction, and the absence of a clear line of command are reflected in aircraft and missile production lags. Inherent in the whole process of missile development is the decision time element, the time required to get decisions as definitive approvals or guidelines on which to proceed.

As an example, recently I asked General Medaris how many people—as a minimum—he would have to get in the same room, to get a decision that would be firm. He counted off at least five—the Secretary of the Army, the Army budget officer, the Secretary of Defense, the defense budget officer, and someone from the Bureau of the Budget. I asked him whether he thought he ever could get them all in the same room at the same time, and he said he did not think so. At one hearing, he cried out rather forlornly:

Some place there has to be one man who can make a decision, who can give a command, and who has the resources to carry it out.

Dr. Wernher von Braun, Director of the Development Operations Division of the Army Ballistic Missiles Agency, went even further in criticizing the constant interference with project development. He could not understand why there had to be so many committees. Medaris went from Huntsville, Ala., to Washington once a week, to get decisions; while Braun visited the Pentagon twice a month, for committee meetings. And, as if that were not enough, from time to time the committees visited the Huntsville project.

Vice Adm. John T. Hayward, Deputy Chief of Naval Operations for Development, commented at a House Space Committee hearing that it was not a question of "standing the heat in the kitchen," but "who it was who was in the kitchen." He said, "In the atom business you never had that—you knew who







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

Issued Sept. 1, 1959

For actions of Aug. 22, 1959

86th-1st, Nos. 150  
& 151

## CONTENTS

Adjournment.....	2
Agricultural attaches....	13
Air pollution.....	28
Appropriations.....	3, 19, 29
Area redevelopment....	14, 35
Civil defense.....	7
Coconut oil.....	20
Coffee.....	38
Conservation reserve.....	9
Disaster relief.....	39
Economic development....	18
Electrification.....	17, 37
Exhibits.....	1
Experiment stations.....	33
Farm program.....	30
Foreign trade.....	8
Forest roads.....	39
Forestry.....	24, 25, 28
Grains.....	30
Health insurance.....	28, 45
Housing.....	31
Indians.....	24
Insecticides.....	28

Lambs.....	4
Lands.....	25, 28, 34
Legislative program.....	28
Meat inspection.....	41
Minerals.....	28
Personnel.....	45
Poultry.....	16
Prices.....	6, 18, 36, 43
Property.....	23, 26, 42
Public Law 480.....	8
Reclamation.....	5, 12, 40
Recreation.....	32
Research.....	15, 28, 44
Rice.....	28
Soil bank.....	9
Surplus commodities.....	8
Vehicles.....	22
Wool.....	4
Water resources.....	27
Watersheds.....	11
Wheat.....	10
Wildlife.....	21, 44

HIGHLIGHTS: See page 7

### SENATE - August 29

1. EXHIBITS. Received and agreed to the conference report on H. R. 8374, to authorize appropriations for Federal participation in the Century 21 Exposition to be held in Seattle, Wash., in 1961 and 1962 (including USDA participation). pp. 15911-2.

2. ADJOURNED until Mon., Aug. 31. p. 15916.

### SENATE - August 31

3. TEMPORARY APPROPRIATIONS. Both Houses passed without amendment H. J. Res. 510, the continuing resolution making temporary appropriations to departments and agencies for September pending the enactment of the remaining regular appropriation bills. This measure will now be sent to the President. pp. 15918, 15969.

4. WOOL; LAMBS. Sen. Mundt expressed concern "over the major crisis facing the sheep and wool industry as it votes in September on the market promotional section of the National Wool Act," which provides deductions on the sales of lamb and wool for the promotion, research, and educational program to encourage the use of wool and lamb, criticized the opposition of the American Farm Bureau Federation to the program, and urged all eligible voters in the referendum to support the program. p. 15925.



5. RECLAMATION. Both Houses agreed to the conference report on S. 994, to authorize Interior to construct, operate, and maintain the Spokane Valley reclamation project, Wash., and Idaho. This bill will now be sent to the President. pp. 15967, 15999.
6. PRICES. Sen. Bush inserted and commended the Aug. 17 report of the Cabinet Committee on Price Stability for Economic Growth, "What Do We Really Want From Our Economy?" discussing policies for promoting economic growth. pp. 15959-62.
7. CIVIL DEFENSE. Sen. Humphrey urged more Federal aid for civil defense, and inserted several articles discussing civil defense preparedness. pp. 15935-8.
8. SURPLUS COMMODITIES; FOREIGN TRADE. The amendments reported Aug. 25 by the Agriculture and Forestry Committee to S. 1748 (to extend Public Law 480), provide as follows: Extend Titles I (sales for foreign currencies) and II (famine relief) for 3 years, until December 31, 1962. Provide an increase of \$4.5 billion in Title I operations for the 3-year period. Provide an increase of \$300 million for Title II operations for 1960. Authorize the grant (in addition to the sale) of CCC surplus commodities under Title I. Expand the activities for which Title I foreign currencies may be used in foreign countries to include medical and scientific research, cultural and educational development, health, nutrition, and sanitation; assistance (up to \$2 million annually) to meet emergency or extraordinary relief requirements other than requirements for surplus food commodities; financing (up to \$5 million annually) the preparation, distribution, and exhibiting of audio-visual informational and educational materials, including Government materials; and financing the services of technicians, advisers, and administrators who are nationals of any friendly country, which may be needed to further economic and social development programs in other friendly countries, provided the use of such currencies is specified in appropriation acts. Authorize the President to make grants of surplus commodities for the establishment of national food reserves in underdeveloped countries. Authorize the carrying out of Public Law 480 functions directly by the President, or through an administrator designated by him who shall administer the functions under the general supervision and direction of the Secretary of Agriculture. Change the title of the Agricultural Trade Development and Assistance Act of 1954 to the Food for Peace Act of 1959.

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HOUSE - August 31

9. SOIL BANK. Passed with amendment S. 2457, to authorize the Secretary to compensate producers under the Soil Bank for actions based on erroneous information furnished by authorized representatives of the Secretary (pp. 15992-3). Agreed to an amendment by Rep. Marshall to provide that no Soil Bank contract shall be modified, invalidated, or changed because of the marriage of any two contracting parties (pp. 15992-3). (This bill was considered in lieu of a similar bill, H. R. 8043.)

The Agriculture Committee reported with amendment H. R. 8578, to permit the harvesting of hay on conservation reserve acreage in areas suffering from drought, flood, or other natural disaster (H. Rept. 1083). p. 16022.







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

## CONTENTS

Alaska.....	31
Appropriations.....	2,9,12,23,24
Atomic energy.....	7
Buildings.....	39
CCC.....	40
Civil defense.....	17
Conservation.....	10
Credit unions.....	33
Education.....	10
Educational exchange.....	21
Exhibits.....	6
Food.....	40
Food distribution.....	32
Foreign affairs.....	22
Foreign aid.....	23,27
Foreign trade.....	11,13,28,37
Forestry.....	1,14
Insecticides.....	5
Interest rates.....	20,26
Lands.....	3,15,36
Legislative program.....	12,23
Livestock.....	40

Issued Sept. 3, 1959  
For actions of Sept. 2, 1959  
86th-1st, No. 153

Metropolitan problems.....	34
Milk prices.....	25
Minerals.....	3
Natural resources.....	10
Payrolling.....	8
Personnel.....	30
Phosphate.....	15
Poultry.....	35
Property.....	38
Public Law 480.....	13,23
Public works.....	2,23
Reclamation.....	2,16
Recreation.....	14
Reorganization.....	1
Research.....	5
Small business.....	32
Surplus commodities.....	13
Taxes.....	8
Tobacco.....	19
Transportation.....	18,29
Watersheds.....	16
Wildlife.....	5,31

HIGHLIGHTS: House passed bill to enact Reorganization Plan I on forest land authorities. House sustained President's veto of public works appropriation bill. Senate agreed to consider Public Law 480 bill.

## HOUSE

1. FORESTRY; REORGANIZATION. Passed under suspension of the rules H.R. 7631, to enact (with several amendments) the provisions of Reorganization Plan 1, which would transfer from Interior to this Department certain authorities for the exchange or sale of forest land and timber. pp. 16296-8.
2. PUBLIC WORKS APPROPRIATION BILL, 1960. By a vote of 274 to 133, sustained the President's veto of this bill, H.R. 7509 (a two-thirds majority being required for passage of a bill over the President's veto). The veto message and the bill were referred to the Appropriations Committee. pp. 16288-9
3. MINERALS; LANDS. Passed under suspension of the rules S. 2131, to amend the Mineral Leasing Act of 1920 so as to modify oil, gas, coal, and certain other mineral leasing requirements and conditions (pp. 16292-5). The "Daily Digest" states that the bill was passed with amendments and returned to the Senate (p. D863).  
Agreed to the conference report on H.R. 6939, to increase the area of public lands in Alaska which may be held under coal lease by any one person or firm from 2,560 acres to 10,240 acres or, in some circumstances, to 15,360 acres. This bill will now be sent to the President. p. 16314



4. RECLAMATION. By a vote of 281 to 114, passed under suspension of the rules H.R. 4279, to authorize Interior to construct the La Feria division of the lower Rio Grande rehabilitation project, Tex. pp. 16295-6
  5. FISH AND WILDLIFE. Passed under suspension of the rules H.R. 5313, to authorize the appropriation of \$2,565,000 to Interior to undertake continuing studies of the effects of insecticides, herbicides, fungicides, and other pesticides upon fish and wildlife. pp. 16300-1  
Passed under suspension of the rules H.R. 5004, to authorize Interior to undertake continuing research on the biology fluctuations, status, and statistics of the migratory marine species of game fish of the U.S. and contiguous waters. pp. 16299-300
  6. EXHIBITS. Agreed to the conference report on H.R. 8374, to authorize up to \$12,500,000 for Federal participation in the Century 21 Exposition to be held in Seattle, Wash., in 1961 and 1962 (including USDA participation). This bill will now be sent to the President. p. 16314
  7. ATOMIC ENERGY. The Joint Committee on Atomic Energy reported with amendment H.R. 8755, to amend the Atomic Energy Act so as to provide for Federal cooperation with the States on atomic energy, including the development of radiation standards (H. Rept. 1125). p. 16330
  8. PAYROLLING; TAXES. The "Daily Digest" states that the Rules Committee denied the granting of a rule for consideration of H.R. 3151, to provide for the withholding of city taxes by the Federal Government from the salaries of Federal employees in cities with populations of 50,000 or more. p. D864
  9. MILITARY CONSTRUCTION APPROPRIATION BILL, 1960. Conferees were granted permission until midnight Wed., Sept. 2, to file a conference report on this bill, H.R. 8575. p. 16308
  10. EDUCATION; YOUTH. Rep. Toll urged the enactment of legislation for the "fullest development of the potential of the youth of this Nation," including Federal aid for education in Federally impacted areas, and the establishment of a youth conservation corps to assist in natural resource development. pp. 1632
  11. FOREIGN TRADE. Rep. Wolf urged that the U.S. "reestablish our policy of eliminating restrictive business practices in international trade" as a means of "finding foreign markets for its industrial and agricultural products." pp. 16326-7
  12. LEGISLATIVE PROGRAM. Rep. McCormack announced that the conference report on H.R. 8575, the military construction appropriation bill, will probably be considered this week, and that the House will probably meet on Labor Day, Sept. 7. p. 16318
- 
- SENATE
13. SURPLUS COMMODITIES; FOREIGN TRADE. Agreed to consider S. 1743, to extend Public Law 420, with certain limitations on time allotted for debate. Sen. Johnson announced that this bill would not be debated until the conference report on the labor bill is considered. p. 16271



Russell	Smith	Thurmond
Saltonstall	Sparkman	Wiley
Scott	Stennis	Williams, Del.
Smathers	Talmadge	Young, Ohio

## NAYS—34

Allott	Hartke	Mansfield
Bartlett	Hill	Morse
Byrd, W. Va.	Holland	Moss
Carroll	Hruska	Murray
Dirksen	Jackson	Pastore
Dodd	Johnson, Tex.	Randolph
Douglas	Johnston, S.C.	Schoeppel
Ellender	Kefauver	Symington
Engle	Kerr	Williams, N.J.
Fong	Long, La.	Yarborough
Gore	McCarthy	
Gruening	McGee	

## NOT VOTING—12

Capehart	Frear	Martin
Case, S. Dak.	Hayden	Monroney
Chavez	Kennedy	O'Mahoney
Church	Long, Hawaii	Young, N. Dak.

So the motion to refer H.R. 1 to the Committee on Foreign Relations was agreed to.

Mr. AIKEN. Mr. President, I move that the vote by which the motion to refer was agreed to be reconsidered.

Mr. WILEY. Mr. President, I move to lay on the table the motion to reconsider.

Mr. PROXMIRE. Mr. President, I move to lay on the table the motion to reconsider.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

## LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I announce that we do not expect to have any more votes taken this evening.

I shall ask the Senate to remain in session as long as may be necessary to accommodate any Senators who may desire to make statements for the RECORD. But we do not plan to have any more votes taken this evening.

## EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

Mr. JOHNSON of Texas. Mr. President, I am about to ask consent that the Senate proceed to the consideration of the bill to extend Public Law 480; and I shall seek an agreement in that connection. But that bill will not be debated unless and until the conference report on the labor bill is debated.

Mr. President, I now ask unanimous consent that the Senate proceed to the consideration of Calendar No. 518, Senate bill 1748.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that during the consideration of Senate bill 1748, 30 minutes be available on each amendment, to be equally divided; and 2 hours

be available on the bill, to be equally divided.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

Mr. HUMPHREY. Mr. President, does the proposed agreement include the committee amendments? There are certain committee amendments to the bill.

Mr. MORSE. Mr. President, reserving the right to object, will the majority leader restate his request?

Mr. JOHNSON of Texas. I ask unanimous consent that 30 minutes be allowed on any amendment, motion, or appeal, except a motion to lay on the table—as is customary in our consent agreements—and 2 hours be allowed on the bill, to be equally divided.

I have consulted with the chairman of the committee, the Senator from Louisiana [Mr. ELLENDER]; with the ranking minority member of the committee, the Senator from Vermont [Mr. ARKEN], and with the Senator from Minnesota [Mr. HUMPHREY] who found that this amount of time would be agreeable to them. So far as I was informed, no other Senator desires to offer amendments; and they felt this arrangement would be adequate.

We do not plan to have the bill debated, under the proposed limitation, until the Senate has disposed of the conference report on the labor bill.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Texas?

Mr. WILLIAMS of Delaware. Mr. President, reserving the right to object—although I have no objection—I must state that I have just now been advised that the Senator from New Hampshire asked to be notified, so he could be on the floor when such an agreement was proposed, I understand that he will soon arrive.

Mr. JOHNSON of Texas. Then I withhold the request, Mr. President.

Mr. JOHNSON of Texas subsequently said: Mr. President, will the Senator from Arkansas yield to me, so that the question on a unanimous-consent request can be put, while the Senator from New Hampshire is present? We held up action temporarily on the question.

The PRESIDING OFFICER. Is there objection to the request made by the Senator from Texas? The Chair hears none, and the unanimous-consent agreement is entered.

Mr. JOHNSON of Texas. Mr. President, it is understood that the usual terms of the agreement will be printed in the RECORD, and I ask that it may appear in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The unanimous-consent agreement, as subsequently reduced to writing, is as follows:

## UNANIMOUS-CONSENT AGREEMENT

Ordered, That during the consideration of S. 1748, a bill to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to thirty minutes, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader:

*Provided*, That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

*Ordered further*, That on the question of the final passage of the said bill debate shall be limited to two hours, to be equally divided and controlled, respectively, by the majority and minority leaders: *Provided*, That the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal. (September 2, 1959.)

## RACIAL PROBLEMS IN LARGE CITIES WHICH HAVE FORCED INTEGRATION

Mr. JOHNSTON of South Carolina. Mr. President, for several months now I have been bringing to the attention of the Members of the Senate the racial problems in New York and other large cities where forced integration has brought about a terrifying wave of rioting, crime, juvenile delinquency, and mounting hatreds and prejudices.

One of the reasons why I have been doing this is that some of the local press do not report these chronic ailments that accompany forced integration. In particular, I refer to the Washington Post, which has failed on many occasions to report locally the disturbing conditions that exist in cities where integration has been forced upon people.

The Governor of New York yesterday announced he was calling an emergency meeting of leaders of his State, and was also calling on Federal Bureau of Investigation Director J. Edgar Hoover for help and consultation in an effort to cope with widespread crime, rioting, and the other evils that have befallen New York City as a result of forced integration.

Mr. President, I could not find the item in the Washington Post this morning, and I had prepared remarks to criticize the Post for not carrying this article. However, late this afternoon, after an advance press release containing my prepared remarks had been distributed, a representative of the Washington Post called my office to advise me that reference to Governor Rockefeller's announcement was contained in a story in the Post on page B-8. I looked up this article and, sure enough, buried in a story entitled "New York Police Hunt Teenage 'Dracula,'" was reference to Governor Rockefeller's alarm over the situation in New York. However, this article contained no reference to the emergency meeting of government, religious, social, and other leaders called by Governor Rockefeller, and reported in large headlines in other papers across the country.

While the Governor of New York in his announcement was reluctant to admit that the crime, corruption, rioting, and other violence besetting New York City was a racial problem, the fact that he is calling in one of the heads of the



National Association for the Advancement of Colored People for advice on how to handle the crisis in New York is prima facie evidence that the problems of New York are of a racial nature. Leaders of the NAACP are experts in finding ways to force integration upon people, and know little about juvenile delinquency problems.

If it were a pure juvenile delinquency and crime problem in New York, I should think a consultation with FBI Director J. Edgar Hoover, the Nation's top expert on juvenile delinquency and crime, would be sufficient consultation. The bringing in of the NAACP leadership by the Governor of New York should be sufficient evidence to the Nation that New York's problems result from integration as much as anything. Similarly, I would think that the troubles that have beset the Governor of New York should be a lesson to other proponents of integration across this land that they would do well to halt and look back before engaging in promoting more civil rights legislation and integration.

It is ironical indeed that the Nation's largest city, which houses the Nation's most vehement spokesmen for integration, has found it necessary to request Federal assistance to cope with its local crime problems; usually these spokesmen for integration and civil rights legislation are pointing their fingers at the South and calling on Federal officials to send the FBI and Federal forces into the South to force upon the South the very integration which is now the root of their own problems.

As the editor of the New York Daily News of September 1, 1959, said, "a lot of eager-beaver Members of Congress might do a lot worse than to listen to him," meaning the distinguished Senator HIRAM L. FONG, of Hawaii, who recently advised that Congress should be careful about rushing civil rights legislation onto the books.

Mr. President, I can think of no more tragic step that the Congress of the United States could take than for it, in this year of 1959, to pass civil rights legislation that would foster forced integration upon unwilling people across this land; while places like the city of New York have reached such a crisis in handling their own racial problems, living under their own civil rights laws, that they have found it necessary to call in Federal assistance to cope with the breakdown of law and order. We would do well, at the very least, to lay aside consideration of any civil rights legislation which would stir up this boiling pot of hatred and prejudice.

We need to let each community work out its own problems, in its own way. As the distinguished Senator from Hawaii, a State that has the most impressive mixture of races of any State in the Union, has said, "It is difficult to legislate a mode of life. I think this is an emotional problem that will be cured by time."

Mr. President, Hawaii grew up as an integrated Territory. The integration started as a natural phenomenon, and as a result today there is little trouble in that State, if any at all, where whites,

Negroes, Hawaiians, Chinese, Japanese, and descendants of crossings of those races live together peacefully. In that State integration was a mode of life.

In large sections of our country, particularly in the South and in South Carolina, segregation is a mode of life. The "do-gooders" have attempted to make integration a mode of life in New York, an area where segregation has been the mode of life. We know the results today. The Governor of New York knows the results, and he has called for this drastic action to cope with the problems in that city. There could be no more obvious example to proponents of civil rights legislation to force integration upon unwilling people than that they should not go forward with their program any more.

Mr. President, I ask that the editorial from the New York Daily News of September 1, 1959, entitled "Senator Fong on Civil Rights," be printed in the body of the RECORD, together with my remarks.

Mr. President, I also send to the desk an article from this morning's New York Times entitled "Governor calls emergency talks on youth crime," and ask that this article be printed in the body of the RECORD.

There being no objection, the editorial and article were ordered to be printed in the RECORD, as follows:

[From the New York Daily News, Sept. 1, 1959]

#### SENATOR FONG ON CIVIL RIGHTS

Senator HIRAM L. FONG, Republican, of Hawaii, says Congress should be careful about rushing civil rights legislation onto the books. Segregation, he says, is a tough problem, and "it is difficult to legislate a mode of life. I think this is an emotional problem that will be cured by time."

Coming from Hawaii, with its impressive mixture of races that get along together extremely well, Senator Fong should know what he's talking about—and a lot of eager-beaver Members of Congress might do a lot worse than to listen to him.

[From the New York Times, Sept. 2, 1959]

Governor CALLS EMERGENCY TALKS ON YOUTH CRIME—PARLEYS WILL BE HELD HERE WITH STATE AND CITY AID, CIVIC LEADERS, AND MAYOR—POLICE ACTION BACKED—WAGNER SAYS SITUATION IS BEYOND SOCIAL AGENCIES—EXTRA PATROLS ON DUTY

(By Peter Kihss)

Governor Rockefeller yesterday summoned two emergency meetings to intensify efforts against the city's rising juvenile violence. One of the meetings will be for State officials and the other will include Mayor Wagner and community leaders.

Meanwhile, the mayor declared that organized gang murders, such as those that took two lives in a West Side playground early Sunday, had become a problem for the police rather than social agencies.

He endorsed measures by Police Commissioner Stephen P. Kennedy that shifted nearly 1,400 policemen from other duties to patrol trouble areas. The augmented patrols began their tours last night.

#### AGENDA TO BE SET

Later, the Governor announced that he had telephoned Mayor Wagner and arranged for a preliminary conference with him tomorrow for Friday after the mayor holds a scheduled meeting with city officials on the same problem.

The Governor and the mayor will discuss an agenda for the second of the two meet-

ings Governor Rockefeller has set up. Richard L. Amper, the Governor's press secretary, said Mr. Rockefeller had reported that Mayor Wagner had been very cooperative and approved of all this.

Mr. Rockefeller's first emergency meeting will be with a dozen State executives and legislative leaders tomorrow at 10:30 a.m. at his office, 22 West 55th Street. They will help prepare a list of topics for the second, still broader, conference with city and civic leaders scheduled for next Tuesday.

#### MAYOR'S PARLEY DUE

On Monday, Mayor Wagner had called a conference of city officials on the youth crime situation. This will be held tomorrow at city hall at 2 p.m.

To next Tuesday's sessions, at 10:30 a.m. at his office, Governor Rockefeller sent invitations by telegram to the mayor, Commissioner Kennedy, J. Edgar Hoover, Director of the Federal Bureau of Investigation, and 17 other leaders.

Governor Rockefeller said yesterday morning during a ceremony installing new members of the State Harness Racing Commission and the Waterfront Commission that he was "deeply concerned both as the Governor and as a parent."

"We have to mobilize more effectively forces of private and State and local agencies," he said. "We have to constantly devise new ways to bring about a challenge to these young folks and to provide an outlet for their energies and give them a sense of belonging."

He said he was alarmed "in terms of human suffering and of these young people getting off on a wrong foot in life."

Then the Governor held a 2-hour meeting in his office here with State Attorney General Louis J. Lefkowitz, Robert MacCrate, the Governor's counsel; William J. Ronan, secretary to the Governor, and Mr. Amper.

The Governor then announced the two conferences with this statement:

"The recent occurrences of juvenile violence in the streets, and fear anxiety and heartbreak they have evoked are tragic to all of us. And they call for action by all of us—officials of government, parents and private organizations concerned with the welfare of our community.

"The problem of juvenile delinquency has no easy remedy. There is no quick or overnight solution. It is compounded of neglect by parents, broken homes, poor living conditions, unhealthy background, economic deprivation, mental disturbance and lack of religious training.

"There is no single approach to a solution. The attack must come at all levels—by parents, churches and synagogues, boys' clubs and other youth groups, settlement houses, the schools, social agencies, law enforcement agencies and the courts."

#### STATE AID INVITED

Among those invited to tomorrow's meeting with the Governor are Attorney General Lefkowitz; Raymond W. Houston, State Commissioner of Social Welfare; Paul D. McGinnis, State Commissioner of Correction; Dr. Paul Hoch, Commissioner of Mental Hygiene; Dr. James E. Allen, Jr., Commissioner of Education, and Russell G. Oswald, chairman of the State Parole Board.

The others are Mark A. McCloskey, chairman of the State Youth Commission; Elmer A. Carter, chairman of the State Commission against Discrimination; Senators Walter J. Mahoney and Joseph Zaretzki, majority and minority leaders of the upper house; Speaker Joseph F. Carlino, and Anthony Travia, Assembly minority leader.

For Tuesday's conference, telegrams of invitation went to the Mayor, Commissioner Kennedy, Mr. Hoover, and the following:

Cardinal Spellman, Roman Catholic Archbishop of New York; Rev. Dan Potter, execu-









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## CONTENTS

Issued Sept. 7, 1959  
For actions of Sept. 4 and 5, 1959  
86th-1st - Nos. 155 and 156

Adjournment.....	18,24
Agricultural attached....	15
Appropriations.....	4,7,8
.....	10,13,23,31,32
ASC committees.....	30
Buildings.....	15
Centennial celebration...	39
Civil defense.....	4
Commissions.....	29
Congressional-Executive...	
..Relations.....	16
Dairy industry.....	11
Depressed areas.....	38
Disaster relief.....	9
Egg prices.....	34
Farm labor.....	40
Farm program.....	16,35
Feed.....	9
Fiscal policy.....	17
Food reserves.....	1
Food stamps.....	1

Foreign aid.....	36
Foreign currencies.....	13
Foreign trade.....	1,21,33
Forest highways.....	19
Forest Service.....	7
Housing.....	3,20
Interest rates.....	12,22,37
Livestock.....	11
Minerals.....	5
Monopolies.....	11
Personnel.....	6,14,25
Property.....	27
Public debt.....	17
Public Law 480 .....	1,21
Public works.....	8,10
Recreation.....	26
Research.....	20
River basins.....	29
Roads.....	19
Soil Bank.....	2
Surplus commodities	1,21,36
Wheat acreage.....	1,1,28

HIGHLIGHTS: Senate debated Public Law 480 bill. House committee reported bill to authorize sale of CCC feed in emergency areas. Senate agreed to conference report on independent offices appropriation bill. Senate concurred in House amendment to bill to provide compensation under Soil Bank to producers for actions based on incorrect information. Senate sustained President's veto of housing bill. Rep. Johnson, Colo., warned of monopoly in dairy industry. House committee reported new public works appropriation bill. Rep. Evins criticized Administration's farm policies.

## SENATE - SEPT. 4

1. FOREIGN TRADE; SURPLUS COMMODITIES. Began debate on S. 1748, to extend Public Law 480 (pp. 16565-6, 16571-6, 16595-621). By a vote of 47 to 38 agreed to a committee amendment to extend titles I and II for 3 years (pp. 16596-600). Agreed to a committee amendment to increase the total authorization under title I to \$4.5 billion for the 3-year period, with not to exceed \$1.5 authorized to be used annually (p. 16600).

Rejected the following amendments:

A committee amendment, 39 to 48, to change the title of the "Agricultural Trade Development and Assistance Act of 1954" to the "Food and Fiber for Peace Act of 1959." pp. 16601-7

A committee amendment, 42 to 46, to authorize the President to grant surplus commodities to foreign countries to establish national food-reserves. pp. 16608-13

By Sen. Humphrey, 41 to 46, to authorize the enrichment and sanitary packaging of cornmeal, grits, white rice, and white flour distributed by this Department to schools and needy persons, and to authorize demonstration food



2. SOIL BANK. Concurred in the House amendment to S. 2457, to authorize the Secretary to compensate producers under the Soil Bank for actions based on erroneous information furnished by authorized representatives of the Secretary. The House amendment provides that no Soil Bank contract shall be modified, invalidated, or changed because of the marriage of any two contracting parties. This bill will now be sent to the President. p. 16607
  3. HOUSING. By a vote of 58 to 36, sustained the President's veto of the housing bill for 1959, S. 2539 (a two-thirds majority vote being required to override the President's veto). pp. 16576-86
  4. INDEPENDENT OFFICES APPROPRIATION BILL, 1960. Agreed to the conference report and receded from its amendment (No. 1) to this bill, H. R. 7040, which would have increased to \$25 million, instead of \$10 million (as proposed by the House) the amount for Federal contributions to the States for civil defense purposes on a matching basis. This bill will now be sent to the President. pp. 16586-91
  5. MINERALS. Conferees were appointed on S. 2181, to amend the Mineral Leasing Act of 1920 so as to modify oil, gas, coal, and certain other mineral leasing requirements and conditions. House conferees have not been appointed. p. 16598
  6. PERSONNEL. Sen. Johnston submitted a motion, intended to be proposed by him, "that the Senate agree to the amendment of the House, with amendments, to Senate bill 2162, the Federal Employees Health Benefits Act of 1959." p. 16556
  7. APPROPRIATIONS. Both Houses received from the Budget Bureau a report that a Forest Service item for forest protection and utilization had been apportioned on a basis indicating the need for a supplemental authorization for 1960. pp. 16555, 16689
  8. PUBLIC WORKS. Sens. Murray and Mansfield criticized the President's veto of the public works appropriation bill for 1960. pp. 16567-8, 16569-70
- HOUSE - SEPT. 4
9. FEED; DISASTER RELIEF. The Agriculture Committee reported with amendment S. 2504, to authorize the Secretary to sell at market prices CCC feed for livestock in emergency areas (H. Rept. 1149). p. 16689
  10. PUBLIC WORKS. The Appropriations Committee reported without amendment H. R. 9105, the new public works appropriation bill for 1960 (H. Rept. 1152). p. 16689  
Rep. Thomson, Wyo., termed the President's veto of the original public works appropriation bill "unfortunate" and "ill considered," and he and others discussed the issues and projects involved in the bill. pp. 16676-83
  11. MONOPOLIES; DAIRY INDUSTRY. Rep. Johnson, Colo., warned of vertical integration in the dairy industry. He stated that such a situation already exists in the livestock industry in his district and that under vertical integration a national chain will determine what price it will pay the milk producer and if the producer asks a higher price, the chain will expand its operations to milk producing as well as distribution. Once the competition is eliminated, the chain is able to set prices at will, he stated. pp. 16683-6
  12. INTEREST RATES. Passed, 378 to 7, without amendment H. R. 9035, to permit the issuance of series E and H United States savings bonds at interest rates above the existing maximum, to permit the Secretary of the Treasury to designate certain exchanges of Government securities to be made without recognition of gain or



Senator from Vermont [Mr. AIKEN] in relation to my good friend MIKE MANSFIELD. Always, when I have the opportunity so to do, I speak out in praise of the Senator. He is not only a thinker, a solid thinker, but one who is friendly in his approach.

I received a copy of the Senator's speech only a few minutes ago. I am sure I shall read it with profit.

#### GRAVE SITUATION IN FAR EAST

Mr. President, the grave situation in the Far East is a matter of deep concern to all of us, and to the free world.

The invasion of the Chinese Communists is first, a violation of international law; second, a violation of the integrity of another nation's territory; third, and a threat to world peace. Too, it is also reportedly causing serious disruption in the internal affairs of India.

In the past, there have been criticisms of India's policies aimed generally toward nonentanglement in the East and West conflict.

We recognize, however, a nation's right to respect for policies it finds necessary to adopt, in its own self-interest—that is, if such policies are peaceful—not aggressive policies.

The world, I believe, well recognizes the dedication with which Prime Minister Nehru and his government have adhered to the principle of trying to find peaceful, nonmilitary solutions to problems.

Now, India finds itself the target of military aggression. If the Red Chinese pursue tactics which lead to open warfare, it may well enflame all of southeast Asia and perhaps the world.

The inexplicable factor in the Communist aggression is the difficulty of determining why the Chinese Communists would deliberately antagonize—indeed, attack—a nation which in the past has supported the Red Chinese bid for recognition, particularly in efforts to secure membership in the United Nations.

Today the Chinese and Indian peoples are faced with tremendous economic problems at home. Surely it would be tragic, not only in terms of threats to world peace, but also in terms of the effects upon the Indian and Chinese peoples, if these nations, confronted with such gigantic domestic economic problems, were now to dissipate their resources and manpower in a destructive war.

Time after time the responsible nations of the world have demonstrated the need for outlawing war. Nevertheless, we still find that outlaws exist among us. In policy they remain incorrigible, unwilling to abide by recognized standards of international conduct, and willing to violate territories of other nations for their own purposes.

This new act of aggression, of course, is more solid evidence of why Red China should not be admitted to the U.N.

Again the world—particularly the free world—finds itself faced with a fateful decision on how to deal with aggression by a major power.

The decision, of course, depends on just how far the Chinese Communists intend to carry their territorial violations.

All of us hope and pray that this new aggression can be localized and resolved without major conflict.

Nevertheless, the Red Chinese tactics should alert us, the uncommitted nations and the free world, to the fact that communism has not changed its spots; that it continues to be dedicated to aggressive policies, including military aggression, to achieve its goals of expansion of influence and control over more people.

#### EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business, Senate bill 1748.

The Senate resumed the consideration of the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

The PRESIDING OFFICER. The pending business is S. 1748, to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, as to which there is a unanimous-consent agreement to limit debate to 30 minutes on amendments, motions, or appeals, except a motion to lay on the table, and 2 hours on the bill, the time to be equally divided.

The clerk will state the committee amendments, reported by the Senator from Minnesota [Mr. HUMPHREY] on August 25, 1959.

The CHIEF CLERK. On page 1, line 7, it is proposed to strike out "1960" and insert "1962".

On page 1, it is proposed to strike out line 8 through 11 and insert the following:

(2) Section 103(b) (prescribing limit on appropriations) is amended, effective January 1, 1960, to read as follows:

"(b) Agreements shall not be entered into under this title during the period beginning January 1, 1960, and ending December 31, 1962, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$4,500,000,000, plus any amount by which agreements entered into in prior periods have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior periods by this Act as in effect during such periods."

(4) The first section (which provides the short title) is amended to read as follows:

"That this Act may be cited as the 'Food for Peace Act of 1959'."

(5) Section 102(a) (which relates to the carrying out of agreements) is amended by inserting the words "or for grant" after the words "domestic exporters" in clause (1), and by inserting the words "or grant" after the word "sale" in clause (2).

(6) Section 104(k) (relating to scientific activities) is amended by striking out the colon and inserting in lieu thereof a comma and the following: "and to promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation;"

(7) Section 104(o) (relating to assistance to educational facilities sponsored by United States citizens) is amended by striking out so much thereof as follows the semicolon.

(8) Section 104 (relating to uses of foreign can studies or American educational tech-

niques, and supporting chairs in American graphs:

"(p) For supporting workshops in American studies or American educational techniques, and supporting chairs in American studies;

"(q) For assistance to meet emergency or extraordinary relief requirements other than requirements for surplus food commodities: *Provided*, That not more than a total amount equivalent to \$2,000,000 may be made available for this purpose during any fiscal year;

"(r) For financing the preparation, distribution, and exhibiting of audio-visual informational and educational materials, including Government materials, abroad: *Provided*, That not more than a total amount equivalent to \$5,000,000 may be made available for this purpose during any fiscal year;

"(s) For financing the services of technicians, advisers and administrators who are nationals of any friendly country, which may be needed to further economic and social development programs in other friendly countries;"

(9) Section 104 is further amended by inserting before the period at the end thereof a colon and the following: "*Provided, however*, That foreign currencies shall be available for the purpose of subsections (p) and (s), in addition to funds otherwise made available for such purposes, only in such amounts as may be specified from time to time in appropriation Acts".

(10) Title I is further amended by adding at the end thereof the following new section:

"SEC. 110. In order to implement the resolution adopted by the United Nations on February 20, 1957 (United Nations Resolution 1025 [XI]), which was sponsored by the United States, calling for international cooperation in the establishment of national food reserves, surplus agricultural commodities may be made available by the President on a grant basis for such reserve purposes pursuant to an agreement with the recipient country requiring that payment shall be made when such commodities are withdrawn from the reserve: *Provided*, That no payment shall be required for any quantities of such commodities which are used by agreement of the President and the government of the recipient country for purposes provided for in section 201 of this Act. Agreement under which commodities are provided pursuant to this section shall specify whether any payment made thereunder shall be in foreign currency or in dollars, and the purposes authorized under section 104 of this Act for which any such foreign currency payments may be used. Such agreements shall require the government of the recipient country to maintain the reserve at agreed levels unless the President specifically approves a reduction below the agreed level, and shall contain reasonable safeguards to assure that the commodities in the reserve are not used for speculative purposes. In negotiating agreements under this section the President shall give effect to the requirements prescribed in section 101 for agreements entered into under that section."

(1) Such Act is further amended by adding at the end thereof the following new title:

#### "TITLE IV—ADMINISTRATION

"SEC. 401. The President may carry out the functions conferred upon him by this Act and section 402 of the Mutual Security Act of 1954, as amended, either directly or through an administrator designated by him. The administrator shall perform his functions as assigned by the President in accordance with the provisions of this Act under the general supervision and direction of the Secretary of Agriculture."

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that I



may suggest the absence of a quorum without the time necessary for the call of the roll being charged to either side.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Johnson, Tex.	Moss
Byrd, W. Va.	Kuchel	Prouty
Carlson	Lausche	Proxmire
Chavez	Long, La.	Schoeppel
Clark	McClellan	Thurmond
Cooper	Mansfield	Wiley
Green	Morse	Young, N. Dak.

Mr. MANSFIELD. I announce that the Senator from Missouri [Mr. HENNINGSEN], and the Senator from Massachusetts [Mr. KENNEDY] are absent on official business.

The Senator from Idaho [Mr. CHURCH] is absent on official business attending the Interparliamentary Union Meetings at Warsaw, Poland.

The Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

Mr. KUCHEL. I announce that the Senator from South Dakota [Mr. CASE] is absent on official business attending the Interparliamentary Union Conference at Warsaw, Poland.

The Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

The PRESIDING OFFICER. A quorum is not present.

Mr. JOHNSON of Texas. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. ALLOTT, Mr. ANDERSON, Mr. BARTLETT, Mr. BEALL, Mr. BENNETT, Mr. BIBLE, Mr. BRIDGES, Mr. BUSH, Mr. BUTLER, Mr. BYRD of Virginia, Mr. CANNON, Mr. CAPEHART, Mr. CARROLL, Mr. CASE of New Jersey, Mr. COTTON, Mr. CURTIS, Mr. DIRKSEN, Mr. DODD, Mr. DOUGLAS, Mr. DWORSHAK, Mr. EASTLAND, Mr. ELLENDER, Mr. ENGLE, Mr. ERVIN, Mr. FONG, Mr. FREAR, Mr. FULBRIGHT, Mr. GORE, Mr. GRUENING, Mr. HART, Mr. HARTKE, Mr. HAYDEN, Mr. HICKENLOOPER, Mr. HILL, Mr. HOLLAND, Mr. HRUSKA, Mr. HUMPHREY, Mr. JACKSON, Mr. JAVITS, Mr. JOHNSTON of South Carolina, Mr. JORDAN, Mr. KEATING, Mr. KEFAUVER, Mr. KERR, Mr. LANGER, Mr. LONG of Hawaii, Mr. MAGNUSON, Mr. MARTIN, Mr. MCCARTHY, Mr. MCGEE, Mr. McNAMARA, Mr. MONRONEY, Mr. MORTON, Mr. MUNDT, Mr. MURRAY, Mr. MUSKIE, Mr. NEUBERGER, Mr. PASTORE, Mr. RANDOLPH, Mr. ROBERTSON, Mr. RUSSELL, Mr. SALTONSTALL, Mr. SCOTT, Mr. SMATHERS, Mrs. SMITH, Mr. SPARKMAN, Mr. STENNIS, Mr. SYMINGTON, Mr. TALMADGE, Mr. WILLIAMS of New Jersey, Mr. WILLIAMS of Delaware, Mr. YARBOROUGH and Mr. YOUNG of Ohio entered the Chamber and answered to their names.

The PRESIDING OFFICER (Mr. BARTLETT in the chair). A quorum is present.

#### RECESS TO 1 O'CLOCK P.M. TODAY

Mr. JOHNSON of Texas. Mr. President, I move that the Senate take a recess until 1 o'clock p.m. today.

The motion was agreed to; and (at 10 o'clock and 48 minutes a.m.) the Senate took a recess until 1 o'clock p.m. today.

The Senate reassembled at 1 o'clock p.m., and was called to order by the President pro tempore.

The PRESIDENT pro tempore. The hour of 1 o'clock has arrived; and the Senate will come to order.

#### MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Hawks, one of his secretaries.

#### EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8575) making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1960, and for other purposes; that the House receded from its disagreement to the amendment of the Senate numbered 2, and concurred therein with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bill and joint resolution, in which it requested the concurrence of the Senate:

H.R. 8678. An act to amend the Federal-Aid Highway Acts of 1956 and 1958 to make certain adjustments in the Federal-aid highway program, and for other purposes; and

H.J. Res. 513. Joint resolution designating the 17th day of December 1959 as "Wright Brothers Day."

#### ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills and joint resolutions, and they were signed by the President pro tempore:

S. 53. An act to amend the Acts approved April 16 and June 27, 1906 (34 Stat. 116 and

519), so as to authorize the Secretary of the Interior to convey certain lands on the Huntley reclamation project, Yellowstone County, Mont., to school district numbered 24, Huntley Project Schools, Yellowstone County, Mont.;

S. 2424. An act to amend the Communications Act of 1934 in order to provide that the equal-time provision with respect to candidates for public office shall not apply to news and other similar programs;

S. 2524. An act relating to the power of the States to impose net income taxes on income derived from interstate commerce, and authorizing studies by congressional committees of matters pertaining thereto;

H.R. 213. An act to provide additional time within which certain State agreements under section 218 of the Social Security Act may be modified to secure coverage for non-professional school district employees, and to permit the States of California, Kansas, North Dakota, and Vermont to obtain social security coverage, under State agreement, for policemen and firemen in positions covered by a retirement system;

H.R. 2411. An act to amend paragraph 1629 of the Tariff Act of 1930 so as to provide for the free importation of tourist literature to liberalize the tariff laws for works of art and other exhibition material, and for other purposes;

H.R. 2906. An act to extend the period for filing claims for credit or refund of overpayments of income taxes arising as a result of renegotiation of Government contracts;

H.R. 8374. An act to amend Public Law 85-880, and for other purposes;

H.J. Res. 406. Joint resolution to facilitate the admission into the United States of certain aliens;

H.J. Res. 444. Joint resolution for the relief of certain aliens; and

H.J. Res. 445. Joint resolution to facilitate the admission into the United States of certain aliens.

#### HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H.J. Res. 513) designating the 17th day of December 1959 as "Wright Brothers Day," was read twice by its title and referred to the Committee on the Judiciary.

#### CIVIL RIGHTS LEGISLATION

Mr. JAVITS. Mr. President—

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senator from New York may proceed for 3 minutes.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, to demonstrate that the problems of civil rights in the country are just as much on the minds of the people as they are on the minds of the Members of Congress, and that action is demanded and dictated by the whole situation which faces us, not only in the South, but also elsewhere in the Nation, I ask unanimous consent to have printed in the RECORD, as a part of my remarks, a letter from the Leadership Conference on Civil Rights, signed by officials of the leading organizations in the whole civil rights field, including the American Council on Human Rights, the American Jewish Committee, the American Veterans Committee, the Americans for Demo-



cessive capacity building is one of the recent forces of inflationary expectations.

What I believe is even worse than the funds diverted to such purposes is the source of such funds and the manner they are used to exploit the consumer from whom these funds are exacted in the form of higher prices in our economy which is neither free nor market determined.

Besides the cost to the consumer these quasi monopolistic highly concentrated industries financed a considerable part of their excess capacity from the accelerated depreciation allowances, causing billions of revenue losses which the Treasury can ill afford and could have used for better purposes.

Apart from the steadily rising cost of living this built-in inflation in excess capacity production is also causing evil social consequences. We are just becoming aware of it in the present steel dispute. Steel capacity is about 145-150 million tons but only 85 million tons were produced last year. That is less than 60 percent of capacity.

In the first half of this year the industry was operating at 87½ percent capacity and produced about 64 million tons of steel. Without the strike the total annual production would have reached probably 115 million tons in view of the general economic recovery. This is, however, less than 80 percent of the overbuilt steel capacity so that the industry can produce advantageously all the economy needs in about 9 months and be idle for 2 or 3 months.

Thus through this excess capacity built from the consumer and the taxpayer's involuntary contributions the steel industry is able and willing to force a showdown from this socially questionable position of strength in its dispute with the steelworkers which can only lead to permanent bitterness in industrial labor relations.

Even before the strike started the trade paper Iron Age warned management not to try to regain at this time all it bargained away in 18 years. The industry's self-styled noninflationary contract offer is not fair. It denies to the consumer and the worker any share of the tremendous productivity increase obtained in the first 6 months of 1959 which sent profits to an all-time high. Big and small steel mills rivaled each other in the record earnings which surpassed the total profits for the full year of 1958 in the first half of 1959. Even more significant is the fact that the industry earned more profits producing 64 million tons in 6 months than 85 million tons last year.

The industry is offering small wage increases and pension benefits to the steelworkers if they would consent to working rule changes. Thus the industry is contradicting its own platform that all wage increases, no matter how small, are inflationary. It proves that the management wants to have its cake and eat it, too.

In Great Britain the government appointed a council of three "wise men" 2 years ago to review prices and productivity. In their last report the nation's industrialists were told that it is particularly regrettable that at this time the prosperous companies are paying higher dividends instead of cutting prices.

With our steel companies preparing for stock splits and increasing dividends again, is it not high time that we have a fact-finding board on prices and productivity and an authority to defend the consumer from corporate exploitation to reverse the inflationary expectations caused by the unrestrained profit appetite of the steel industry?

EUGENE HAVAS.

WASHINGTON.

No. 155—3

[From the Washington Post, Aug. 25, 1959]

#### ECONOMICS OF STEEL

As long as the steel industry insists upon paying high dividends and at the same time retaining large undistributed profits to finance a major portion of its capital expansion, the industry will continue to insist that profits are not excessive.

More financing of capital expansion through the issuance of securities to the public rather than through the accumulation of undistributed profits would mean a smaller need to build up earned surpluses, and would make possible wage rate increases without raising steel prices.

Any profits above the level needed to attract new capital and to finance capital expansion should be made available for (1) wage rate increases related to improvements in productivity, (2) reductions in the price of steel, or (3) a combination of the two. Since neither the steel industry nor the steelworkers' union is in a good position to make unbiased studies of the profit requirements of the steel industry, the Government should assume responsibility for these studies.

After such studies have been completed, a settlement of the strike that would be reasonable in terms of wages, steel prices, and profits could be arrived at only through negotiations by management and labor within an economic framework based upon the Government's investigation of the steel industry's profits.

It is interesting to observe that this is precisely the direction in which the wage-price-profit issue is moving in the Scandinavian countries.

A most interesting report on the control of inflation, written by the well-known economist Trygve Haavelmo of the University of Oslo and three government officials, has recently come out of Norway.

The conclusion of this very significant report is that the inflation problem will never be solved, even where there is a fairly extensive system of economic controls as in Norway and Sweden, until labor, management, and government are willing to come together to agree upon how the earnings of industry are to be shared by both sides and the public in those lines of economic activity where the forces of competition are no longer effective in their control of the market.

The report goes on to assert that the problem of inflation in Norway, and we might say the same thing for the United States, cannot be met until there is negotiation within an appropriate overall economic framework such as we do not yet have available to management and labor in our key industries.

Until collective bargaining in this country is raised above the current level of a two-party squabble, there can be no hope for wage settlements without inflationary consequences.

ALLAN G. GRUCHY,  
Professor of Economics,  
University of Maryland.

COLLEGE PARK.

#### EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

The Senate resumed the consideration of the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

Mr. ELLENDER. Mr. President, I yield myself 10 minutes.

The PRESIDENT pro tempore. The Senator from Louisiana is recognized for 10 minutes.

Mr. ELLENDER. Mr. President, early this year the Department of Agriculture sent to the Committee on Agriculture and Forestry a suggestion that Public Law 480, the Agricultural Trade Development and Assistance Act, merely be extended for 1 year, with a title I authorization increase of \$1,500 million and a title II authorization increase of \$300 million for that year. The present authorization expires on December 31 of this year.

Mr. President, I ask unanimous consent that a letter from the Acting Counsel of the Department of Agriculture outlining that suggestion be printed at this point in my remarks.

There being no objection, the letter referred to was ordered to be printed, as follows:

U.S. DEPARTMENT OF AGRICULTURE,  
Washington, D.C.

Mr. HARKER T. STANTON,  
Counsel, Agriculture and Forestry Committee, U.S. Senate.

DEAR MR. STANTON: There is transmitted herewith a draft of a bill, together with an explanation thereof, that would put into effect the proposal for extending Public Law 480 in accordance with the President's agricultural message and the testimony of the Secretary at the hearing before the committee.

The draft legislation would extend title I of Public Law 480 for 1 year and increase the amount authorized to be expended under title I by \$1,500 million. The draft legislation would also extend title II of Public Law 480 for 1 year and would increase the amount authorized to be expended under title II from \$800 million to \$1,100 million.

Sincerely yours,  
EDWARD M. SHULMAN,  
Acting General Counsel.

Mr. ELLENDER. If the bill as reported by the committee were passed in its present form, title I would be extended for 1 year—that is, up to December 31, 1960, with an authorization of \$1,500 million; and title II would be extended for 1 year, with an additional authorization of \$300 million.

On the day the committee reported the bill, the Department sent us another letter, suggesting that the bill be expanded—that is, that certain amendments be added to the bill. The committee had no time to look into the proposed amendments, because, as I have said, they arrived in the committee room only about 10 minutes before we acted on the bill.

The amendments proposed would permit the purchase of materials for the United States for civil defense purposes; and a new section would be added, in order to utilize foreign currencies to purchase nonfood emergency relief. A third suggested amendment was that a new section be added, to authorize grants of commodities under title I for national food reserves.

I ask unanimous consent that this second letter, dated July 14, 1959, be printed at this point in my remarks.



There being no objection, the letter referred to was ordered to be printed, as follows:

DEPARTMENT OF AGRICULTURE,  
Washington, D.C., July 14, 1959.

HON. ALLEN J. ELLENDER,  
Chairman, Committee on Agriculture and Forestry, U.S. Senate.

DEAR SENATOR ELLENDER: On April 17, 1959, the General Counsel of this Department furnished the Counsel of your committee a draft of legislation to carry out the President's recommendations for extension of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, 83d Cong.). On April 21 you introduced this draft as S. 1748.

Subsequently the Department has given further study to this proposed legislation, particularly in connection with its relationship to the Food for Peace program recommended by the President. As a result of the further study, which was conducted in cooperation with interested Government agencies, we wish to recommend the enactment of S. 1748 in an amended form. For your convenience we are enclosing a copy of the bill as it would be amended.

It is proposed that (1) section 103(b) be amended to increase the title I authority by \$1.5 billion; (2) section 109 be amended to extend the terminal date through which title I transactions can be undertaken from December 31, 1959, to December 31, 1960; (3) section 104(b) be amended to permit the purchase of materials for U.S. civil defense purposes; (4) new section 104(p) be added to permit use of foreign currencies for non-food emergency relief; and (5) new section 110 be added to authorize grants of commodities under title I for national food reserves.

Title I of Public Law 480 authorizes the President to enter into agreements with friendly nations or organizations of friendly nations to provide for the sale of surplus agricultural commodities for foreign currencies. The current authorization of \$2¼ billion expires on December 31, 1959.

The request for the additional \$1.5 billion and the extension of the terminal date is presented at this time in order to permit orderly programing and shipment of agricultural commodities without interruption to those areas of the world which are urgently in need of these commodities. The surplus situation with respect to many commodities will worsen in the foreseeable future. The carryover of wheat, feed grains, cotton, and other commodities will continue high and will be considerably larger than our ability to sell them for dollars. The Commodity Credit Corporation's investment in agricultural commodities was reduced to about \$7 billion on June 30, 1958, from a previous high of nearly \$9 billion. This investment, however, is now rising rapidly and is expected to continue to rise.

The requested extension and increase in authorization will permit title I sales to continue at the same rate currently authorized. Every effort will be made, consistent with the objectives of the Food for Peace program, to maximize the utilization of our surpluses, however, and any additional authorization needed will be requested of the Congress before the end of the fiscal year 1960.

Amendment of section 104(b) is required to facilitate the acquisition of materials and products which should be stockpiled as essential to the survival of the civilian population in event of nuclear attack on the United

States. To the extent that foreign currencies could be used for this purpose, the amendment would eliminate the need for dollar appropriations.

New section 104(p) is required to permit the President to more fully meet the emergency needs of friendly peoples abroad. Food can be donated quickly under title II of Public Law 480; however, this additional use of foreign currencies generated by title I sales is necessary to furnish blankets, medicines, and other nonfood items in times of emergency.

In furtherance of the President's food-for-peace program, new section 110 is requested to allow grants of food to underdeveloped countries for national food reserves, under terms requiring such food to be paid for if it is used for other than to meet agreed emergency needs.

In order to permit continuation of the useful activities which have been possible under title II of Public Law 480 (relating to famine relief and other emergency assistance), it is proposed that section 203 be amended by increasing the authority by \$300 million; it is proposed that section 204 be amended by extending the terminal date for undertaking such programs from December 31, 1959, to December 31, 1960.

In furtherance of the President's food-for-peace program, amendment of section 202 is requested to authorize broader use of grants for economic development. The principal effect of this amendment would be greater use of commodities to assist in the funding of works projects.

An additional amendment of section 203 is requested to permit payment of general average claims under title II. Such claims for loss or damage on part of a ship's cargo are distributed among all owners of cargo on the ship. Since commodities are donated for humanitarian purposes under title II, it is believed desirable that the United States pay these charges rather than the recipient country. Such claims are infrequent and involve relatively small amounts.

Enactment of the proposed legislation would result in no increase in employment or administrative costs in the fiscal year 1960. The cost of shipments recorded by CCC against the proposed authorizations in the fiscal year 1960 is estimated at about \$50 million. Additional shipments with a cost of more than \$1 billion are expected to be recorded during that year against previous authorizations.

A copy of these proposed amendments is being submitted to the Senate Committee on Foreign Relations at the request of Senator HUMPHREY.

The Bureau of the Budget advises that enactment of the proposed legislation would be in accord with the program of the President.

Sincerely yours,

TRUE D. MORSE,  
Acting Secretary.

Mr. ELLENDER. After the Agriculture Committee reported our bill, the Senator from Minnesota [Mr. HUMPHREY] in his capacity as a member of the Foreign Relations Committee held hearings on a bill similar to the existing law, Public Law 480, the Foreign Relations Committee reported a bill, paralleling existing law, except for the declaration of policy.

The Senator from Minnesota and other Members proposed to change the

title of the bill to make it a food for peace program, instead of a surplus disposal program designed to develop trade in surplus agricultural commodities.

After Senator HUMPHREY's bill was reported to the Senate, the Senator from Minnesota—who, as I said, happens to be a member of the Foreign Relations Committee, as well as a member of the Committee on Agriculture and Forestry—requested that the Agriculture Committee consider certain amendments to the bill we previously reported. As chairman of the committee, I readily consented. The committee, by a narrow margin, voted out several amendments, which I understand will be offered by the distinguished Senator from Minnesota. In due time it will probably be my purpose to accept some of those amendments, and to oppose others.

Mr. President, Public Law 480 was enacted in 1954, and it was designed primarily to expand international trade, encourage economic development, pay U.S. obligations abroad, promote collective security, foster foreign policy, and relieve famine and need at home and abroad.

Title I of Public Law 480 provides for the sale of surplus agricultural commodities for foreign currencies.

The foreign currencies received in payment for commodities are deposited to the account of the United States overseas and are used for purposes authorized in section 104 of Public Law 480 and specified in the sales agreement. Several departments and agencies have responsibility for administering the expenditure of these currencies. For example, the Department of Agriculture is concerned with the use of currencies for agricultural market development purposes; the International Cooperation Administration for currencies loaned back to importing countries for economic development purposes; and the Export-Import Bank of Washington for currencies loaned to private business firms.

As of June 30, 1959, agreements have been signed with foreign countries totaling \$3.7 billion. Of this amount only about 1.4 percent has been programmed for use in market development, while 8.3 percent has been programmed for use in military procurement; 6.3 percent for grants for multitrade and economic development; 6 percent for loans to private enterprise; 27.4 percent for payment of U.S. obligations; 47.7 percent for loans to foreign governments; and 2.9 percent for other uses as specified under section 104. The actual amounts and percentages for each purpose by country can be found in table I, which I ask unanimous consent to have printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:



TABLE I.—Planned uses of foreign currency under title I, Public Law 480, agreements signed through June 30, 1959 <sup>1</sup>

[Amounts in million dollar equivalents at deposit rate of exchange]

Country	Total in agreements (market value including ocean transportation)	104(a) Market development	104(b) Purchase of strategic materials	104(c) Military procurement	104(d) Purchase of goods for other countries	104(e) Grants for multitrade and economic development	104(e) Loans to private enterprise	104(f) Payment of U.S. obligations <sup>2</sup>	104(g) Loans to foreign governments	104(h) International educational exchange	104(i) Translation and publication	104(j) Information and education
FISCAL YEAR 1959												
Argentina.....	33.0						8.2	8.3	16.5			
Ceylon.....	14.7					2.2	3.8	2.9	5.8			
China (Taiwan).....	13.4			7.0			3.0	2.4	1.0			
Finland.....	4.0						1.0	3.0				
France.....	28.2				6.2		7.0	15.0				
Iceland.....	2.2							.4	1.8			
India.....	238.8					35.8	59.7	26.7	114.6			2.0
Indonesia.....	40.3					14.2	10.0	5.4	10.0			.7
Israel.....	38.3						9.5	9.6	19.2			
Korea.....	33.0			28.0				5.0				
Pakistan.....	85.9					12.9	12.9	23.4	36.2			.5
Poland.....	44.0							44.0				
Spain.....	109.0							59.7	49.1			.2
Turkey.....	34.7						5.2	12.2	17.0			.3
United Arab Republic.....	48.3						12.0	23.6	11.7	0.5		.5
Uruguay.....	12.4						3.0	2.6	6.3			.5
Yugoslavia.....	94.8					14.2		11.4	69.2			
Total agreements July 1, 1958, to June 30, 1959.....	<sup>3</sup> 875.0			35.0	6.2	79.3	135.3	255.6	358.4	.5		4.7
Total agreements through June 30, 1958.....	2,828.3	52.1		273.2	38.1	154.1	88.5	757.6	1,407.9	28.6	6.5	21.7
Total agreements through June 30, 1959.....	3,703.3	52.1		308.2	44.3	233.4	223.8	1,013.2	1,766.3	29.1	6.5	26.4
Uses as percent of total.....	100.0	1.4		8.3	1.2	6.3	6.0	27.4	47.7	.8	.2	.7

<sup>1</sup> Amounts shown are subject to adjustment when actual purchases and allocations have been made.

<sup>2</sup> In order to provide flexibility in the use of funds, agreements concluded July 1958 to June 1959 provide that a specified amount of foreign currency proceeds may be used under various U.S. use categories including the new currency uses which are limited to

amounts as may be specified in appropriation acts. Distribution among these uses will be made when allocations have been completed.

<sup>3</sup> Amounts shown in this column may differ from amounts in table I which reflects purchase authorization transactions.

Mr. ELLENDER. Mr. President, not all of these moneys have actually been allocated by the Bureau of the Budget. As a matter of fact only about \$3 billion has actually been allocated. A breakdown of the amount and percentage by use of funds actually allocated can be found in table II, which I ask unanimous consent to have incorporated as a part of my remarks at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE II.—Actually allocated by the Budget Bureau as of Mar. 3, 1959

	Millions of dollars	Percentage
104(a). Market development.....	33.8	1.1
104(b). Purchase of strategic materials.....	0	
104(c). Military procurement.....	244.5	8.2
104(d). Purchase of goods for other countries.....	35.7	1.2
104(e). Grants for multitrade and economic development.....	211.8	7.1
104(e). Loans to private enterprise.....	194.1	6.5
104(f). Payment of U.S. obligations.....	510.4	17.1
104(g). Loans to foreign governments.....	1,719.5	57.6
104(h). International educational exchange.....	21.9	.7
104(i). Translation and publication.....	4.1	.2
104(j). Information and education.....	9.0	.3
104(k). Scientific activities.....	.3	( <sup>1</sup> )
Total.....	2,985.1	100.0

<sup>1</sup> Less than 1/10 of 1 percent.

Mr. ELLENDER. Mr. President, the committee was very much interested in the amount of funds being used for agricultural market development, and pointed out in the report that it is the intent of Congress that foreign currencies be used to the maximum extent possible for this purpose.

## TITLE I

Under title I, agreements signed since the beginning of the program provide for the shipment of 840 million bushels of wheat, 4 million bales of cotton, 33.5 million bags of rice, 3.3 billion pounds of vegetable oil, 210 million bushels of feed grains, 250 million pounds of tobacco, 120 million pounds of meat, 180 million pounds of lard, 285 million pounds of dairy products, 175 million pounds of fruit and vegetables, as well as other commodities.

In 1955 and 1956, the first full year of operation of title I, foreign currency shipments totaled \$427 million at export market value, or 12 percent of total U.S. agricultural exports. During 1956

and 1957 title I shipments amounted to \$900 million, nearly 20 percent of the total; during 1957 and 1958, about \$650 million, approximately 16 percent; and during 1958 and 1959, \$725 million, about 20 percent.

For certain commodities the program has been particularly important. For example, more than half the total U.S. wheat exports during the past fiscal year, or about 230 million bushels, moved under title I; also, about 750 million pounds of soybean oil and cottonseed oil, or about 65 percent of total edible oil exports; about one-third of rice exports; and one-fifth of cotton shipments.

The value and quantity of commodities which have been programed under agreements signed during fiscal year 1959, and cumulative totals, are shown in tables III and IV, which I ask unanimous consent to have printed in the RECORD at this point in my remarks.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:



TABLE III.—Commodity composition of programs under title I, Public Law 480 agreements signed through June 30, 1959

[Millions of dollars]

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Total			
									Market value	Ocean transportation <sup>1</sup>	Market value including ocean transportation	Estimated CCC cost including ocean transportation
Argentina.....			4.6				25.6		30.2	2.8	33.0	35.6
Ceylon.....	4.2		8.3						12.5	2.2	14.7	21.8
China (Taiwan).....	7.6				2.6	1.0	.7		11.9	1.5	13.4	17.5
Finland.....				1.0	2.8			0.1	3.9	.1	4.0	4.2
France.....				24.0	3.5				27.5	.8	28.3	44.3
Iceland.....	.6	0.5	.1	.4	.4		.1		2.1	.2	2.3	2.8
India.....	191.3	4.1							195.4	45.2	240.6	336.7
Indonesia.....	5.0		7.2	23.0		2.0			37.2	3.1	40.3	58.3
Israel.....	11.5	15.7	.5	1.0	.2	1.5	2.4	.3	33.1	5.2	38.3	49.5
Korea.....	20.3	.5		7.5					28.3	4.7	33.0	48.3
Pakistan.....	53.7		7.2	21.7		.2	10.4		73.2	12.7	85.9	117.2
Poland.....	14.1	11.6		8.8		.8	4.7		40.0	4.0	44.0	58.3
Spain.....		11.5		17.0	8.8	.5	62.7	2.0	102.5	6.5	109.0	115.3
Turkey.....			.7			.4	30.2	.5	31.8	2.9	34.7	35.6
United Arab Republic.....	21.5	3.3	5.3		9.0	.5	3.2	.5	43.3	5.0	48.3	62.3
Uruguay.....		2.2		3.5	6.1				11.8	.7	12.5	13.5
Yugoslavia.....	55.8			18.2			9.9	1.8	85.7	10.6	96.3	134.7
Total agreements July 1, 1958, to June 30, 1959.....	385.6	<sup>2</sup> 49.4	33.9	106.1	33.4	<sup>4</sup> 6.9	<sup>5</sup> 149.9	<sup>6</sup> 5.2	770.4	108.2	878.6	1,155.9
Total agreements through June 30, 1958.....	1,024.7	197.9	179.3	510.2	147.9	41.3	376.3	59.5	2,537.1	285.5	2,822.6	3,922.6
Total agreements through June 30, 1959.....	1,410.3	247.3	213.2	616.3	181.3	48.2	526.2	64.7	3,307.5	393.7	3,701.2	5,078.5

<sup>1</sup> Includes only ocean transportation to be financed by CCC.<sup>2</sup> Extra-long staple.<sup>3</sup> See the following:

	Million dollars
Corn.....	16.6
Grain sorghums.....	10.8
Barley.....	22.0
Total.....	49.4

<sup>4</sup> See the following:

	Million dollars
Dry whole milk.....	0.4
Nonfat dry milk.....	5.2
Butter oil.....	1.3
Total.....	6.9

<sup>5</sup> Cottonseed and/or soybean oil.<sup>6</sup> See the following:

	Million dollars
Finland: Fresh lemons.....	0.6
Israel, Turkey, and Yugoslavia: Dry edible beans.....	2.5
Spain: Dry edible beans.....	1.5
Poultry.....	.1
UAR: Poultry.....	.5
Total.....	5.2

TABLE IV.—Approximate quantities of commodities under title I, Public Law 480 agreements signed through June 30, 1959

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Poultry	Dry edible beans	Fruits and vegetables	Meat	Hay and pasture seeds
	1,000 bushels	1,000 bushels	1,000 cwt	1,000 bales	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 cwt.	1,000 pounds	1,000 pounds	1,000 cwt.
Argentina.....			772				165,347					
Ceylon.....	2,688		1,366									
China (Taiwan).....	4,596				3,059	4,509	4,965					
Finland.....				5.9	4,385					1,102		
France.....				200.0	5,333							
Iceland.....				2.4	400		714					
India.....	314	325	17									
Indonesia.....	113,106	3,075										
Israel.....	3,201		1,200	153.3		28,571						
Korea.....	6,726	13,768	88	6.0	264	16,884	18,106		41			
Pakistan.....	12,030	418		65.2								
Poland.....	31,232		1,200	15.0		2,143	68,162					
Spain.....	8,151	9,824		70.4		11,429	33,069					
Turkey.....		9,484		103.0	12,572	2,400	534,485	1,787	206			
United Arab Republic.....	12,590	2,540	833		10,588	3,418	207,947		66			
Uruguay.....		1,768		20.6	6,778	1,323	26,667	1,323				
Yugoslavia.....	33,304			125.5			79,200		235			
Total agreements, July 1, 1958, to June 30, 1959.....	227,938	<sup>2</sup> 41,202	5,586	757.3	43,379	<sup>3</sup> 70,677	<sup>4</sup> 1,138,662	3,110	548	1,102		
Total agreements through June 30, 1958.....	614,697	168,852	27,879	3,228.5	206,721	214,849	2,492,608	14,300	43	175,057	120,872	10
Total agreements through June 30, 1959.....	842,635	210,054	33,465	3,985.8	250,100	285,526	3,631,270	17,410	591	176,159	120,872	10

<sup>1</sup> Extra-long staple.<sup>2</sup> See the following:

	Bushels
Corn.....	12,507,000
Grain sorghums.....	9,739,000
Barley.....	18,956,000
Total.....	41,202,000

<sup>3</sup> See the following:

	Pounds
Dry whole milk.....	740,000
Nonfat dry milk.....	67,638,000
Butter oil.....	2,299,000
Total.....	70,677,000

<sup>4</sup> Cottonseed and/or soybean oil.



## TITLE II

Mr. ELLENDER. Mr. President, title II of Public Law 480, at the present time, authorizes the use of up to \$800 million of commodities held in stock by Commodity Credit Corporation to help friendly foreign people to meet famine or other urgent or extraordinary relief requirements. Payment of ocean-freight costs for these commodities as well as donations of surplus foods for use abroad under title III of the act, may be financed from this authorization. This authorization is increased by \$300 million by the bill under consideration.

The PRESIDING OFFICER (Mr. PROXMIRE in the chair). The time of the Senator has expired.

Mr. ELLENDER. I yield myself 1 more minute on the bill.

As of June 30, 1959, a total of \$546 million has been obligated, which includes \$251 million for bread grains, \$51 million for course grains, \$32 million for fats and oils, \$4 million for dry beans, \$57 million for dairy products, \$38 million for rice, \$16 million for cotton, and \$97 million for ocean transportation.

Mr. President, I firmly believe that the bill as reported from the committee should be passed as written and as presented.

Mr. HUMPHREY. Mr. President, first, I yield myself 10 minutes on the bill, and following that I shall offer an amendment.

The bill before the Senate, as the distinguished chairman of the committee has pointed out, is S. 1748. That bill does but one thing: It merely extends for 1 more year Public Law 480, with the existing provisions being maintained for an additional period of 12 months.

Reference has been made to S. 1711, which is on the calendar, and which was reported by the Senate Committee on Foreign Relations. That particular bill, known as the food-for-peace bill, was introduced by me and a number of other Senators.

Hearings were held upon this particular bill in the Senate Committee on Foreign Relations. Members of the Senate may be interested to know why the Senate Committee on Foreign Relations should interest itself in matters relating to the use of our food and fiber. The interest and the jurisdiction rested upon the fact that the currencies which are generated as a result of the sales of surplus food and fiber under title I of Public Law 480 apply to the objectives of American foreign policy.

In other words, under title I, when a certain quantity of wheat is sold to a country which is in need of the wheat supplies, but which is unable to purchase such wheat with dollars, although it can purchase the wheat with its own native currency, the currency which is generated as the result of that transaction is deposited to the account of the U.S. Treasury. That currency is then made available under the terms of Public Law 480 for a number of purposes.

One of the purposes under Public Law 480 is, of course, trade development. I think more needs to be done in that area, and I have encouraged such action.

Another purpose for which these currencies may be utilized is for the payment of costs of the U.S. Government operations in the area where the currencies are usable.

A third purpose is to provide for economic development in the country where the currencies have been obtained. This is accomplished by the purchasing country entering into an agreement with the United States for long-term loans of available currencies as the result of the sales of agricultural commodities. Those loans are repayable with interest to the Treasury of the United States. Those loans are currently being repaid with interest. The loans may be repaid either in the form of soft currencies of the country involved, or in terms of dollars, whatever the agreement specifies.

A fourth purpose relates to the uses of funds available under Public Law 480 transactions spelled out in amendments to Public Law 480, particularly under section 104. Those include not only economic development but also education, health, nutrition and sanitation. There are a number of things for which money can be either loaned or granted.

I have not listed all the purposes or the objectives of Public Law 480, but I have touched upon the main ones.

What is the issue at stake? The distinguished chairman says that Public Law 480 is essentially a surplus disposal program. The Senator is correct in the fact that it is a program designed to utilize surplus commodities. But I say to my colleagues of the Senate that this program should not be tagged as a surplus disposal program. Rather, it should be considered a constructive program for the use of food and fiber to further the objectives of American foreign policy, to relieve human suffering and want, and to make a contribution to the betterment of mankind at home and abroad. In other words, it is a program of food for peace, food for economic development, food to improve the living conditions of people in the countries as to which we have deep concern regarding the political and economic development of those countries. Above all, it is a program for the well-being of mankind.

Some of the amendments which will be proposed today have as their purpose the cloaking of Public Law 480 in the garments of the fulfillment of American foreign policy objectives of peace, freedom, social justice, and economic development. Why should we not use our abundance of food for economic development? Why should we not use our abundance of food for purposes of health and education?

Of course, we are currently doing that. But we seem to do it with a feeling of shame, rather than embracing what we are doing and saying, "This is its purpose. The purpose is not merely to dispose of surplus food." If that were the purpose, surely we would not seek simply a 1-year extension, because there is not anyone in this body who can accurately predict there will be a balance between production and consumption in the foreseeable future. The fact is there is no possible way, that anyone in this country has been able to design, to limit

production of agricultural commodities to the point where production will meet only normal exports and domestic consumption. We are going to have an abundance of food and fiber for the foreseeable future.

The question is, What are we going to do about the situation? Are we going to continue to pay \$1½ million per day storage costs? I want my colleagues to know that we are paying \$1½ million a day for storage, in the United States, for this food. And some of it rots. Or are we going to use, instead, the same amount of money for the purpose of seeing to it that people obtain the food for health, for education, for improvement of diets, or for economic development of the country receiving the food?

Mr. President, there has been quite an argument as to whether we should emphasize the words "food for peace" in Public Law 480. Indeed, I think we should. That does not mean there will be no emphasis upon international trade. Indeed, there is an emphasis upon international trade.

The President in his state of the Union message this year, outlined what he called a program of works for peace. One of them was health for peace. One was education. One was food. It seems to me the time is at hand to take a good look at Public Law 480, which, by the way, will be extended under the terms of either bill and will be amended only. We should call the program what it really is, a dramatic demonstration on the part of the American people of the use of food and fiber for constructive purposes, not merely for relieving ourselves of surpluses.

If all we want to do is relieve ourselves of surpluses, there are other ways of doing it. We can bury them. We can destroy them. I hope we never will, but it could be done.

We ought to look upon this abundance of food and fiber as a blessing. We ought to put it to work. We ought to put it to work abroad and at home, in terms of helping humankind, in an exercise of compassion, or helping countries which are our friends and neighbors by providing economic assistance.

What do our amendments propose? The first amendment proposes to make this a 3-year program instead of a 1-year program. I say there is no defense for making this a 1-year program, except that it will make it necessary to do it all over again next year. There has not been a single study which has ever been made of this program by any group which did not recommend at least a 5-year program, instead of a 1-year program.

I repeat, no study has been made of Public Law 480 by anyone, by either a public or private group, which has not recommended a long-term program.

I am happy to note that the distinguished minority leader, the Senator from Illinois [Mr. DIRKSEN] only a couple of months ago proposed on this floor that Public Law 480 be made a 3-year program.

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.



Mr. HUMPHREY. I yield myself 5 additional minutes.

The PRESIDING OFFICER. The Senator is recognized for 5 additional minutes.

Mr. HUMPHREY. I congratulate the Senator from Illinois for his proposal. The RECORD reveals, according to the minority leader, that this proposal had the support of the administration. It is an interesting thing to me that the administration can tell the minority leader it is in favor of a 3-year extension of Public Law 480 and then tell the committee it is in favor of only a 1-year extension of the law.

Frankly, I do not believe the administration is deeply concerned about this matter. I think the administration would readily accept a 3-year extension of the law, if it provides for sound programming and better administration.

#### HOUSING ACT OF 1959—VETO MESSAGE (S. DOC. NO. 52)

Mr. JOHNSON of Texas. Mr. President will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. JOHNSON of Texas. Will it suit the convenience of the Senator from Minnesota if we have the housing veto message read and then have an hour of debate on it, and then vote to override the veto?

Mr. HUMPHREY. If I hear correctly, a veto message on the housing bill has been received. I may say to the majority leader it would not only suit my convenience, but I wish to join in the denunciation of such a veto.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the housing veto message be read, and that following its reading the time for debate be equally divided to be controlled by the Senator from Illinois [Mr. DIRKSEN] and the Senator from Alabama [Mr. SPARKMAN] to the extent of one hour.

The PRESIDING OFFICER (Mr. PROXMIER in the chair). Is there objection? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Douglas	Jordan
Allott	Dworshak	Keating
Anderson	Eastland	Kefauver
Bartlett	Ellender	Kerr
Beall	Engle	Kuchel
Bennett	Ervin	Langer
Bible	Fong	Lausche
Bridges	Frear	Long, Hawaii
Bush	Fulbright	Long, La.
Butler	Gore	McCarthy
Byrd, Va.	Green	McClellan
Byrd, W. Va.	Gruening	McGee
Cannon	Hart	McNamara
Capehart	Hartke	Magnuson
Carlson	Hayden	Mansfield
Carroll	Hickenlooper	Martin
Case, N.J.	Hill	Monroney
Chavez	Holland	Morse
Clark	Hruska	Morton
Cooper	Humphrey	Moss
Cotton	Jackson	Mupdt
Curtis	Javits	Murray
Dirksen	Johnson, Tex.	Muskie
Dodd	Johnston, S.C.	Neuberger

Pastore	Scott	Wiley
Prouty	Smathers	Williams, N.J.
Proxmire	Smith	Williams, Del.
Randolph	Sparkman	Yarborough
Robertson	Stennis	Young, N. Dak.
Russell	Symington	Young, Ohio
Saltonstall	Talmadge	
Schoeppel	Thurmond	

The PRESIDING OFFICER (Mr. PROXMIER in the chair). The clerk will read the veto message from the President of the United States.

The legislative clerk read as follows:

#### To the Senate of the United States:

I return herewith, without my approval, S. 2539, "an act to extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes."

On July 7, I returned an earlier housing bill, S. 57, to the Senate and set forth in an accompanying message of disapproval many of that bill's objectionable features. Although some of these features have been removed in S. 2539, and some partially corrected, in its most important provisions S. 2539 represents little overall improvement over S. 57. In one respect—the setting of an expiration date next fall on the new loan insurance authorization of the Federal Housing Administration, with potentially serious disruptive effects on the building industry—S. 2539 is worse than the earlier housing bill.

Clearly this bill, like its predecessor, goes too far. It calls for the spending of more than 1½ billion of taxpayers' dollars for housing and related programs over and above the vast expenditures to which the Federal Government is already committed for these purposes. The history of the bill indicates that the Congress intends it to be a 1-year bill. So regarded S. 2539 calls for Federal spending at virtually the same rate as that provided for by S. 57—a rate far in excess of my recommendations to the Congress.

At a time when critical national needs heavily burden Federal finances, this bill would start two new programs, certain to cost huge sums in the future, under which taxpayers' money would be loaned, at subsidized interest rates, for purposes that could be better met by other methods.

One of the new programs would have the Federal Government make direct loans to colleges for classrooms and related facilities and equipment by methods that would tend to displace the investment of private funds in these projects. This is Federal aid to education in a highly objectionable form.

The other new program would have the Federal Government make direct loans for housing for elderly persons despite the fact that a program is already in operation and working well, at no cost to the taxpayer, and under which private loans for this same purpose are guaranteed by the Federal Government.

Among its other objectionable features, this bill would authorize 37,000 new units of public housing while many thousands of previously authorized units have not been completed or occupied. These, too, would be subsidized, on a basis that would cost the taxpayer many

hundreds of millions of dollars over the next 40 years. The bill would also authorize \$650 million of Federal grants to cities for urban renewal projects. This sum considerably exceeds the first-year amount recommended by the administration for these purposes.

This is not the kind of housing legislation that is needed at this time. It does not help the housing industry for the Federal Government to adopt methods that in these times would increase inflationary pressures in our economy and thereby discourage the thrift on which home financing is heavily dependent. Nor does it make sense to purport to assist any group of citizens, least of all elderly persons living on fixed retirement incomes, by legislation that tends further to increase the cost of living.

There is still time for the Congress to enact a sound housing bill, and I once again urge that it do so. These things can be and ought to be done: (1) remove the ceiling on FHA mortgage insurance authority; (2) extend the FHA program for insurance of property improvement loans; (3) enact reasonable authorizations for urban renewal grants and college housing loans and adjust the interest rate on the latter; (4) extend the voluntary home mortgage credit program; and (5) adjust the statutory interest rate ceilings governing mortgages insured under FHA's regular rental and cooperative housing programs.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, September 3, 1959.

The Senate proceeded to reconsider the bill (S. 2539), to extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes.

The PRESIDING OFFICER. The question is, Shall the bill pass, the objections of the President of the United States to the contrary notwithstanding?

Under the unanimous-consent agreement 1 hour is allotted on the veto message, to be equally divided.

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes to the Senator from Alabama [Mr. SPARKMAN].

Mr. SPARKMAN. Mr. President, I suppose it is needless for me to say that I regret exceedingly to see this action taken by the President of the United States. I do not question his right to exercise the veto power, but I do believe that it was wrongfully done in this case, and I wish very briefly to point out some of the statements in the veto message which do not give a clear picture of the situation.

In the first place, the President says that the bill calls for the spending of more than \$1½ billion. That statement needs considerable explanation, much more than I can give in the time I have at my disposal. However, that figure includes all the public housing over the next 40 years. It includes urban renewal, for which the money will be spent over a period of 15 or 20 years. It includes all the loans that will be advanced under various programs and paid back with a profitmaking rate of interest to the Government of the United States.

The President refers to the college classroom provision as being particularly



What must be done is to unite the forces for good within each community in the land. Church and synagogue, school and club, court and law enforcement agencies, Government, and private organizations—all must join hands in mounting this great counterattack which is so vital to the future of our country.

I am confident the people of New York City are on the right track in this regard. I am confident that there, as in other cities of our land, their dedicated and realistic efforts will be successful so that in the end we will substitute juvenile decency for juvenile delinquency as the important characterization of our young people.

#### EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

The Senate resumed the consideration of the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

Mr. ELLENDER. Mr. President, how much time remains on each side?

The PRESIDING OFFICER. The first committee amendment has been stated. There is a limitation of 30 minutes to an amendment, 15 minutes on each side.

Mr. ELLENDER. How much time remains on the bill itself?

The PRESIDING OFFICER. The proponents have 18 minutes remaining, and the opponents have 60 minutes on the bill itself.

Mr. ELLENDER. Mr. President, I ask unanimous consent that the time allotted to the Senator from New York [Mr. KEATING], who just spoke, not be deducted from the time on the bill.

Mr. JOHNSON of Texas. How was the 2 hours used?

Mr. ELLENDER. I do not know who yielded the time away.

The PRESIDING OFFICER. The Chair is advised that the proponents used 22 minutes on the bill last night.

Mr. JOHNSON of Texas. Would not that leave 38 minutes?

The PRESIDING OFFICER. The junior Senator from New York has just consumed an additional 20 minutes.

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oregon will state it.

Mr. MORSE. I thought it was understood last night that the discussion of the bill last night was not to be applied to the time under the unanimous-consent agreement, but that the time under the agreement was to start running today. I think, if it is correctly recorded, that agreement will be found in the RECORD.

The PRESIDING OFFICER. The Chair advises the Senator from Oregon that under the unanimous-consent agreement time was not used last night but was used previous to the debate on the veto message today.

Mr. HUMPHREY. Mr. President, as I recall, the only time which has been used on the bill is the time used by the chairman of the committee, the distinguished Senator from Louisiana [Mr. ELLENDER],

and the time used by the senior Senator from Minnesota. I recall using 15 minutes myself. I believe a comparable amount of time was used by the chairman.

Mr. ELLENDER. I used about 11 minutes, as I recall.

The PRESIDING OFFICER. That is correct; and the junior Senator from New York has just used 20 minutes.

Mr. ELLENDER. Mr. President, I ask unanimous consent that the time used by the junior Senator from New York be restored to the proponents of the bill.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. HUMPHREY. Mr. President, at the desk is an amendment known as a committee amendment, designated "8-25-59-B." In order to simplify matters, I call the attention of the Senate to the fact that there are two typographical errors in the committee amendments as they have been printed and lie on the desk.

On page 2, between lines 7 and 8, the following should be inserted:

At the end of the bill, add the following:

On page 5, line 10, the paragraph designation "(1)" should be "(11)."

I ask unanimous consent that these modifications be made, since they are of a technical nature.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLAND. Mr. President, will the Senator from Minnesota please repeat his statement about the amendments, by page and line?

Mr. HUMPHREY. On page 2, between lines 7 and 8, it is proposed to insert:

At the end of the bill, add the following:

On page 5, line 10, change the paragraph designation from "(1)" to "(11)."

The PRESIDING OFFICER. Will the Senator from Minnesota please send his modifications to the desk?

Mr. HUMPHREY. Yes. I understand the amendments are agreed to.

The PRESIDING OFFICER. The amendments to the committee are agreed to.

Mr. HUMPHREY. That is correct.

Mr. ELLENDER. The Senator from Minnesota modified his amendment.

Mr. HUMPHREY. That is correct.

Mr. President, I ask unanimous consent that the committee amendments to S. 1748 be agreed to en bloc and that the bill as amended be considered as original text for the purpose of amendment.

The PRESIDING OFFICER. Is there objection?

Mr. ELLENDER. I object.

Mr. HUMPHREY. Mr. President, I call up the amendment designated "8-25-59-B."

The PRESIDING OFFICER. The committee amendment is pending.

Mr. HUMPHREY. I first asked that the committee amendments be considered en bloc. There was no objection. I now call up the committee amendment designated "8-25-59-B," not the first amendment. It is all one amendment.

The PRESIDING OFFICER. There are two amendments. If there is objection, they cannot be so considered as one.

Mr. HUMPHREY. That may be true. I have not heard objection.

Mr. ELLENDER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Louisiana will state it.

Mr. ELLENDER. I objected to the consideration of the amendments en bloc. I presume the procedure to be followed now is to have each amendment considered separately.

The PRESIDING OFFICER. That is correct.

Mr. HUMPHREY. The senior Senator from Minnesota considers the amendment designated "8-25-59-B" to be the amendment he offers, since he wrote it and presented it.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. HOLLAND. I attended the committee meeting, and my recollection was that we voted separately on certain amendments which the committee approved. I have no objection whatever to their being reported as committee amendments, but the first of them is included on line 1 of the amendment which the distinguished Senator is now mentioning; that is, to change the time covered from 1 year to 3 years. That amendment was voted on separately, as a separate amendment to be presented. We have the right to ask for a division now, but I should think the distinguished Senator from Minnesota would want to present it as a separate amendment, because it was so presented to the committee, so acted upon by the committee, and so approved by a majority of the committee, although over the disapproval of a minority of the committee.

Mr. HUMPHREY. I respectfully disagree. The senior Senator from Minnesota asked if these amendments might be presented individually, not only as committee amendments. There was agreement to that. That is why they are presented this way. I can count. I can read. I know how to present amendments, after having been in the Senate for all these years. If I had wanted to present them as separate amendments, that would have been done. If someone else wants to do it, that is his privilege. But I am proceeding according to my own desire as to how the amendments ought to be presented.

The PRESIDING OFFICER. Objection has been made to considering the amendments en bloc. The amendment presented by the Senator from Minnesota relates to a different section of the bill.

Mr. HUMPHREY. I did not ask that the amendments be considered en bloc; I asked that the amendments be considered en bloc so the bill might be considered as original text. That is an entirely different request from asking that the committee amendments be considered en bloc. Let us presume that these are not committee amendments, but are presented by a Senator as one amendment and in one document.



The PRESIDING OFFICER. The amendment as presented affects two different portions of the bill, and if objection is made, the amendments must be separated and considered separately.

Mr. HUMPHREY. I will respect the decision of the Chair. I might add that there was a bit of advice that came even before I had gotten around to asking for the amendments to be considered en bloc. Therefore, I now offer the language as an amendment and yield back, first, the time on the committee amendments en bloc.

The PRESIDING OFFICER. (Mr. CANNON in the chair). At this time a committee amendment is pending.

Mr. HUMPHREY. Mr. President, no committee amendment is pending. The pending amendment is a Humphrey amendment.

The PRESIDING OFFICER. The amendments are printed as committee amendments.

Mr. HUMPHREY. Mr. President, I have had a little difficulty getting that kind of an identification of these amendments.

The PRESIDING OFFICER. How does the Senator from Minnesota wish to submit his amendment?

Mr. HUMPHREY. Mr. President, I submit the following amendment: On page 1, line 7, strike out "1960" and insert "1962."

The PRESIDING OFFICER. The amendment of the Senator of Minnesota will be stated.

The LEGISLATIVE CLERK. On page 1, in line 7, it is proposed to strike out "1960" and to insert "1962."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, all this amendment does is accommodate the bill to the recommendations which have been made by all the persons, with the exception of the Secretary of Agriculture, who have studied Public Law 480. All the experts he has hired and all public and private groups who have studied Public Law 480 recommend that it be extended for more than 1 year.

This amendment provides for a 3-year extension for title I and title II of Public Law 480. It seems to me this amendment will result in good, sound programming. I doubt that any one would predict that the surpluses would be abolished between now and 1962; I have not heard any evidence to that effect. If there is any evidence of that sort, I am sure the country would welcome having it presented and made public.

My proposal was concurred in by the Committee on Agriculture and Forestry, and an extension for 5 years was concurred in by the Foreign Relations Committee.

Therefore, Mr. President, I urge that my amendment be adopted. It provides for a 3-year extension, instead of a 1-year extension.

Mr. ELLENDER. Mr. President, as has been correctly stated by the senior Senator from Minnesota, a bare majority of the Committee on Agriculture and Forestry agreed to this amendment. I opposed it, as did quite a few other members of the committee.

As the Senator from Minnesota has stated, the Department of Agriculture is opposed to a 3-year extension of this program.

From its inception, this program has always been considered a temporary one.

A 3-year extension, as proposed by the Senator from Minnesota—thus making this a 3-year program—would be in line with what the State Department desires. In effect, then, this agricultural program would evolve into a very definite arm of our foreign aid, giveaway program.

If the pending amendment, along with other amendments which I presume will be submitted later tonight by the distinguished senior Senator from Minnesota, is adopted, it would simply mean that this program would become a permanent institution.

Mr. President, the Department of Agriculture takes the position that since this program from its inception has been a temporary one, it should be continued as such. In addition, the Department has said that it has the capacity to spend only \$1,500 million over a period of 12 months for the title I loans.

In this connection, many persons think these agricultural surpluses can be sent to any corner of the world without any difficulty. But this is not so. Many problems would plague efforts to ship vast amounts of the surpluses to foreign countries. For instance, storage is in short supply abroad, and accordingly, only a certain number of bushels of wheat and a certain number of bales of cotton can be sent abroad.

As I said before, the Department of Agriculture takes the position that the 1-year extension, with an authorization of \$1.5 billion for title I loans will be sufficient; and that to extend the program for 3 years would simply transform it to part and parcel of our foreign aid giveaway program.

Mr. President, because of the limitation of debate I ask unanimous consent to have included at this point in my remarks a statement which I prepared dealing with the pending amendment of the senior Senator from Minnesota.

There being no objection, the statement was ordered printed in the Record, as follows:

This provision would extend title I of Public Law 480 for 3 years, in lieu of the 1-year extension provided by S. 1748 as originally reported.

The Department of Agriculture opposes a 3-year extension of title I. They say that a 1-year extension is adequate to continue the programming of surplus agricultural commodities to friendly countries, that no greater rate of disposition would result from a 3-year extension, and that such an extension is not required for efficient operation of the program.

In 1954 we were faced with a surplus of agricultural commodities. Commodity Credit Corporation then had about \$6 billion worth of agricultural commodities in inventory or under loan. Many bills were introduced in the Senate and the House dealing with means of disposing of this surplus. At the same time we had a large foreign-aid program. Many people thought that we might use our oversupply of agricultural commodities, instead of dollars, to pay part of our foreign-aid program costs, to pay for

strategic and critical materials we needed, and for other useful ends.

Today, 5 years later, we have spent about \$6 billion on the title I program, not counting costs of administration. Commodity Credit Corporation stocks in inventory or under loan have risen to about \$9 billion. Perhaps we would have over \$15 billion worth of commodities in inventory if we had not spent this \$6 billion. I do not know.

Title I was begun as a temporary program and has always been so considered. It was hoped that after a few years our surplus stocks would be reduced. That has not occurred and there may be many good reasons why it has not. No better proposal for disposing of our surplus stocks has been developed and title I should be extended. That does not mean, however, that we should give up hope of developing a program that will actually reduce our surplus stocks to a reasonable level. We should not accept title I as a permanent program, nor even accept it as the best that can be devised within the next 3 years. A 1-year extension is adequate to carry on the program efficiently. A 3-year extension would only serve to remove some of the pressure to devise a really effective answer to this very real problem.

Title I is a very popular program even if it has not succeeded in reducing the surplus. It was intended to use surplus commodities, instead of dollars, for foreign aid or other purposes, and some of us hoped that dollars appropriated for those purposes might be used to reimburse Commodity Credit Corporation for the foreign currencies received for the agricultural commodities. The latter has not occurred to any great extent. In most cases the foreign currencies have been used in addition to appropriated dollars. In the negotiation of agreements, the administration tells us that about 50 percent of the foreign currencies are expected to be earmarked for loan or grant to the purchasing country. This is necessary to make the sale, and if the sale were merely to result in the substitution of title I currencies for appropriated aid dollars, the purchasing country would have little incentive to make the purchase.

About 25 percent of the sale proceeds are expected to be earmarked for loans to private firms for use in the purchasing country, and the remaining 25 percent is available for payment of U.S. obligations and a variety of other uses such as schools, libraries, educational exchange and just about every worthy cause that anyone can think of. Title I foreign currencies have been used for increasing beef production in Argentina, loans to agricultural producers in Ecuador, farm to market roads in Colombia, irrigation, well-drilling, and agricultural development in Israel, and irrigation and reclamation in Spain. They have been used for electric power, railways, highways, water supplies, processing plants, warehouses, and dams. They have been used for exchange of persons, book translation, schools, libraries, and community centers in foreign lands, binational cultural centers, and innumerable other activities in foreign lands. These may be all very worthy purposes. But they may not be purposes for which we would be willing to appropriate dollars. This is recognized by many of the claimants for these foreign currencies. They would not expect Congress to appropriate dollars for these purposes. But the foreign currencies generated under title I are there waiting to be put to some useful purpose and Congress might just as well add another authorized use for them so that they do not go to waste. There are now so many claimants competing for these funds that the Department of State advises that any further increase in use categories would slow down the working out of agreements and ne-



gotiating instructions by the Interagency Staff Committee.

Some may contend that if we have not succeeded in reducing the surplus by means of title I, it is because we have not had a big enough program, and that if every claimant does not get a big enough slice of pie, we ought to increase the size of the pie. There is, of course, a danger in this theory that Congress recognized when it enacted title I. Section 101(a) of the act directs the President to take reasonable precautions to safeguard usual marketings of the United States. This means that foreign currency sales under title I should not displace dollar sales. If they should displace dollar sales, we should be merely converting dollars into foreign currencies to pay for projects for which we might well be unwilling to appropriate dollars. The danger of displacing dollar sales is very considerable, and the larger the program under title I, the greater is that danger.

Title I is the best instrument we have at this time for disposing of our agricultural surplus usefully, but it is not perfect. Let us not accept it as the best we can do, but let us extend it for 1 year and strive for something better.

Mr. ELLENDER. Mr. President, at this time I yield 5 minutes to the distinguished senior Senator from Florida [Mr. HOLLAND].

The PRESIDING OFFICER. The Senator from Florida is recognized for 5 minutes.

Mr. HOLLAND. Mr. President, I strongly support the position of the distinguished chairman of the committee [Mr. ELLENDER].

When the amendment now submitted by the Senator from Minnesota [Mr. HUMPHREY] was offered in the committee, there was considerable discussion of it. It was adopted by a majority of the committee. This took place some weeks after the bill for a simple 1-year extension had been reported to the Senate and placed on the calendar.

As I recall, the vote in the committee was approximately 9 to 6.

Mr. HUMPHREY. I believe it was 10 to 7.

Mr. HOLLAND. Mr. President, the Senator from Minnesota informs me that the vote was 10 to 7. If that is his distinct recollection, I am sure that was the vote.

Mr. President, it was my very strong feeling that in this instance the Secretary of Agriculture was correct, and that it would not be sound legislation to project this program 3 years into the future, on the assumption that we shall have these heavy surpluses for that length of time.

Only yesterday, or perhaps it was this morning, I saw in the newspapers an article based on an announcement from the Secretary of Agriculture that, for the first time in several years, there is no surplus of butter to be disposed of; and butter was taken off the list.

Mr. President, until we become able to prognosticate what the weather will be in the future and what all other factors in regard to agricultural production will be, it seems to me that to project this program 3 years into the future, without having any knowledge of what our situation then will be or what the world situation then will be, would be extremely unwise.

I call attention to the fact that under the existing law, under which we have made extensions from year to year, it has not been required or expected that any agreement made with another nation, under Public Law 480, would be carried out or executed solely in that year. On the contrary, it would simply be a commitment against the total authorization, which, as presently provided in the committee bill, is for \$1,500 million, to be used in this year, which already is partly behind us. The \$1,500 million would be committed, but with full knowledge of the fact that the commitments can be met over whatever period of time may be required in order to meet them.

In other words, some of the agreements heretofore made have continued for 2 years; and my recollection is that some of them have continued even into the third year.

However, by means of the pending amendment we are asked to declare, in advance, that we shall have huge surpluses for 3 years, that they will hang over our markets for 3 years, and that not only will we authorize the appropriation of \$1,500 million to the Department for the disposal of the surpluses in the fiscal year 1960, but that we will provide the same amount of authorization for each of the fiscal years 1961 and 1962—or a total additional authorization in the amount of \$4,500 million, to be available during a period of perhaps 5 years, or perhaps even for as long as 6 years.

Mr. President, when we are operating in a field as uncertain as that of agriculture, and when we know that we cannot determine what sort of weather we shall have, and when we know that an effort such as the one now proposed amounts to a kind of declaration of defeatism—namely, a declaration that we will continue to produce vastly more than we ourselves can use or we ourselves can export to advantage, for 3 years in the future—in my opinion, that is a kind of admission before the fact that we do not propose to deal in any sort of satisfactory way with this surplus disposal problem.

Mr. President, we may have to make that admission from year to year; but I believe that highly improbable, because, in the first place, it seems to me that the farm organizations are alert to the difficulties; and, in the second place, the public is alert to the fact that this program is costing us tremendous amounts of money; and, in the third place, it seems to me that the agricultural producers will, in their own interest, force the bringing about of some reduction of production. If they do not do so, then they do not possess the intelligence which I believe they do possess. If they do not do it, I think that public sentiment will require it. I think the Congress will require it. I am impressed by the declaration of the American Farm Bureau Federation—

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. ELLENDER. I yield 2 more minutes to the Senator from Florida.

Mr. HOLLAND. I am impressed by the declaration of the American Farm

Bureau Federation as contained in a letter of September 4, addressed to me, which I hold in my hand, stating that—

The Farm Bureau is greatly disturbed over the possibilities that Public Law 480 will be so amended as to make it ineffective as an agricultural export and trade development program. In line with the current situation we suggest a simple extension of Public Law 480—

That is a 1-year extension, as originally reported from the committee, without any amendment whatsoever—would best preserve the original concepts of this program.

Mr. President, unless we want to launch ourselves in advance of the need and make an admission that we do not propose to bring the farm program into any kind of reasonable production, and, second, that we, in advance, announce to the world that we expect to put them on our largesse for 3 additional years of commitments, which means some 5 or 6 additional years of grants, we should defeat this amendment, because, to my mind, it is a declaration of defeatism, indicating that we do not propose to deal with this critical situation, which the Farm Bureau is concerned about, which the Grange is concerned about, and which the National Council of Farm Cooperatives is deeply concerned about.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. ELLENDER. Mr. President, I yield 1 more minute to the Senator from Florida.

Mr. HOLLAND. I hope the amendment will be defeated.

I am not challenging at all the intent or the motives of the distinguished Senator from Minnesota, but I do think it would be about as fatal a mistake in our protection of agriculture as we could make to commit ourselves in advance to the proposition that we are going to overproduce our commodities for the domestic and world markets and to commit ourselves for 3 additional years of commitments, as well as 5 or 6 years of grants.

If we are to make such a pronouncement as that at this time, I think it is a confession of futility on the part of the Congress, which I do not propose to have any part in making. I hope the amendment will be defeated.

Mr. HUMPHREY. Mr. President, how much time do I have remaining on this amendment?

The PRESIDING OFFICER. The Senator has 12 minutes remaining.

Mr. HUMPHREY. I yield 5 minutes to the distinguished Senator from North Dakota [Mr. YOUNG].

Mr. YOUNG of North Dakota. Mr. President, it is with great reluctance that I rise to oppose the proposal of the distinguished chairman of the committee and the able Senator from Florida.

We are going to have farm surpluses with us for many years to come. In fact, we are moving in the direction of greater surpluses. This year we removed production controls from corn, and this year, for the first time, corn production will exceed 4 billion bushels.

Price supports or no price supports, we are going to have great surpluses. I



know of no better way to make friends in the world than to give hungry people a part of our agricultural surpluses. Mr. President, you can look around the world today, and you will find that the nations that are most friendly to us are those to whom we have given food, not dollars.

For years we have been looking for a way to get our surpluses to these hungry foreign people. Public Law 480 is the best program we have found to date to accomplish this. The program is working very well.

I found on my trips abroad that in countries like India, for example, they are not interested in a 1-year program. They think it does little good to feed their people 1 year, and have nothing the next year. They want a plan for more than 1 year. One year with Public Law 480 does not permit the kind of program we need to get best results in countries in the world.

I know the program is costing a considerable amount of money. To a considerable extent it is taking the place of foreign aid. Unfortunately, it is being charged to the farmers as a part of the price support program. Most people feel that the farmers are getting checks representing the cost of that program.

Regardless of the name which may be applied to the program, it is the best program we have had to help people throughout the world and to make friends. It is for that reason that I support an extension of 3 years, rather than 1 year.

Mr. HUMPHREY. Mr. President, I yield 1 minute to the Senator from New Mexico [Mr. ANDERSON], for whatever purpose he wishes to use it for.

#### AMENDMENT OF MINERAL LEASING ACT OF FEBRUARY 25, 1920

Mr. ANDERSON. Mr. President, I ask the Chair to lay before the Senate the amendments of the House of Representatives to Senate bill 2181.

The PRESIDING OFFICER. Laid before the Senate the amendments of the House of Representatives to the bill (S. 2181) to amend the Mineral Leasing Act of February 25, 1920, which were, on page 2, line 2, after "title," insert "including the original lessee of the United States"; on page 2, line 4, strike out "Effective on the date of enactment of this Act, any" and insert "Any"; on page 2, line 6, strike out all after "Act," down through and including "after," in line 8; on page 2, line 13, strike out all after "Act," down through and including "provisions," in line 14; on page 2, line 20, strike out "provisions or not guilty of such fraud," and insert "provisions," and on page 3, after line 3, insert:

Sec. 2. The right granted by the second sentence of the amendment contained within section 1 of this Act shall apply with respect to any proceeding initiated either prior to or after the date of enactment of this Act.

Mr. ANDERSON. Mr. President, I move that the Senate disagree to the House amendments to S. 2181, request a conference with the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. ANDERSON, Mr. MOSS, and Mr. ALLOTT conferees on the part of the Senate.

#### EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

The Senate resumed the consideration of the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

Mr. HUMPHREY. Mr. President, I yield 3 minutes to the Senator from Vermont [Mr. AIKEN].

Mr. AIKEN. Mr. President, I think we should extend Public Law 480 for 3 years, because I for one do not want to have to go through this again next year. But, more than that, when the program is extended for only 1 year, or when the Department of Agriculture has to negotiate agreements with foreign countries before a deadline, it gets over a barrel and does not get as favorable terms from those countries as it would otherwise.

So if this law is extended for 3 years, the Department has more flexible bargaining authority than it has if the program is cut off at the end of 1 year, because as the deadline draws near the Department is anxious to move the surpluses, and there is a tendency to make a deal on much less advantageous terms for the United States.

So I hope the extension for 3 years will be adopted.

Mr. HUMPHREY. Mr. President, I do not know whether the chairman wishes to speak.

Mr. HOLLAND. Mr. President, I would like to have 1 additional minute.

Mr. ELLENDER. I yield 1 minute to the Senator from Florida.

Mr. HOLLAND. I desire to read from the letter of the Department of Agriculture, signed by Clarence L. Miller, Assistant Secretary, to the chairman of the committee, the Honorable ALLEN J. ELLENDER, dated August 28, which reads as follows:

The Department has recommended an extension of 1 year for title I foreign currency sales and an increase in authorization of \$1.5 billion. We do not recommend a 3-year extension and increase of \$4.5 billion. We believe a 1-year extension and \$1.5 billion authorization is adequate to continue the programing of surplus agricultural commodities to friendly countries. While there is obvious need to maximize the disposal of several major commodities, we believe there is little to be gained in a longer extension of title I and it is not required for efficient operation of the program. No greater rate of disposition would result from a 3-year extension. A 1-year extension would have a terminal date of December 31, 1960. If additional authorization is needed as a result of increased disposals within the concepts of the food-for-peace program we will request an additional authorization prior to the end of this fiscal year.

Mr. President, it seems rather clear that not only the Department of Agriculture and the Farm Bureau Federation, but also logic itself argues against a 3-year extension, when we do not even

know we will have a surplus to dispose of during all that time.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. HUMPHREY. Mr. President, I wish to add one or two extra bits of evidence to support the case for the 3-year extension.

First, the report of the former Assistant Secretary of Agriculture, Mr. John H. Davis, one of the most eminent of our public servants, who was on special assignment for our Government, recommended not an extension of 3 years, but an extension of 5 years.

Secondly, a special report was made by a group of businessmen for the International Cooperation Administration, and that report recommended a continuation beyond 1 year.

Mr. Clarence Francis, of the Inter-Agency Committee for Surplus Disposal, and his committee made a recommendation for an extension beyond 1 year.

Finally, Mr. President, the distinguished minority leader [Mr. DIRKSEN] in debate in the Senate has made comments in this regard, and I wish to quote from page 74 of the transcript of the hearings of July 7, 8, and 10, Senate Committee on Foreign Relations:

May I ask the Senator if this is the administration program?

That is the question asked by the Senator from Montana [Mr. HUMPHREY] relating to the agricultural proposal of the Senator from Illinois [Mr. DIRKSEN], at the time the wheat bill was under consideration.

I continue the quotation:

Mr. DIRKSEN. Yes.

Mr. HUMPHREY. When did the administration change its mind? Because the last notice we had was a 1-year extension. I asked the question only as a matter of interest because I am pleased with the proposed 3-year extension.

Mr. DIRKSEN. I do not know when or if the administration changed its mind. All I know is what I have before me.

Mr. HUMPHREY. The Senator is reading from a paper. The committee had recommendations from the Secretary for a 1-year extension. I wondered if the Secretary had changed his mind. If so, I wanted to stand up and congratulate him and wish him well. We hope to be able to extend the authority for 3 years.

Mr. DIRKSEN. The Secretary has never indicated to me anything other than a 3-year extension.

Mr. HUMPHREY. In his testimony his recommendation was a 1-year extension.

Mr. DIRKSEN. I was not there.

Mr. President, regardless of the testimony, the fact is that the Senator from Vermont has put his finger on the real evidence and the really persuasive argument. This provision will make possible sound planning. It provides for what every agricultural economist in type of operation, so that the planning the country has urged, some longer term type of operation, so that the planning can be satisfactory not only for our country, but also for the recipient country.

I add, Mr. President, that only two witnesses favored the 1-year extension. Those were the Department of Agriculture and the American Farm Bureau.



There were some 60 witnesses, and a total of 2 were in favor of 1 year.

Mr. SCHOEPEL. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. SCHOEPEL. I will say to the distinguished Senator from Minnesota, he well knows there are a number of amendments he either is presenting or will present with which the Senator from Kansas disagrees, but with regard to this amendment I share with the Senator from Minnesota, as well as with other distinguished members of the Committee on Agriculture and Forestry who have spoken, a desire to extend the provisions of the law.

When I was in South America I found the experienced men handling these programs indicated that a 1-year program was not long enough.

I share with the Senator from Minnesota the feeling that since we have these topheavy surpluses—and certainly that is true in the small grains—if the program could be extended for a period of 3 years, as the senior Senator from Vermont so aptly said a moment ago, we could make better progress. I think it would make for a more stable approach to the program we are fostering and assisting in some of these countries. Therefore, as I indicated when the matter came up, I shall support the 3-year extension.

Mr. ELLENDER. Mr. President, a few moments ago the distinguished Senator from Florida read from a letter from Assistant Agriculture Secretary Miller which was received by the Agriculture committee some time ago. However, only today I received a letter from Secretary of Agriculture Benson, dated September 3, addressed to me, in which Mr. Benson states:

In order to make the position of the Department of Agriculture crystal clear regarding the extension of Public Law 480, we reaffirm our position as follows:

We support the extension of title I of Public Law 480 for 1 year through December 31, 1960, and an increase in authorization of \$1.5 billion. We also support a 1-year extension of title II and an increased authorization for this program of \$300 million.

Mr. President, what is happening now in my humble judgment, is that the State Department is trying to enter into this picture. An effort is being made by the State Department to use Public Law 480 as another arm of its foreign policy.

The amendments which are going to be offered by the distinguished Senator from Minnesota, will clearly demonstrate that.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. ELLENDER. I shall be glad to yield, on the Senator's time.

Mr. HUMPHREY. That will be fine. I wish to say to the Senator that he is absolutely correct. I do not disguise that at all.

The purpose involved in the proposal is not merely to dispose of surpluses but also to utilize the God-given abundance of food and fiber we have for the objectives of American foreign policy; to relieve human suffering; to provide for economic development; and to aid in

regard to education, health, nutrition, sanitation, and a host of other things which are all very good.

Mr. ELLENDER. The Senator knows that we have already spent almost \$50 billion for such foreign aid programs in hard cash. Mr. President, I think we have had enough of that manner of spending the American taxpayers' dollars.

What is being sought is permission for the State Department to sign long-term agreements with foreign countries, promising them payment, in effect, in surplus agricultural commodities. Why, as the Secretary of Agriculture stated, this law has been administered for the past 5 years as 1-year programs. As a matter of fact, although I do not recall exactly what year it was, one year the Department was unable to contract the full amount of the authorization.

The present authorization expires on December 31 of this year. I am informed that the amount which will be contracted for in title I loans will be slightly under the existing \$1½ billion limit.

Mr. President, irrespective of what has been said tonight, I know of my own knowledge that much of the agricultural surpluses which could be used abroad in large quantities, cannot be stored, simply because there are not sufficient storage facilities. I am certain that the Department of Agriculture speaks the truth when it says that it cannot dispose of more than \$1½ billion worth of commodities, under title I loans in 1 year's time.

As has been stated, if, perchance, contracts can be made for more than the \$1½ billion limitation, all that is necessary is that the Department come to Congress and demonstrate it is able to do so.

In my judgment, the mere extension of the program for 3 years, making it a 3-year program, will not be of help in the disposition of surplus agricultural commodities.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield to the Senator from Florida.

Mr. HOLLAND. I have before me the letter to which the Senator referred, which is a letter from Secretary Benson to the Senator as the chairman of the Committee on Agriculture and Forestry, dated yesterday, September 3, 1959. I note, in addition to the matters which the Senator from Louisiana has read into the RECORD, after the recital of other rather minor amendments the Secretary ends with these words, which I think are very meaningful:

We are opposed to any other changes in Public Law 480.

That means the Secretary is opposed to the 3-year extension, as he is opposed to the \$4½ billion authorization. He is opposed to the assumption in advance that this great Nation and this Congress are not going to be able to come to grips with this problem for 3 years and are willing to admit it in advance.

Mr. ELLENDER. Mr. President, it has been my privilege to serve on the Appropriations Committee for many years.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. HUMPHREY. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. One minute remains to the Senator from Minnesota.

Mr. HUMPHREY. I was going to divide my time with the Senator. I offer the Senator from Louisiana 30 seconds.

Mr. ELLENDER. Mr. President, I thank the Senator from Minnesota.

What I was going to say was that over the years, the Department of State has started the practice of entering into long-range agreements which we in the Senate are more or less under obligation to carry out. We have all seen many instances when the State Department has offered to perform certain duties or supply certain materials. Although Congress had not provided funds for such programs, yet in time we were under obligation to fulfill those commitments, and we had to do it.

Mr. HUMPHREY. Mr. President, I will take my 30 seconds and merely say this:

We are talking about supplies of agricultural commodities which come into the possession of the Government because of the terms of existing agricultural programs. There is not one scintilla of evidence which indicates that those supplies are going to be diminished. I can point to years of evidence which shows that surpluses grow, not diminish.

One argument offered today is that the supply of butter is less than in previous years. That is true. But there are also fewer dairy farmers and lower dairy income. I do not think that makes very much sense either.

Now that we have used up the time, I suggest we vote.

The PRESIDING OFFICER. The question is on agreeing to the first amendment.

Mr. ELLENDER. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the first committee amendment, on page 1, line 7. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Missouri [Mr. HENNING], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Hawaii [Mr. LONG], the Senator from Wyoming [Mr. MCGEE], the Senator from Montana [Mr. MURRAY], and the Senator from Florida [Mr. SMATHERS] are absent on official business.



I also announce that the Senator from Indiana [Mr. HARTKE] and the Senator from Wyoming [Mr. O'MAHONEY] are absent because of illness.

I further announce that the Senator from Idaho [Mr. CHURCH] is absent on official business attending the Interparliamentary Union Conference at Warsaw, Poland.

I further announce that, if present and voting, the Senator from Idaho [Mr. CHURCH], the Senator from Missouri [Mr. HENNINGS], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Wyoming [Mr. McGEE], the Senator from Montana [Mr. MURRAY], and the Senator from Wyoming [Mr. O'MAHONEY] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from South Dakota [Mr. CASE] is absent on official business attending the Interparliamentary Union Conference, at Warsaw, Poland.

The Senator from Connecticut [Mr. BUSH], the Senator from Indiana [Mr. CAPEHART], the Senator from Massachusetts [Mr. SALTONSTALL], and the Senator from Wisconsin [Mr. WILEY] are detained on official business.

The result was announced—yeas 47, nays 38, as follows:

## YEAS—47

Aiken	Hill	Morton
Anderson	Humphrey	Mundt
Bartlett	Jackson	Muskie
Beall	Javits	Neuberger
Byrd, W. Va.	Johnson, Tex.	Prouty
Carlson	Johnston, S. C.	Proxmire
Carroll	Keating	Radolph
Case, N. J.	Kefauver	Schoeppel
Clark	Kuchel	Scott
Cooper	Langer	Sparkman
Douglas	McCarthy	Symington
Engle	McNamara	Williams, N. J.
Fulbright	Magnuson	Yarborough
Gore	Mansfield	Young, N. Dak.
Gruening	Monroney	Young, Ohio
Hart	Morse	

## NAYS—38

Allott	Ellender	Long, La.
Bennett	Ervin	McClellan
Bible	Fong	Martin
Bridges	Frear	Moss
Butler	Goldwater	Pastore
Byrd, Va.	Green	Robertson
Cannon	Hayden	Russell
Cotton	Hickenlooper	Smith
Curtis	Holland	Stennis
Dirksen	Hruska	Talmadge
Dodd	Jordan	Thurmond
Dworshak	Kerr	Williams, Del.
Eastland	Lausche	

## NOT VOTING—15

Bush	Hartke	Murray
Capehart	Hennings	O'Mahoney
Case, S. Dak.	Kennedy	Saltonstall
Chavez	Long, Hawaii	Smathers
Church	McGee	Wiley

So the first committee amendment was agreed to.

Mr. AIKEN. Mr. President, I move that the Senate reconsider the vote by which the amendment was agreed to.

Mr. HUMPHREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The LEGISLATIVE CLERK. On page 1, it is proposed to strike out lines 8 through 11 and insert in lieu thereof the language down to and including line 7, page 2, of the amendment offered by the Senator from Minnesota on behalf of the committee.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. President, I yield myself 5 minutes. I now yield to the Senator from Louisiana.

Mr. ELLENDER. As I understand, the pending amendment is to provide for an annual authorization of \$1,500 million, or a total of \$4,500 million for the 3 years, for title I loans under the act.

Mr. HUMPHREY. The amendment would provide \$1,500 million annually for 3 years, as it is written; yes.

Mr. ELLENDER. At it is written. Since the Senate has voted in favor of a 3-year extension of the Act, then it is necessary to provide the funds to carry out the program. I have read the amendment proposed by the Senator from Minnesota. As I pointed out in private conversation with the Senator from Minnesota, the amendment is now so worded that the total of \$4.5 billion for title I loans could be spent in 1 year, if the Secretary of Agriculture so desired. Following our conversation, the Senator from Minnesota agreed to modify his amendment so it will provide that the annual authorization for title I loans will be limited to \$1,500 million, with a carryover of whatever is left from one year to the next. With that modification, I would be inclined to accept the amendment.

Mr. HUMPHREY. Mr. President, I offer the modifications which have been suggested by the Senator from Louisiana and ask that my amendment be modified accordingly.

The PRESIDING OFFICER. The amendments in the nature of modifications will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 1, line 8, after "title," it is proposed to insert "in any calendar year."

On page 2, line 3, strike out "\$4,500,000,000" and insert "\$1,500,000,000".

On page 2, line 4, strike out "prior periods" and insert "the preceding calendar year".

On page 2, line 6, strike out "prior periods" and insert "preceding year".

On page 2, line 7, strike out "periods" and insert "preceding year".

Mr. KEATING. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. KEATING. There is so much modification, I cannot understand what the Senator is getting at.

Mr. HUMPHREY. Have faith and trust.

Mr. President, I will yield back the remainder of my time, if the chairman will yield back the remainder of his time.

Mr. ELLENDER. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. HUMPHREY. Mr. President, I call up the amendment relating to the administration of the bill, on page 5, starting with line 8. It is in the amendment designated "8-25-59-B."

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

Mr. AIKEN. Mr. President, how much of the committee amendment was accepted by the last vote? I know the Senator from Louisiana accepted No. 3, but what about the rest of them?

Mr. ELLENDER. I accepted only the amendment dealing with the amounts of money to be contracted for each year.

Mr. AIKEN. May I inquire further if the committee amendments are coming up in order, or not?

Mr. HUMPHREY. It was my understanding that we had covered everything in the committee amendment down to the title of "administration." If not, we will revert to section 110 and take that up.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. ELLENDER. As I stated a moment ago, since the Senate has agreed to extend the act for 3 years instead of 1, it is obvious that a larger authorization will be required. As the amendment submitted by the distinguished Senator from Minnesota was originally drafted, it would have meant that the total amount of \$4,500 million could have been spent in 1 year for title I loans. I accepted this amendment, provided that the Senator from Minnesota modify his amendment so that not more than \$1,500 million could be spent in any 1 year, for title I loans, and that any balances might be continued from one year to the next.

Mr. HUMPHREY. Mr. President, it is as the Senator from Louisiana has stated, so the action of the Senate related to the amounts of moneys which were appropriated for title I activities. Therefore, in order to proceed in proper order, I offer an amendment starting on page 2, line 8 of the committee amendment and continuing through the rest of the bill.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to insert the language appearing on and beginning at page 2, line 8, down to and including line 20 on page 5 of the amendment identified as 5-29-59-B, offered by Mr. HUMPHREY on behalf of the Committee on Agriculture and Forestry.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. ELLENDER. Mr. President, I advance the same objection which I previously offered—namely, that we should not vote on these amendments en bloc, but they be voted on separately.

Mr. HUMPHREY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. BARTLETT in the chair). The Senator from Minnesota will state it.

Mr. HUMPHREY. I offered the amendment as only one amendment; and I believe that is within the rule.

Mr. MUNDT. Mr. President, let me ask what the number of the amendment is.



Mr. HUMPHREY. It is identified as "8-25-59-B."

The PRESIDING OFFICER. The Senator from Minnesota has offered a single amendment; but the elements of the amendment are divisible, to be voted on separately.

Mr. HUMPHREY. Then will the Chair advise me where the division can be stopped?

The PRESIDING OFFICER. The Chair should have added the words "if demanded."

Mr. HUMPHREY. Mr. President, will the Chair please advise me where we might perform the appropriate amount of legislative surgery, in applying the legislative scalpel, so the division would be appropriate and in order?

Mr. HOLLAND. Mr. President, may I be heard on this matter?

Mr. HUMPHREY. Mr. President, who will yield time to the Senator from Florida?

Mr. ELLENDER. Mr. President, I yield 2 minutes to the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida is recognized for 2 minutes.

Mr. HOLLAND. Mr. President, I merely suggest that each amendment which applies to a separate section may well be considered a separate amendment. So I call the attention of the Senator from Minnesota to the fact that the language on page 2 from line 8 through line 11 applies to a single section; and that from line 12 through line 16 applies to an additional section; and so forth, through the amendment. It occurs to me that such an arrangement would comply with the request for a division.

The PRESIDING OFFICER. The Chair agrees with the Senator from Florida, and so rules.

Mr. HUMPHREY. I thank the Senator from Florida for his constructive suggestion. He is always helpful in connection with these matters.

Therefore, Mr. President, I offer as an amendment the language which appears in the committee amendment identified as "8-25-59-B," on page 2, beginning in line 8, through line 11, ending with the figures "1959."

The PRESIDING OFFICER. The amendment submitted by the Senator from Minnesota will be stated.

The LEGISLATIVE CLERK. It is proposed to insert, at the end of the bill, the following which appears on page 2, beginning in line 8, of the committee amendment identified as "8-25-59-B":

(4) The first section (which provides the short title) is amended to read as follows:

"That this Act may be cited as the 'Food for Peace Act of 1959'."

Mr. HUMPHREY. Mr. President, this amendment is a very simple one; yet it is very meaningful.

The Agricultural Trade Development and Assistance Act, which is the official title of Public Law 480, will thus be amended—without striking out those words—so that it will be known as the "Food for Peace Act of 1959."

It has been recommended a number of times that, instead of referring to

the act, Public Law 480, as merely a surplus disposal bill, we identify this excellent program with the objectives of the U.S. Government for peace, justice, and freedom throughout the world.

Why should we shun words such as "food for peace," when that is exactly the wish and the will of the American people.

It is true that we have an abundance of food and fiber. It is true that we have surpluses beyond our domestic needs for food and fiber. But it is also true that those surpluses can be put to very constructive uses, and thereby cause the people in our country who are the producers of food and fiber—namely, our farmers—to realize that what they produce is being dedicated to and devoted to a better world, a world of peace and a world of freedom.

Therefore, Mr. President, this amendment seeks to do what was suggested in the President's message to Congress and what has been suggested in a number of proposals—namely, identify Public Law 480, which deals with the great good which we have—that is to say, our abundance of food and fiber—as the Food for Peace Act.

Mr. President, I suggest that most Americans would readily and heartily approve such a modification of the title of the act.

Mr. ELLENDER. Mr. President, this amendment would change the short title of Public Law 480, 83d Congress, from the "Agricultural Trade Development and Assistance Act of 1954" to "Food for Peace Act of 1959."

If this amendment is agreed to, there will be little actual change in the act which was originally passed by Congress in 1954. Therefore, to now name the act the "Food for Peace Act of 1959" would really be to use a misnomer.

The original act was designated the Agricultural Trade Development and Assistance Act of 1954, and it was to be used as a means by which to dispose of our surplus agricultural commodities.

The purpose of a short title is to provide a clear, convenient method of referring to the act it identifies. The Agricultural Trade Development and Assistance Act of 1954 has been widely known and cited for 5 years by that title. To change the title at this time would only result in confusion.

The proposed new short title would not only cause confusion, but would actually be misleading. The act was approved in 1954, not in 1959. To change the title from that by which it has long been cited to a title which would indicate that the act was enacted in 1959 could only contribute to the difficulty of understanding this complex piece of legislation.

The proposed new title would further be misleading in that it would suggest that some new concept had been added, which is not the case, and that the purpose of the act is primarily that of aid rather than trade. The purpose of the law was made very clear at the time of its enactment; and I ask unanimous consent that excerpts from the debate at the time of the passage of the act be printed at this point in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

EXCERPTS FROM DEBATE ON S. 2475, 83d CONGRESS

Mr. HOLLAND. The Senator will notice that this is not an aid bill at all.

Mr. SCHOEPEL. That is correct.

Mr. HOLLAND. It is a trade bill.

Mr. YOUNG. This is not a giveaway program. We are selling the commodities, not giving them away.

Mr. MUNDT. Yes; because it is not a giveaway program. It is a sales program and an exchange program. It is altogether different from ECA and MSA, and certainly different from what we did yesterday by the passage of Senate bill 2249, making available to the President, agricultural commodities to assist in meeting famine or other urgent relief needs of friendly countries.

Mr. SCHOEPEL. This bill does not involve a giveaway program. The program under the bill is a dollar-and-cents program, involving exchange with the currencies of other countries. This bill will be a goodwill measure, and will enable the people of such foreign countries to obtain, probably for the first time under good business practices, U.S. products, such as wheat, corn, and other agricultural commodities which we have in surplus supply. We shall not be giving away those commodities.

Mr. THYE. After all, this bill relates to exchanges. The bill not only authorizes sales for foreign currencies, but it authorizes trade. I think the bill is an excellent one. I believe we are writing good American commonsense into a legislative proposal, so as to make it possible for barter to occur in much the same way that individuals have learned to trade or barter among themselves. That is a good, old American custom, and certainly it is well for us to provide for it in connection with foreign trade and commercial operations.

Mr. HOLLAND. Is it not true that the pending bill is not an aid bill, but is a trade bill designed to recognize realistically the fact that the world is divided into various camps so far as currency is concerned, and that our Nation, to a limited extent—the amount prescribed here representing values of \$500 million—should attempt to break across or cut across the lines that divide the dollar countries from the pound sterling countries and other countries that employ still other currencies, in an effort to find a way by which we can trade, notwithstanding the differences in currencies?

Mr. SCHOEPEL. The Senator from Florida is correct.

I may say it is obviously the intention that it shall be a trade bill not an aid bill.

Mr. BUTLER. I would not think for a minute that President Eisenhower would do anything wrong, but the point is whether this is a trade bill or an aid bill. It has nothing to do with the President of the United States. It is simply a question of policy. If there are those in the executive branch who want to make it an aid bill they can do it; if they want to make it a trade bill they can do it. If it turns out to be an aid bill, we can cut it off.

Mr. ANDERSON. It is very difficult to judge these things in a few months. I believe the bill should be a trade bill.

Mr. BUTLER. I have every confidence in the President of the United States, and I am perfectly willing to let him handle this program, but I think we should advise him we want this to be a trade bill.

Mr. HUMPHREY. Mr. President, as one who has been very much interested in the proposed legislation, I wish to associate myself with the philosophy which has been expressed on the floor of the Senate several times, namely, that this is a trade bill.



Mr. HOPE. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, this is a bill upon which the Committee on Agriculture has devoted a considerable amount of time, work and study and I know it is a measure in which many Members of the House are directly interested because we have had referred to our committee some 60 bills dealing with the subject of the disposal of surplus agricultural commodities. Some of these bills dealt with disposal in foreign trade, others dealt with the question of a wider and more effective distribution of these commodities here in our own country.

Mr. Chairman, it might be well to refer briefly to the situation which now exists with reference to surplus agricultural commodities. I do not feel that the fact we possess in this country rather large supplies of some agricultural commodities is anything which should necessarily disturb us. I believe that in every other country in the world today there would be rejoicing if those nations possessed anything like the supply of agricultural commodities which we are so fortunate to have in this country; yet it is true that when agricultural surpluses reach a certain point there is involved the difficulty of management. The time has come when we should make some additional effort to dispose to the best possible advantage of these surplus agricultural commodities. Some of them are perishable in nature; others are susceptible of storage for long periods of time; all of them, of course, are included in the provisions of this bill which sets up the method and manner in which these commodities may be disposed.

Mr. HILL. On May 7, 1954, Senator A. F. SCHOEPPPEL, of Kansas, appeared before the House Committee on Agriculture, considering S. 2475, and made the following statement:

"This is a bill to develop export markets for U.S. farm products. I sponsored this bill originally. This was a unanimous recognition 10 months ago of agriculture's vital need to expand export markets for U.S. farm products. It was the soundest alternative to more severe acreage controls.

"I need not describe to you gentlemen that in the last year our agricultural situation has worsened and the need to expand exports has increased. Investments of the Commodity Credit Corporation have about doubled; exports of wheat are further down. The prospects are not good. The time has come to close ranks and take concerted action to expand our export markets for farm products.

"For 10 months S. 2475 has been subject to scrutiny, debate, and comparison with alternatives. There have been feverish attempts to devise alternatives to expand our export markets for farm products. But the principles of S. 2475 are the only program proposals that come to grips with the problem of expanding export markets for farm products. There has been some tidying up of the language and some refinements in procedures and administration, but no alternative program has been developed to expand export markets for farm products on a scale commensurate with the need and the job to be done.

"The reasons for this are clear: The program provided in S. 2475 is tailored to fit the needs of expanding export markets for farm products. Expanding any market is difficult, but expanding an export market for farm products is more difficult and more complex. All of these problems were considered in drafting S. 2475, and the solutions, so far as possible, are included.

"The program embodies an imaginative yet dignified and businesslike approach to our problem. It treats our agricultural abundance as the asset it is, not as an unmanageable surplus of which we are ashamed and, therefore, feel obliged to give it away.

"Let me inject here that the program in S. 2475 is sound, businesslike, and dignified. It is far more humanitarian than gratuities. Nothing builds human dignity like buying what people produce to sell. This program is based on a concept of producing, selling, and buying—a concept that has made our country great. This program preserves the fundamental attribute of human dignity. It then goes far beyond that and uses the otherwise frozen assets of CCC as capital to increase production and gainful employment, to expand trade, and to promote economic development so that people can continue to buy more with their earnings. It is a program based on mutual aid through trade. It is a new, imaginative, and creative program. Wherever it has been explained and thoroughly understood, across this Nation and around the world, it has been hailed as a sensible approach. All who help enact this program will take increasing pride in having contributed to this constructive legislation."

Mr. HARRISON of Nebraska. Mr. Chairman, S. 2475, Agricultural Trade Development and Assistance Act of 1954, may turn out to be the most important legislation ever passed in this House to expand agricultural industry. I, too, have introduced a bill that takes care of the trade part of this particular legislation, and I have been most interested in that particular portion of this legislation that deals with trading with foreign countries and accepting their currencies. I think that it has a great deal of possibility.

S. 2475 measures up to these conditions of expanded markets for U.S. farm products. It authorizes assistance in creating orderly marketing of farm products. It provides means for increasing the capacity of customers to pay for increasing amounts of farm products through loans to increase production of noncompetitive imports into the United States, such as coffee and tin, and for loans to increase production for exports to other countries.

Finally, the bill opens up new opportunities for customer nations to pay for their import needs for farm products. These new opportunities to pay are included in the bill. They may pay the United States by—

First. Establishing orderly marketing facilities to expand the sale of farm products.

Second. Supplying strategic materials for U.S. stockpiles.

Third. Providing military equipment, materials, and services for common defense.

Fourth. Providing relief or needs to meet security objectives in lieu of appropriated dollars.

Fifth. For those countries not able to pay in one of the above, the program enables them to sell something to a third country that can pay the United States in one of the above.

The United States is spending nearly \$50 billion per year for defense. It is depleting its mineral resources at the rate of 2 billion tons per year. Opening up an opportunity for customer nations to earn more by contributions to the cooperative military efforts and replenish some small part of the exhaustible minerals in exchange for farm products is mutually good business.

These are the requisites to expanded markets. S. 2475 accommodates them.

The third point I would like to make is this: S. 2475 provides the means to convert CCC's frozen assets into a revolving fund of working assets which can be used as capital to create a strong community of free nations bound together by mutual interest to preserve freedom. The funds can be used to create, to build, to expand, to stimulate production, trade, and employment.

S. 2475 is a solution in part at least to our agricultural ills. I hope this legislation will receive the unanimous support of the Members of the House.

Mr. ELLENDER. Mr. President, let us examine the proposed short title, word by word.

The first word is "Food." Five hundred twenty-seven million, eight hundred forty-four thousand dollars worth of cotton has been shipped under Public Law 480. Cotton is not generally considered to be food. Two hundred fifty-six thousand dollars worth of cotton lint, \$150,045,000 worth of tobacco, and \$394,000 worth of hay and pasture seeds have been shipped. None of these would normally be regarded as food. Large quantities of feed grains have been shipped; and it might be suspected that they were used for feed, rather than food. Of course, large quantities of food have been shipped, too; but I do not think we ought to mislead people by suggesting that this program concerns only food. I certainly do not think we should ignore cotton. Cotton is a very useful commodity. In most areas of the world, clothing is fully as necessary as food. I do not suggest that the act be labeled the "Cotton for Peace Act"; but I do not believe cotton should receive less than its due, either.

Actually, the common denominator is dollars. "Dollars for Peace" would be a more accurate title. When commodities are shipped out under title I, the Government pays the exporter the value of his sale in dollars, and the importer deposits foreign currencies to the credit of the United States. I do not suggest that the title "Dollars for Peace" be used; but I do not believe we ought to lead the taxpayer to believe that we are just using some surplus food that is lying around, when actually his dollars run the program.

The next important word is "peace." All of us hope that the act has contributed and will contribute to the cause of peace, just as we hope that other acts we pass will contribute to that cause. There are \$307.8 million worth of foreign currencies generated under title I which have been provided by agreements under the act for the common defense. Providing for the common defense should help to insure the peace, although probably not to the same extent that the amounts we appropriate for our own national defense might be expected to insure it. It might therefore be more fitting to label each of our appropriation acts for national defense as appropriations for peace acts. That is really what they are. But all our acts have peaceful purposes. If we labeled each one as a peace act, we could not tell one from another. The State Department, which should be greatly concerned with peace, said of S. 1711, from which this provision is taken:

It would create among some countries exaggerated expectations of economic aid and among other friendly exporting countries would create apprehension about our policies with respect to surplus disposal (hearings on S. 1711, p. 8).

The creation of exaggerated expectations among some of our friends and apprehensions among others does not contribute to peace and I hope the creation of such expectations and apprehensions will be avoided. I devoutly hope and trust that this act and every act we pass



may contribute to peace. But I see no reason for so labeling every act.

The next words are "act of 1959." These words would be used to describe an act of 1954 and they are manifestly inaccurate.

The saddest results of changing the label on this act as proposed would be:

First, to mislead our own people into believing that some brave new program has been developed, when actually nothing new of any significance has been added; and

Second, to make the true evaluation of the act and full consideration of its provisions more difficult.

The short title which the act now bears is accurate and honest. Let us keep it that way.

Mr. President, we can all visualize the headlines which may appear if we adopt this short title: "Congress Passes Food for Peace Act." How much nobler that sounds than "Congress Extends Public Law 480." Of course, the latter headline would make it pretty clear what Congress had done, while the former headline allows anyone to conjure up any attractive idea that may appeal to him.

Mr. President, I would like to appeal to our friends in the fourth estate at this time. Their worth and their objective rests in their ability to report facts accurately. They carry out that duty well, and perform a great service in bringing truth to man. I appeal to them not to be gulled by what is proposed here. I appeal to them to pierce the darkness and determine the true facts. I make this special appeal in this case because while our fourth estate is usually so accurate, I have already seen some reports indicating that the Senate may consider a Food for Peace Act. Of course, no such act has been proposed to the Senate. What has been proposed is that we change the label of a 1954 act to "Food for Peace Act of 1959." I am sure that we all know the difference between label and contents, and I trust that no paper will carry the suggestion that we have passed a Food for Peace Act if this title should be adopted. A true headline accurately describing the fact would be "Congress Changes Label of 1954 Act." That would be truthful, and would advise our people of what Congress is doing.

Now, there may be some who would say that the act of 1954 is so proposed to be changed that it requires a different title. Some may say that we have taken Teddy and washed his face and combed his hair and put a new suit on him, and now we should no longer call him Teddy. We should call him George. Then we can introduce him to everyone as George, who used to be Teddy. Now, what are these wonderful changes that are proposed to Public Law 480? It would be extended. More money would be authorized either at the same rate as in the past, or possibly at a higher rate. Some additional uses for foreign currencies might be authorized, although the present authorization is already so broad that it is impossible to tell whether new uses proposed could not already be carried out under the existing law.

Operations would be carried on under Public Law 480 in a fashion approximately identical to the manner in which they have been carried on for 5 years.

I believe that the principal changes proposed in the law are the addition of surplusage. The report of the Committee on Foreign Relations, I might point out, does not call it surplusage. It says that it recognizes that the authority bestowed already exists, but that it bestows the authority again because the authority has not been used to a sufficient degree heretofore. Oh, it is proposed to do other things too. It is proposed to take some language out of one subsection and create a whole new subsection of its own to carry this language. It is proposed to add new agencies, new advisory committees, both within Government and without. It is impossible to turn around these days, as each of us knows, without receiving some advice as to how Public Law 480 should be administered. There are other provisions that are proposed to give advice to the President as to how the act should be carried out. One piece of advice tells him to use the authority he already has to enter into long-term contracts to a greater degree so long as the supplies are available to do so. Another tells him to administer the law as it is written.

The change which I believe has been heralded as the most significant change proposed is called national food reserves. I think it could possibly be carried out under existing authority, but I would agree that nevertheless it does present a new concept. At present the act provides for giving practically everybody in any foreign country anything that he may need, whether it is a bridge, a railroad, an education, the translation of a document. As I say, practically anything. So what new concept is still possible? This is the new concept. We shall now give people what they do not need. The national food reserves in essence will be the giving of grain which it does not need to a country so that it will be available to the country if, at some future time, it should need it. So much we see from the provisions of the legislative proposal itself. But the report of the Committee on Foreign Relations and the letter from the Department of Agriculture proposing this provision take us a step further. In addition to provide the grain, we shall also provide the storage facilities.

Now, let us see what other proposals are possible along this line. Well, S. 1711 contains a proposal which might go a step further. It provides that we shall pay the expenses of technicians advising on the manner in which the grain shall be stored. Well, I do not believe that anyone has come right out and proposed the next logical step, but it is so obvious that maybe it is taken for granted. After we have given them the grain, provided the money to build the storage facilities, provided the money to advise them on how to operate the storage facilities, it is perfectly obvious that we ought to pay them for storing the grain. There is, however, one proposal that I think constitutes an obvious

further logical step, and that is that we send them some hungry people to eat the grain. Let us perform the complete service. Of course, maybe it would be cheaper just to have the hungry people eat it here, but I don't see how we could call that food for peace. I don't see how we could call that food for peace any more than we could call our old friend enacted in 1954 the "Food for Peace Act of 1959."

Mr. President, this bill provides not only for the conversion of American dollars into foreign currencies to build warehouses in any quantity, in any country, it also provides for the construction of unknown bridges, highways, water supply systems, dams, and public works of any sort, in any country. S. 1711, from which this title is taken, would provide \$6 billion for these unbudgeted projects in foreign lands. The committee amendments to S. 1748 would provide \$4.5 billion for these unbudgeted projects. Under either proposal the entire amount could be legally committed in fiscal 1960. On Friday, August 28, at 3:15 p.m., the President returned to the House of Representatives without his approval the public works appropriation bill. The President objected to it because it provided for "67 unbudgeted projects estimated eventually to cost over \$800 million." He further said that "the American people are opposed to overspending no matter where it is attempted." The President further pointed out that the bill without these unbudgeted projects provided for 1960 expenditures for the Corps of Engineers and the Bureau of Reclamation amounting to \$1.1 billion.

If the President believes that the American people are opposed to overspending no matter where it is attempted and if he further believes that any increase in 1960 expenditures in this country for public works over \$1.1 billion is excessive, how should he feel and how should the American people feel about an authorization of \$6 billion, or even \$4.5 billion, for projects which may not now even be in anyone's mind, in some country which today might not be in existence? If he is opposed to unbudgeted projects, what should be his attitude toward such unknown projects? Of course, the entire \$6 billion, or \$4.5 billion, proposed, while it could all be committed this year to public works projects, might instead be used for other purposes such as binational cultural foundations, trips all over the world for beauty queens, postgraduate courses for students of the arts and sciences, payment of the expenses of advisers to advisers to advisers. Might not the American people object to such a proposal if it is made clear to them? But if such a proposal is marched up and down under the banner "Food for Peace," if the headlines should—inaccurately—state that Congress has passed a "Food for Peace Act," if the President should sign this measure as a step forward to peace, who would have the temerity to raise his voice in opposition to such a foreign public works appropriation measure? Let us concern ourselves not



with changing labels but with improving contents. And, if we cannot at this time improve the contents, let us not pretend that we have done so.

Mr. HUMPHREY. Mr. President, the argument that has been used is really quite amazing to me. I never thought I would hear the day when the Congress was going to vote against the title "Food for Peace." If it makes somebody happy, we can change it to "Food and Fiber for Peace." I am not opposed to it. It would be a very good idea. That would include cotton. Cotton is a commodity, not a theology.

I am perfectly willing to amend my proposed title, which I may do—I will just speak about it for the moment—to make perfectly sure that anybody who thinks he is left out will be included.

The purpose of the title is to give this Government the identification it justly deserves in this food and agricultural program. It is not just a surplus disposal program. It should make us a lot of enemies in foreign countries if we speak of it as simply a surplus disposal program. If it were simply a surplus disposal program, we would not worry about how we dump commodities and how they are used. This is a program for economic development, and ought to be made so.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. KEFAUVER. Has the Senator suggested an amendment to change the title to "Food and Fiber for Peace Act of 1959"?

Mr. HUMPHREY. I have not as yet. I think I may.

Mr. KEFAUVER. I think it would be a good suggestion. I want to endorse the Senator's proposal, because in many uncommitted nations of the world, they are wondering which side they should align themselves with, the democratic side represented by the nations of the North Atlantic and others, or the Communist bloc. I think a title of this kind would be useful in showing them the direction in which we are going. I hope the Senator will amend his title. I want to support him very heartily.

Mr. HUMPHREY. I thank the Senator.

The report to which I alluded earlier this afternoon, the Davis report, and the report of the ICA, recommend that this particular program take on more positive aspects in terms of our international relations than just surplus disposal.

The argument over this title is very fundamental and basic, but regardless of the outcome of the vote, I want my colleagues to know that Public Law 480 is not just a trade development act. Public Law 480 as amended has great good in it for the purposes of peaceful construction and peaceful development and peace in the world itself.

There are other amendments which have been approved and recommended by two committees of Congress, the Foreign Relations Committee and the Agriculture and Forestry Committee, which would permit us to use our food and fiber for purposes of peace.

I say to my colleagues who are friends of the farmer that the farmer in America is getting sick and tired of being told that all he produces is surpluses for disposal. Disposals are usually mechanical equipment found in kitchen sinks for garbage. I suggest we talk about food and fiber in a much more decent and a much more responsible manner.

The title "Food for Peace Act of 1959" is a good title. Any Senator who wants to vote against food for peace can answer the rollcall, because I think it will separate it from a title that relates only to food or fiber.

The Senator from Minnesota happens to believe food and fiber are good things. He believes they can be good things in terms of foreign policy and in terms of humanitarianism, and surely ought to be identified, in terms of public understanding, as a constructive force for peace throughout the world.

Why do some of my colleagues feel satisfied to let the Communists monopolize the word "peace"? Are we afraid of it? I suggest the Senator from Louisiana had a good idea when he talked about appropriations for national defense. What is the purpose of national defense? Peace. It might not be a bad idea to have appropriations for peace. I gather they are not appropriations for war or aggression. They are appropriations for peace. The world hungers for peace, and it is about time the Congress of the United States quit rattling the saber or trying to dump its surpluses, and start to think in terms of peace, peaceful construction, peaceful uses of the resources of this country. I will stand on the title "Food For Peace Act of 1959," and I am perfectly willing to have the roll called on it.

Mr. ELLENDER. Mr. President, I yield 4 minutes to the Senator from Iowa [Mr. HICKENLOOPER].

Mr. HICKENLOOPER. Mr. President, we have heard repeatedly, this year, last year, and the year before, the accusation that the United States is a coldblooded country, not interested in peace, not interested in the welfare of the other people of the world. That word has emanated even from within our own country, and it has, in my opinion, done us more damage abroad than has any other particular philosophy or discussion we have had.

Again we hear raised on the floor of the Senate the old cliché "Food for Peace." All it is is a banner. It has no place in this bill. It has no place in the historic background of Public Law 480. It is a fooler, if I ever saw one, and I hope the amendment is defeated.

From the standpoint of the argument that we ought to do more to prove that America is peace loving, let me say, great heavens, how much more does this country have to do to establish for the record that we want peace, that we want to be benefactors to less fortunate people in this world? How much more do we have to provide than the billions of dollars we have unselfishly spent? How much more do we have to do than to send the numbers of people we have sent all over the world to help less for-

tunate people get themselves on their feet?

Despite all we have done we hear the cry day after day, "We have to do this to prove we are peace-loving people."

We used to say, in the old days years ago when I was a practicing lawyer, that many such arguments were "hogwash." That is what we used to call them in our area.

Mr. President, I wish to put some facts and figures into the RECORD. Let us examine them carefully. Fact No. 1 is that the volume of surplus foods distributed by this country in 1959 set an alltime record. Nearly 3 billion pounds of surplus foods were donated by the Department of Agriculture in 1959. These foods went to school lunch programs here at home and to needy people both at home and overseas.

Fact No. 2: The number of people benefiting from surplus foods from this country, donated by the American people, by the American Government, set an alltime record. More than 21 million people in this country alone received Federal surplus foods in 1959. This is more than double the number who were benefited in 1952, and illustrates the greater emphasis which is given to moving our surplus inventories into consumption, helping the needy and our schoolchildren to improve their diets.

Fact No. 3: In the past 7 years almost 12½ billion pounds of surplus foods have been moved under the Department of Agriculture's donation operations. This is another alltime record. No previous 7-year period, even in the 1930's, could come close to this record.

This shows what aggressive planning there has been and what an effective system has been provided to constructively dispose of Government-owned surplus foods. More needy families in this country received surplus foods in 1959 than the number in any year since World War II. In 1959 nearly 5¼ million needy people in family units received surplus foods. Contrast this with the situation in 1952, when less than 100,000 people in families were benefiting.

We have rushed food to areas of natural disaster.

Most of the instances to which I have referred are instances within this country, but we must also consider the billions of dollars we have spent abroad under Public Law 480. Public Law 480 was not designed, in my judgment, and should not be designed, to be a worldwide WPA operation.

The PRESIDING OFFICER. The time of the Senator from Iowa has expired.

Mr. HICKENLOOPER. Mr. President, will the Senator yield me 1 more minute?

Mr. ELLENDER. I yield 1 more minute, Mr. President.

Mr. HICKENLOOPER. Mr. President, Public Law 480 was designed partly to help us in the emergency of food surpluses which we find in this country; and, secondly, to devote those surpluses when, as, and if they exist, to the assistance of needy people.

The minute we set up a program which is designed to be a food-for-peace pro-



gram in the world, with the many provisions which go into it, word will go out to the world that we are establishing a permanent program.

In fact, some of the amendments provide that we will contract long in the future to give food to people all over the world, whether we have a surplus or whether we do not. I say again, it is a dangerous program. It is a program we should not enter into.

We should continue Public Law 480 from time to time. I voted against the 3-year extension. I want to extend the law for a shorter period of time. We should continue the Public Law 480 program so long as it serves our purposes and in turn can serve the purposes of needy people.

The PRESIDING OFFICER. The time of the Senator from Iowa has expired.

Mr. ELLENDER. Mr. President, I yield 3 minutes to the Senator from Kansas [Mr. SCHOEPPPEL].

Mr. SCHOEPPPEL. Mr. President, I wish to associate myself with what has been said by the distinguished chairman of the committee and by the distinguished senior Senator from Iowa.

It was only in 1954 that we passed this act. Now in 1959 it is said, "Let us change the name of the act."

At the time we considered the passage of Public Law 480—and I think I know a little something about that, as do many other Senators on the floor tonight—it was named the Agricultural Trade Development and Assistance Act of 1954. That is exactly what the act has been.

In furtherance of that statement, all I ask any Senator who is interested in having the name changed, for a slogan or a banner, to do is to read page 2 of the report of the committee, the summary of operations of the act, and to refer to tables 1 and 2, to keep the act strictly in character. We have had too many slogans and banners in a good many years.

I think—and I say this most respectfully—the nations which have dealt with us and which have dealt with our departments of Government around the world know what Public Law 480 means. Those nations have seen how the act has operated. If we change the name, as has been requested, as indicated by the Senator from Iowa [Mr. HICKENLOOPER] is proposed to put the act in an entirely different category and give it an entirely different character, a character I would not agree it should have.

I hope the Senate will reject the amendment.

Mr. COOPER. Mr. President, will the Senator from Louisiana yield me 1 minute?

Mr. ELLENDER. I yield 1 minute to the Senator from Kentucky.

Mr. COOPER. Mr. President, I appreciate the motives and the humanity of the Senator from Minnesota in offering the amendment. I agree with the Senator that the act has had its effects upon the relationships of our country with other countries throughout the world, and that it has been an instrument for peace.

However, it is the results of the operations under the act rather than the

title of the act which have made it an instrument of peace. I do not believe that naming the act a "Food for Peace Act," or a "Food and Fiber for Peace Act" will either diminish or enlarge the effect of the program upon good and peaceful relations throughout the world, and upon peace.

I should like to vote for the amendment. I hesitate to vote for it because I would prefer to have our acts speak for themselves in the world, rather than simply have titles.

Unless the act really is designed in all respects for one purpose—that is, our foreign relations and their effect upon other nations—I think perhaps we would not be speaking absolutely truthfully in denominating the act a "Food for Peace Act." For that reason, I shall vote against the amendment.

Mr. HUMPHREY. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Minnesota has 3 minutes remaining.

Mr. HUMPHREY. How much time is there on the other side?

The PRESIDING OFFICER. The time is exhausted on the opposite side.

Mr. ELLENDER. Mr. President, do I correctly understand the Presiding Officer to say that my time has expired?

The PRESIDING OFFICER. The Chair is advised that the time of the Senator from Louisiana on the amendment has expired.

Mr. HUMPHREY. Mr. President, I appreciate the comments of my colleagues on this matter of the title. I never thought we would have quite such an argument over a title. Two committees of the Congress have approved this title; the Committee on Foreign Relations and the Committee on Agriculture and Forestry.

I recognize that when a title is so meaningful and dramatic and attractive as this, some may feel that they do not want to approve it. But I see no reason why, if one has an automobile which has all the characteristics of a Lincoln Continental, one should not put a label on it.

I can hardly imagine my Republican colleagues not wanting a better title on the law. My colleagues are very good at slogans and very good at titles.

I add again, it happens to be a Democrat who is speaking up for the President's title for this bill.

He talked about food for peace in his state of the Union address. He talked about health for peace. Is it not interesting the same Senate which tonight is arguing about food for peace only a few months ago approved the International Health for Peace Act with an overwhelming majority, and Senator after Senator applauded the fact that we were going to call the health facilities of America health for peace programs. But when it comes to food which we have in abundance, food the taxpayers have paid for, food which lies in our storage bins and some of which spoils because of storage, food on which we pay \$1,500,000 every day in storage charges, food that could be used to feed people and is being used to feed people, food that one government official after an-

other says is the greatest force we have for peace in the world, why can we not call it food for peace?

It has been suggested that we should not change the name. We are not changing the name. We are giving a short title to it. "Public Law 480" has about as much sex appeal as an old dirty sock. What does "Public Law 480" explain? Many people, when they wish to become really "moxey" in referring to this measure, say "P.L. 480." That is a very descriptive phrase. The whole world knows what "P.L. 480" means. [Laughter.]

There is not a person in the world, no matter what language he speaks, who does not know what the word "peace" means, and we in the Senate tonight will have an opportunity to vote whether we are for Public Law 480 or whether we are for peace.

I know my good friend the Senator from Iowa [Mr. HICKENLOOPER] says we have done great things for the cause of peace. We have. In the Scripture there is a passage about not hiding one's light under a bushel. We are hiding our light of peace under millions of bushels of wheat. We talk about surplus disposal.

Surplus disposal antagonizes commercial interests. Surplus disposal is a rather unkind remark to make to people whose stomachs are bloated with hunger. In effect the term suggests, "Do you mind being a garbage can, a disposal unit?" I would rather say, "Would you care to share in the abundance that God Almighty has made available to mankind?"

I for one am proud to be associated with this title. I am proud to be associated with the President who is attempting to put some drama and inspiration into our foreign policy, and I hope my colleagues on the other side of the aisle will not repudiate the President's wish.

I hope they will not fail to do on the issue of food the very thing they did for health. The sooner the United States of America begins to be proud it is the peacemaker, proud that it is a nation of justice and proclaims it, and proud that it uses its resources for the cause of peace, the better off we shall be.

The President of the United States on February 9, 1959, in a letter to the Secretary of Agriculture, stated:

My message to Congress on January 29 recommending several measures improving major farm programs stressed the need for effective use of our agricultural abundance in meeting food needs at home and abroad.

I ask my colleagues, listen:

In that message I reported steps being taken with other exporting nations to explore all practical means of using food for peace.

"Food for peace," says Mr. Eisenhower.

Every Senator has said repeatedly that foreign policy should be bipartisan. Very well. Let us make it bipartisan. The President of the United States has asked that we start talking about using food and fiber, the resources of this country, for the cause of peace.



Any of my colleagues who have traveled abroad and have gone to the Soviet Union have observed on every public building the word "Mir," meaning peace. One may say they are a bunch of phonies. Certainly they are. But we are not.

Apparently what we are afraid of is the word "peace" where the dollar sign is, peace where the word "disposal" is, peace where the word "surplus" is in a world that is hungry, in a world of sick and the weary, in a world of people who have been literally torn apart by war. They want America to stand for peace; and I know of no better way to do so than to proclaim peace. I proclaim it by this amendment.

Mr. ELLENDER. Mr. President, I yield to the distinguished Senator from Florida 4 minutes on the bill.

Mr. HOLLAND. Mr. President, no one can argue with the distinguished Senator from Minnesota on the subject of the motives which animate him. However, I have been trying to look at the question with a little practicality.

What are the principal commodities purchased from my own State? I have jotted them down. They are the only ones which would be usable under this law as surplus commodities and are in the hands of the Commodity Credit Corporation. They are, first, cotton; second, cigarette tobaccos; third, wrapper leaf tobaccos; fourth, naval stores, turpentine and rosin; fifth, tung oil, which is a poison; and, lastly, peanuts.

Mr. President, I believe even the distinguished Senator from Minnesota, with all of his passion for symbols and for slogans, would find it quite difficult to consider cotton, cigarette tobacco, wrap leaf tobacco, naval stores, turpentine and rosin or tung oil as food. Of course, it would be a phony term to apply the term "food" to those surplus commodities.

Mr. President, if the Senator from Minnesota [Mr. HUMPHREY] wishes to make his gesture, why not say agricultural products for peace, or some other term which at least would not be a phony. Already we are charged all over the world with being phony.

Mr. President, we know that the principal motive behind this act is to get rid of our own surplus commodities. We are trying to do it in such a way as to help others, and we have every right to add to the title of the act, which has had an honorable title since 1954, the word "assistance" because we have been assisting others. But I do not believe it is correct to say this is a food for peace program. Below the St. Marys River the term would bring a loud guffaw from people who know that the commodities grown in Florida which are traded under this act, with one single exception, are not food and one or two of them are positive poisons.

So far as I am concerned I do not think we ought to put ourselves in that kind of situation. I hope that the proposed title, advanced in all good faith and with all good motives, should be repudiated by the Senate because certainly it is inapplicable to this program,

which has existed since 1954, as our distinguished chairman has said, primarily to dispose of surpluses, to develop trade which we lost during World War II, and to assist those who need the various commodities—some of them food commodities, many of them not food commodities—which we propose to help them get for a small consideration, or, under title II, for no consideration at all, under the benevolent provisions of this act.

Mr. President, I hope the amendment will be defeated.

Mr. ELLENDER. Mr. President, I yield 3 minutes to my distinguished colleague from Louisiana.

Mr. LONG of Louisiana. Mr. President, I cannot vote for the amendment, because I believe it could bring about more misunderstanding than support for the program. We have surplus disposal programs in this country, and I believe we must apply our thinking to our experience with our own surplus food programs to understand what we can expect from such programs overseas.

Suppose we were to call our surplus disposal program in this country a food for peace program. The poor man who gets these surplus commodities complains that he cannot get the things he really wants. He must take what we have to give away, that which happens to be in surplus supply. That is already the big complaint about it, and he wants the program modified to give him commodities which are more useful. He is told that he must take it or leave it because the commodities must be in surplus.

In these foreign lands, in most instances this food will not be given to the people. The people have to pay for it. The politicians often wind up with the money. That is one of the complaints about that program. The poor people have to pay for it out of their hard-earned money.

It is proposed to put the slogan of peace on the food which the poor people must pay for out of their hard-earned money. It seems to me that this will lead to a great deal of misunderstanding, because even though we call it food for peace, people cannot get what they want in the first place, and in the second place they must pay for what they get.

It seems to me it is better to leave it as it is. It is a surplus disposal program to foreign governments. That being the case, I believe there would be less misunderstanding about the program if we did not try to leave people with the impression that we are giving them a great many things, motivated by the highest ideals, without any selfish motive of any sort.

Mr. HUMPHREY. Mr. President, to meet the suggestion of the able Senator from Florida [Mr. HOLLAND], I modify the amendment so as to read:

Food and Fiber for Peace Act of 1959.

I say respectfully to my good friend from Florida that we have not tried to dispose of any poisons overseas. Exports

of tung oil, rosin, and naval stores have been nil under Public Law 480. That is a theoretical argument, with no practical application.

The PRESIDING OFFICER. The amendment will be modified accordingly.

Mr. HUMPHREY. "Food and fiber" is the terminology used by the Department of Agriculture to explain everything that is produced from trees. It includes tung nuts and rosin, as well as wheat, vegetables, and fruits, cotton and cottonseed. If anything is left out we are very sorry, but I think we have covered most of the areas when we say "Food and Fiber for Peace Act of 1959," and I ask my colleagues to be as considerate of this particular title as they were in the instance of the International Health for Peace Act.

I conclude by saying that this particular amendment is a committee amendment, approved by a majority of two committees, the Committee on Foreign Relations and the Committee on Agriculture and Forestry. It is blessed, if it needs to be, by the President of the United States. It is recognized as being the objective of Public Law 480; and so far as our domestic consumers are concerned, a little surplus for them might bring them peace of mind, possibly peace of body, and peace of soul.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, on page 2, lines 8 to 11, both inclusive, of the amendments reported by the committee, as modified.

Mr. HUMPHREY. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Missouri [Mr. HENNINGS], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Wyoming [Mr. McGEE], the Senator from Florida [Mr. SMATHERS], and the Senator from Montana [Mr. MURRAY] are absent on official business.

I also announce that the Senator from Indiana [Mr. HARTKE] and the Senator from Wyoming [Mr. O'MAHONEY] are absent because of illness.

I further announce that the Senator from Idaho [Mr. CHURCH] is absent on official business attending the Interparliamentary Union Conference at Warsaw, Poland.

I further announce that, if present and voting, the Senator from Idaho [Mr. CHURCH], the Senator from Missouri [Mr. HENNINGS], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Wyoming [Mr. McGEE], the Senator from Montana [Mr. MURRAY], and the Senator from Wyoming [Mr. O'MAHONEY] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from South Dakota [Mr. CASE] is absent on official business attending the Interparliamentary Union Conference at Warsaw, Poland.

The Senator from Illinois [Mr. DIRKSEN] is necessarily absent.

The Senator from Connecticut [Mr. BUSH] is detained on official business.



The result was announced—yeas 39, nays 48, as follows:

## YEAS—39

Alken	Hill	Moss
Anderson	Humphrey	Mundt
Bartlett	Jackson	Muskie
Capehart	Javits	Neuberger
Carlson	Johnson, Tex.	Proxmire
Carroll	Kefauver	Randolph
Clark	Long, Hawaii	Sparkman
Dodd	McCarthy	Symington
Douglas	McNamara	Wiley
Engle	Magnuson	Williams, N.J.
Gore	Mansfield	Yarborough
Gruening	Monroney	Young, N. Dak.
Hart	Morse	Young, Ohio

## NAYS—48

Allott	Ervin	Long, La.
Beall	Fong	McClellan
Bennett	Frear	Martin
Bible	Goldwater	Morton
Bridges	Green	Pastore
Butler	Hayden	Prouty
Byrd, Va.	Hickenlooper	Robertson
Byrd, W. Va.	Holland	Russell
Cannon	Hruska	Saltonstall
Case, N.J.	Johnston, S.C.	Schoeppel
Cooper	Jordan	Scott
Cotton	Keating	Smith
Curtis	Kerr	Stennis
Dworshak	Kuchel	Talmadge
Eastland	Langer	Thurmond
Ellender	Lausche	Williams, Del.

## NOT VOTING—13

Bush	Fulbright	Murray
Case, S. Dak.	Hartke	O'Mahoney
Chavez	Hennings	Smathers
Church	Kennedy	
Dirksen	McGee	

So the committee amendment, as modified, was rejected.

Mr. ELLENDER. Mr. President, I move to reconsider the vote by which the amendment, as modified, was rejected.

Mr. HOLLAND. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HUMPHREY. Mr. President—  
The PRESIDING OFFICER. The Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I yield to the Senator from Missouri [Mr. SYMINGTON].

#### EQUITABLE TREATMENT FOR PRODUCERS PARTICIPATING IN SOIL BANK PROGRAM

Mr. SYMINGTON. Mr. President, I ask that the Chair lay before the Senate the amendment of the House of Representatives to Senate bill 2457.

The PRESIDING OFFICER (Mr. CANNON in the chair) laid before the Senate the amendment of the House of Representatives to the bill (S. 2457) to provide equitable treatment for producers participating in the soil bank program on the basis of incorrect information furnished by the Government, which was, on page 2, line 14, strike out "Secretary." and insert "Secretary. No contract heretofore or hereafter entered into shall be modified, invalidated, or changed because of the marriage of any two contracting parties."

Mr. SYMINGTON. Mr. President, the Senate passed Senate bill 2457, to provide equitable treatment for producers participating in the soil bank program, on the basis of incorrect information furnished by the Government.

The House has also passed Senate bill 2457, with a minor amendment which is

simply the addition of the following language:

No contract heretofore or hereafter entered into shall be modified, invalidated, or changed because of the marriage of any two contracting parties.

This amendment is acceptable to the chairman of the committee, as well as to me.

Mr. President, I move that the Senate concur in the House amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Missouri.

The motion is agreed to.

#### EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

The Senate resumed the consideration of the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

Mr. SPARKMAN. Mr. President—

Mr. HUMPHREY. Mr. President, I yield to the Senator from Alabama such time as he may require.

The PRESIDING OFFICER. (Mr. CANNON in the chair). The Senator from Alabama is recognized.

Mr. SPARKMAN. Mr. President, I rise to pay tribute to the distinguished senior Senator from Louisiana [Mr. ELLENDER], the chairman of the Agriculture Committee, and to his committee colleagues, for what I regard as a signal service to American agriculture and a great segment of American business, by means of the fresh emphasis which the committee, in its report accompanying Senate bill 1748, has given to the stimulation and development of new foreign markets for American agricultural products under Public Law 480, known as the Agricultural Trade Development and Assistance Act of 1954.

I am vitally interested in the development and expansion of markets abroad for every type of product of the farms of America and in the welfare of the business establishments which process these farm products.

I am sure that each of us is encouraged by the contribution that has been made by the operation of Public Law 480 to the development and expansion of foreign markets for American farm products. What has been accomplished is indicative of what can ultimately be achieved if the agencies administering the program will steadfastly observe the high priority for trade development which the Agriculture Committee has called for in its report on the bill before us today.

So that there may be no misunderstanding about what the committee intends concerning the future operation of the Public Law 480 program, let me record here certain language from the committee report. The report states:

The Agricultural Trade Development and Assistance Act of 1954, as amended, declared trade expansion as the policy of Congress. A stated objective of this policy was to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States.

Section 104(a) was listed as the first currency use to help develop new markets for U.S. agricultural commodities on a mutually benefiting basis.

This was no accident. It was and is the intention of Congress that foreign currencies be used to the maximum extent possible for agricultural market development and that first priority be given this use.

This committee is concerned by reports that funds are inadequate for continuation and expansion of section 104(a) market promotional work abroad. \* \* \* To insure that sufficient funds are available for section 104(a) market promotional activities, this committee recommends:

1. The use of foreign currencies for section 104(a) should be given priority over other nonreimbursable U.S. uses. The committee in approving the enactment of new currency uses, did not contemplate that this would result in a reduction of currencies available for section 104(a).

2. The Secretary of Agriculture should determine the level of funds needed for section 104(a) before foreign currencies are made available for other nonreimbursable U.S. uses authorized in the law.

3. The committee commends the Department for negotiating convertibility to non-dollar currencies in title I sales agreements. However, the amount of conversion included in such agreements should be increased to permit greater market promotion looking toward the creation of permanent dollar markets in commercial market areas. Further, the inclusion of convertibility for section 104(a) should be a condition for the approval of future title I sales agreements.

The committee report recites much of our experience under Public Law 480 in developing new outlets for a number of agricultural commodities, including poultry.

Every Senator knows that the poultry industry is today in a singular crisis. The industry itself, through the instrumentality of the International Trade Development Committee representing the entire poultry industry, is redoubling its efforts to develop and expand foreign markets which are so desperately needed.

The poultry industry looks upon the Agricultural Trade Development and Assistance Act as an effective means for helping to realize the foreign market potential of American poultry and poultry products.

The importance of the poultry industry to our national economy cannot be over-emphasized. We are aware that poultry constitutes the third largest producer of farm income in America. It is the principal use of feedstuffs, using 65 to 75 percent of all commercial feedstuffs. Poultry are produced in almost every State in the Union. In my own State of Alabama, poultry constitute the second largest producer of cash income to farmers.

The poultry industry is not strictly agricultural. It is both agricultural and industrial. In a very real sense, those engaged in it are farmer-businessmen. As such, they are entitled to the full support of the committees of Congress and the agencies of government which are primarily concerned with the welfare of businessmen. That is why the Senate Small Business Committee, of which I serve as chairman, has made the serious and complex problems of the poultry industry a major concern of the



committee. That is why our committee has joined hands with our Agriculture Committee in attempting to alleviate the problems of the farmer-businessmen in the poultry industry.

Senators will recall that the Agricultural Trade Development and Assistance Act of 1954 has two basic primary objectives. The first is to facilitate the disposal of surplus agricultural commodities. The second is to attempt to return some permanent benefit to U.S. agriculture, in the form of new and expanded markets. As the committees of Congress have heretofore consistently pointed out, the development of foreign markets is considered to be among the most important permanent benefits to be realized from Public Law 480. Notwithstanding the provisions of the act and the clear intent of Congress, as expressed in prior committee reports, the Agriculture Committee and the Small Business Committee still do not believe that sufficient emphasis is given to, or sufficient foreign currencies are being made available for, this primary objective of the act. If American agriculture is to achieve the benefits contemplated, it is essential that a greater percentage of the local currencies generated be made available for carrying out market development programs; and every effort should be made to broaden the opportunities for carrying out these activities.

The Agriculture Committee in its report reviewed some of the types of market development and promotion activities which are being carried out under Public Law 480 and some of the results which have been accomplished to date.

The fact that wholly new markets can be developed for U.S. agricultural commodities, through the use of the authority provided under Public Law 480, is perhaps best illustrated by referring to what has been accomplished, in respect to poultry, in a relatively short time in Western Germany. Western Germany is today the world's largest importer of poultry and poultry products. Prior to Public Law 480, no poultry had been imported by Germany from the United States. No taste or demand for our superior type of products had been created; and there were also barriers, in the form of license and exchange controls, which stood in the way of trade.

As a result of programs initiated under Public Law 480, these barriers, although not completely removed, have been modified; and a substantial quantity of U.S. poultry is currently being sold, through private trade, to German importers, for dollars. With the promotion activities being carried out under Public Law 480, U.S. poultry is gaining wide acceptance by German consumers. This represents an entirely new market for U.S. poultry.

Let me again remind the Senate that today poultry is in heavy surplus supply, and the prices are greatly depressed. Every housewife knows this. The price of broilers this year hit the lowest level on record. Egg prices fell to the lowest level in 18 years. Yet the quality of these products has never been higher. Public Law 480 has not been used to the extent it should have, for poultry.

Since the beginning of Public Law 480, only very small quantities have been programed or made available for sale under this act, notwithstanding the fact that the act and the reports of the committees make it clear that these items are just as eligible as any other.

We know how hard Members of Congress had to work to get the Department to program fruits. I want to make it clear that I, both individually and as chairman of the Senate Small Business Committee, feel that Congress cannot tolerate any further unfair treatment of poultry. I am well aware that the Members from other poultry-producing areas are also deeply concerned.

The Agriculture Committee has wisely recommended that larger amounts of foreign currencies thus generated be made available over longer periods of time, in order that effective market-development work of this type may be expanded by the various recognized trade groups carrying out these market-development programs in cooperation with the Foreign Agricultural Service.

We have the opportunity, under the Public Law 480 program, to help relieve the present critical situation confronting the poultry industry, and at the same time to introduce these high-quality products into entirely new market areas, which eventually can become new and permanent markets. Congress must exercise the necessary legislative oversight to see that poultry is given equal treatment with other commodities under this extended authority.

Again let me commend the members of the Agriculture Committee and its distinguished chairman on a farsighted and constructive step.

Mr. President, I thank the Senator from Minnesota for yielding to me.

Mr. HUMPHREY. Mr. President, I call up amendments on page 2 of the committee amendment—and I pronounce the words "committee amendment" with some emphasis, because it is rather unusual to find the committee amendments being opposed by the committee. But I call up these committee amendments, which have been approved by two committees—namely, paragraph (5), on page 2; and paragraph (10), on page 4. Both of them concern the national food reserves, and both of them should be considered together.

Therefore, Mr. President, I ask unanimous consent that those two paragraphs may be considered together, because they are relevant and germane to the substance of the national food reserves provisions.

The PRESIDING OFFICER. Is there objection? The Chair hears none. Without objection, it is so ordered.

Mr. HUMPHREY. Mr. President, now that that request has been granted, I call up the amendment, which relates to the national food reserves.

Mr. President, this is the committee amendment. I voted for it, but it is the committee amendment. May I add, this time—if it will make any impression on anyone—that this is the administration's proposal. I suppose it is rather unusual to have a member of the so-called opposition party offer amend-

ments sponsored by the administration. Certainly no Member should have any reluctance in supporting this administration proposal if he supports the administration.

So I shall address my remarks to the Members on this side of the aisle who occasionally support the administration; and in that connection I emphasize the word "occasionally."

This amendment provides that a policy which our Government adopted some years ago in the United Nations, in the form of a resolution, be now implemented. Section 110 of the committee amendment states its purpose as clearly as could be stated in any language. It reads as follows:

SEC. 110. In order to implement the resolution adopted by the United Nations on February 20, 1957 (United Nations Resolution 1025 [XI]), which was sponsored by the United States, calling for international cooperation in the establishment of national food reserves, surplus agricultural commodities may be made available by the President on a grant basis for such reserve purposes pursuant to an agreement with the recipient country requiring that payment shall be made when such commodities are withdrawn from the reserve: *Provided*, That no payment shall be required for any quantities of such commodities which are used by agreement of the President and the government of the recipient country for purposes provided for in section 201 of this Act.

Section 201 is the section of the act to relieve famine.

Mr. President, I submit the amendment on behalf of the Senate Committee on Foreign Relations, the Senate Committee on Agriculture and Forestry, the President of the United States, the Secretary of Agriculture, and, I trust, a substantial majority of the Members of this body.

Mr. AIKEN. Mr. President, will the Senator from Minnesota yield several minutes to me?

Mr. HUMPHREY. I am happy to yield to the distinguished Senator from Vermont.

The PRESIDING OFFICER. The Senator from Vermont is recognized.

Mr. AIKEN. Mr. President, this amendment, which includes items (5) and (10) of the committee amendment, was proposed by the administration. It authorizes the storing of surplus foods—primarily grain—in foreign countries, to be paid for if they are withdrawn and used by those countries for other than famine or emergency relief.

I do not know that there is much more to be said about the amendment.

I believe that perhaps one of the purposes of the amendment is not only to have the food available for the control of hunger and near famine, but also to hold down inflation, in that if the food were stored in and were available in some of these countries, it would have the effect of holding down inflation in these countries, and also would result in decreasing storage costs. The Senator from North Dakota [Mr. Young] just now reminded me that the latter is one purpose.

Mr. President, I hope the amendment will be agreed to.



Mr. ELLENDER. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 5 minutes.

Mr. ELLENDER. Mr. President, as the distinguished Senator from Minnesota has stated, this amendment has the endorsement of the administration. But, I might point out, some of us who are on the committee are opposed to the amendment.

If this amendment were adopted, it would permit the storage abroad of a large quantity of surplus agricultural commodities. In addition, the amendment would provide opportunity for a portion of the proceeds of sales of these surplus agricultural commodities for foreign currencies to be used to construct storage facilities in foreign countries.

Mr. President, it has been my privilege to travel through many foreign countries. It is my judgment that in most of the countries where famine now exists and where there is much need for food, such food-storage facilities are not available. Furthermore, in countries such as Pakistan and India, even if additional facilities would be constructed, the weather conditions are such that our surplus agricultural commodities could not readily be stored there.

In my judgment, it would be much better for us to retain these surplus agricultural commodities here in this country and distribute them as they are contracted for.

Mr. President, if this amendment is adopted, it will mean that the Federal Government will be compelled to pay all costs to ship this food abroad, and if the food is used for any other purpose than that provided under title I, it is entirely possible that our country will have to pay for the storage of that food, as well.

It strikes me that the program as it is now operated has worked well. I can see no reason why we should obligate ourselves to any further extent than we have already in the distribution of surplus agricultural commodities abroad.

Mr. President, I ask that there may be inserted at this point in my remarks a further explanation of the pending amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### NATIONAL FOOD RESERVES

This provision authorizes grants of surplus agricultural commodities for the purpose of creating national food reserves in other countries. Food withdrawn from the reserves would be paid for by the recipient country if it were withdrawn for purposes other than those provided for by section 201 of the act, namely, emergency famine or extraordinary relief assistance.

The report of the Senate Committee on Foreign Relations states:

"This section states specifically that the reserves to be created will help implement the resolution of the United Nations, adopted at the 11th session of the General Assembly. That resolution calls for the establishment of national food reserves 'to be used in accordance with international agreed principles.' The United Nations resolution

specifies that the purposes of national food reserves should be:

"(a) To meet emergency situations;  
"(b) To prevent excessive price increases arising as a result of a failure in local food supplies;

"(c) To prevent excessive price increases resulting from increased demand due to economic development programs, thus facilitating the economic development of less developed countries.

"Section 110 specifies that the reserves will be kept at agreed levels unless the President specifically approves a reduction below the agreed level. The agreements shall also contain safeguards to assure that the commodities in the reserve are not used for speculative purposes.

"The committee also emphasizes the importance of utilizing the services of and consulting with the United Nations Food and Agricultural Organization with respect to technical problems of storage, management, and operation of national food reserves.

"The committee calls attention to the fact that the building of national food reserves in food deficit countries requires the building of adequate storage facilities, that assistance in building such storage facilities is authorized under several provisions of this bill, and urges the President to use his authority, whenever necessary and advisable, to aid other countries in the building of adequate storage facilities for national food reserves."

The section, therefore, contemplates that food will be given in order to establish these reserves, and storage facilities will be built with U.S. assistance. The food will be given at a time when it is not needed, to be kept in reserve in case it should be needed at some future time. If it spoils in the meantime, that will be small loss to the recipient country. If it is withdrawn for famine or extraordinary relief assistance, the United States would receive no payment for it even though the recipient country does receive payment. Apparently this provision would remove a substantial measure of control over these commodities before the recipient country has any need for them. Then, if there is an opportunity to use them, the United States will be in a weak bargaining position in fixing a price for them.

The price-depressing effect of having large stores of commodities overhanging the market is well known. This provision would provide for stores of commodities in countries all over the world. Prices and other incentives to produce in those countries would tend to be reduced, so that this measure might well have a crippling effect on its beneficiaries and tend to keep them dependent on the United States.

Mr. ELLENDER. Mr. President, I also ask unanimous consent to have included in the RECORD at this point a copy of a letter from the Department of Agriculture describing a similar provision.

There being no objection, the letter was ordered printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,  
Washington, D.C., August 7, 1959.

Hon. HAROLD D. COOLEY,  
Chairman, Committee on Agriculture,  
House of Representatives.

DEAR CONGRESSMAN COOLEY: In accordance with your request there is set out below an explanation of the provision for national reserves contained in the Department's proposed new section 110 of title I, Public Law 480. It is our intention through this requested new section to make it possible for underdeveloped countries to carry reserve stocks of commodities, such as wheat, to meet (a) temporary shortages resulting from

crop failures or delays in the implementation of import plans, and (b) emergency needs resulting from natural disasters or other causes for which assistance may be made available under section 201 of title II of the act.

It has been a recurring experience in times of crop shortage in such countries that consumption has been substantially cut back over a period of 1 to 3 months while import programs were being negotiated and purchases made and shipments received in the country. Under these circumstances, a 2 or 3 months reserve supply would bridge the gap until regular imports begin to arrive. Also, in the case of disaster such as floods, where the need for food is immediate, even the promptest action in making shipments from the United States will not meet such need in time. The availability of such reserve stocks would do so.

The existing method of effecting exports of surplus commodities under title I through regular trade channels is, we believe, the most practicable means of providing reserve stocks to be available for either of the two purposes described above. Taking into account that this method moves the bulk of the commodities out of private stocks, thus avoiding the expense of acquisition, storage, and handling under the price support program, we believe it is also the most economical.

The title I agreement providing for the establishment of reserve stocks under section 110 would include provisions governing: (1) The quantity of the reserve to be established; (2) the length of time the reserve would be maintained; (3) the methods of protecting the reserve stocks, including the basis of settlement in case of damage requiring salvage operations; (4) the use of such reserve stocks for agreed purposes authorized in section 201 of Public Law 480 without any payment being made by the recipient country; (5) use of such reserve stocks for other than section 201 purposes with payment being made for the commodity by the recipient country; and (6) compliance with other requirements of title I, including safeguards against use of the commodities for speculative purposes.

The purchase authorizations providing for procurement of the commodity under such an agreement would be substantially the same as purchase authorizations providing for procurement for immediate consumption. The exporters sales price would be financed in the same way and would be subject to price analysis and reclaim, if excessive. The foreign currency equivalents of such sales price would be determined in the same manner but the recipient country would not be required to deposit such foreign currency to U.S. account at that time, as is required in the case of procurement for immediate consumption. If the commodity were later used for regular consumption purposes, the deposit would then be made. If the commodity were used to meet emergency needs agreed by the United States, the deposit would not be required and the transaction would then constitute a grant rather than a sale.

In most underdeveloped countries there is not now sufficient storage over and above that required for working stocks to carry adequate reserves against disaster and crop failures. For this reason, emphasis will be placed on measures that will result in recipient countries utilizing available grant and loan funds from title I, Public Law 480 programs and other sources to increase their storage facilities. The furnishing of assistance in expanding storage facilities through loans or grants out of title I, Public Law 480 sales proceeds would be an inherent part of the regular programs for sales of commodities for foreign currencies. It does not mean



that the United States would have responsibility for storage of the reserve stocks or for costs of carrying out the storage operations. The commodities would be owned by the recipient country from the time of shipment from the United States and further storage and handling would be the responsibility of that country.

Under the proposed amendatory language, considerable flexibility would be permitted in program operations to adapt to operating problems which might arise. We will be pleased to keep the committee informed regarding actual operating procedures developed and progress made under this authority, if enacted.

Sincerely yours,

CLARENCE L. MILLER,  
Assistant Secretary.

Mr. ELLENDER. Mr. President, I yield 5 minutes to the distinguished Senator from Florida [Mr. HOLLAND].

Mr. HOLLAND. Mr. President, it makes little difference who is requesting or supporting this amendment. I think it must stand or fall on its essential merits.

I call attention to some of the details of the amendment which cause me great concern.

First is the fact that storage abroad means we must build storehouses abroad.

Second, storage abroad means that we must transport and pay for the transportation of our surplus products abroad.

Third, storage abroad means that we must subject those surplus products to climatic conditions and other conditions which exist there.

Fourth, in this amendment it is provided—and this is rather an amazing thing to be suggested by those who think that they are recognizing the sovereignty of some 40 countries with which we deal, and which, it is hoped, will set up reserves among themselves to help themselves—such agreements shall require the government of the recipient country to maintain the reserve at agreed levels unless the President specifically approves a reduction below the agreed level, and shall contain reasonable safeguards to assure that the commodities in the reserve are not used for speculative purposes.

Mr. President, I do not know what countries might be willing to accept our largesse on condition that we determine what reserves or how large reserves should be kept by them, but I think that they might be few in number, and that the result of such legislation as this, far from making friends, would be exactly the opposite.

The existence of surpluses here causes trouble for every man who produces them and for every industry which handles the products. It is proposed now to extend the surplus threat to every country friendly to us, and which may deal with us under this proposal, so that each of them will have as a cloud over its own production a part of the surplus which we have here, creating for the particular country a continuing surplus unless there is disaster and unless there is need for the surplus.

Many years ago a Secretary of Agriculture promulgated a program which he called the ever normal granary program, which at least applied only

to us. This proposal is to make of us a kind of Joseph for all the free nations of the earth, under regulations which we prescribe, requiring the recipient countries to live up to those regulations. We become a Joseph for all the other free nations by preserving in their areas reserves or surpluses of products which are nonessential.

Mr. President, so far as I am concerned, it seems to me that Mr. Wallace will probably blush with shame when he finds that his rather modest proposals of a few years ago have been far overcalled and far outdone by this proposal, which seeks to preserve a kind of ever normal granary in all the free nations of the world, by continuing to mine our soil and continuing to insist upon the production of huge surpluses.

Shall we ever reach the time when we can cut down the production of surpluses, or are we instead to write into the law provisions to the effect that for 3 years of commitments, and for about 6 years of deliveries, we are now committing ourselves to continue production of surpluses big enough to overhang production in all the friendly nations which may seek to avail themselves of this program?

The program is so astounding that I cannot support it, and I am surprised that any Senator should rise to support it.

I hope the amendment will be defeated.

Mr. ELLENDER. Mr. President, I yield 3 minutes to the Senator from Iowa.

Mr. HICKENLOOPER. Mr. President, it is true that some such proposal as this has come from administration sources or from other sources. It is also true that we have been following this policy in the main over the past year. I go back to the days of UNRRA and the terrible and disgraceful fiasco that was created by the manipulation of UNRRA abroad following World War II, when the food that we sent so generously from American ports was used for the advancement of communism by the agents of communism who got hold of the food and distributed it.

The danger in this proposal to me is, first, that it is proposed that we build warehouses all over the world. I do not care whether my administration proposes it or someone else proposes it. That makes no difference to me. We propose to build warehouses. What is to happen to such warehouses? Somebody must use them. So we propose to put food into the warehouses, and it must be kept at a certain level. It is not to be drawn down except in famine, but there are rats and other rodents, and there are two-legged rats which, with certain political manipulations in certain countries, will, in one way or another, draw down those reserves, we can rest assured. When the storehouses are nearly empty, they will say to us, "Look at these storehouses. They are empty. We do not know where the food has gone. Please send us some more grain to keep up the level." In that way we shall be faced with more famines and emergencies all over the

world in order to pull down the reserves of grain in those countries than we have ever heard of before in history, outside of wartime.

That is what I am afraid of. If we build storage facilities and begin to put grain in them, are we not under a moral obligation, in the minds of some people, at least, to keep them filled, whether we have the surpluses or not? They will not care whether we have the surpluses or not. They will say, "You built the storehouses. You ought to keep them filled. Go out in the market and buy the stocks and put them into the storehouses."

I am afraid those questions will be raised.

So far as the food reaching the people is concerned, as has been pointed out by other Members, most of it will not be given to the people as the result of the bounty of the American people, so far as they know. It will be sold to the people in these countries, and the politicians and governments in those countries will in many cases use the food to perpetuate themselves, whether they be good, bad, or indifferent, as has occurred countless times in the past. The general effect upon the hearts and minds of the people who need the food will be lost. I fear that such things will happen under this program if it is carried out.

It is a high-minded program. So long as we have the surpluses, so long as we have the things we can give, so long as the bounty of the American people continues to be as large as it has in the past, we shall keep making these commodities available to the people. But let us not tie ourselves to any actual contractual obligation with respect to which we can be accused of having assumed a moral liability to continue the programs indefinitely, and to stimulate certain countries into keeping in effect a perpetual condition of emergency and starvation in order to get free food from the United States.

I think it is a dangerous program to start in the form provided in the amendment, and I hope the amendment will be rejected.

Let us continue to make surplus foods available where they are needed and when we have them, but let us not tie our hands and get into a commitment ad infinitum.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I have no time.

Mr. ELLENDER. I yield 1 minute to the Senator.

Mr. LAUSCHE. Is the proposed program a new one?

Mr. HICKENLOOPER. The program has been presented, in one way or another, by many people.

Mr. LAUSCHE. But this is an effort to put it into effect?

Mr. HICKENLOOPER. This is an effort to put this program into effect on a contractual basis.

Mr. LAUSCHE. But is it a new program? I understand that under existing law, if a foreign nation wants to buy



products with counterpart currencies it can do so.

Mr. HICKENLOOPER. It is not a new idea; it is a new program.

Mr. LAUSCHE. Under existing law, we can send food to nations suffering from famine. Is that correct?

Mr. HICKENLOOPER. Yes.

Mr. LAUSCHE. This proposal contemplates transferring our food from our own bins in this country to countries having famine conditions. Is that correct?

Mr. HICKENLOOPER. And letting them encourage their own famines.

Mr. HUMPHREY. Mr. President, I yield 5 minutes to the Senator from North Dakota [Mr. YOUNG].

Mr. YOUNG of North Dakota. Mr. President, it is unusual for me to support an odd combination of a Eisenhower-Benson-Humphrey program. Much has been said about embarking on a new program for building storage facilities in other countries. We are not building storage facilities. It is the foreign countries that are building them with foreign currencies.

We lend this money to them to build factories, industries, roads, all manner of works; but now it is said it is wrong that we are going to permit them to build some storage facilities, for example, in India, which country does not have but little storage facilities now. That is one of the reasons why we cannot give them more food. I see nothing wrong with the program at all.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. HUMPHREY. Mr. President, the Senator from North Dakota did not use the time allotted to him. He came right to the point.

I yield to the Senator from Vermont.

Mr. AIKEN. We may have an agreement that we will supply a certain country with 10 million bushels of wheat. This proposal will permit us, provided the country has the storage facilities, to send food to that country before the time it is needed. When it is needed for an emergency, it will be available immediately. If it is used for other purposes, the country will then pay for it. In either event we will save the storage charges which we would otherwise have to pay in this country.

Mr. HUMPHREY. Mr. President, it is always the prerogative of any Member of Congress to change his mind, and I ask that Senators who oppose this amendment tonight recall their vote in committee only a few days ago. This amendment was approved in the Committee on Agriculture and Forestry. It was approved, I say most respectfully, with the vote of the senior Senator from Iowa. This amendment was approved in the Senate Committee on Foreign Relations, and I do not recall that there was any objection. The Senator from North Dakota [Mr. YOUNG]—

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. HUMPHREY. Yes.

Mr. WILLIAMS of Delaware. I do not think the Senator from Minnesota would want the statement to stand that it was

unanimously approved in the committee, because it was not.

Mr. HUMPHREY. I did not say that. I said that I did not recall any objection in the Committee on Foreign Relations.

Mr. LAUSCHE. Mr. President, if the Senator will yield, I voted for the measure, reserving to myself the right to cast my vote as I saw fit, after I heard no arguments of the character that were presented here tonight before the Foreign Relations Committee. Not a single question was raised of the type that has been raised by the Senator from Florida [Mr. HOLLAND], the Senator from Louisiana [Mr. ELLENDER], and the Senator from Iowa [Mr. HICKENLOOPER].

Mr. HUMPHREY. Mr. President, I am a generous man, and I am more than willing to have these comments made on my time. My good friend from Ohio is absolutely right when he states that he reserved his right to vote as he saw fit. All the Senator from Minnesota said was that he did not recall any objections being made. Neither of us is violating the respect we have for each other, because the Senator from Ohio is one of my cherished and dear friends, and will always be so. Moreover, when he fights for a cause, he fights well and honorably.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. PASTORE. Do I correctly understand the situation now is that, without enactment of the amendment, we are sending foodstuffs, under Public Law 480, to foreign countries, and money paid for the foodstuffs does not come to the United States, but constitutes counterpart funds?

Mr. HUMPHREY. No; it constitutes local currencies to the deposit of and in the account of the U.S. Treasury.

Mr. PASTORE. What is the money used for, and by whom?

Mr. HUMPHREY. It is used for many activities by our Government. We sometimes lend it back, at interest, to be repaid in local currencies or dollars. We use it to pay for costs of military construction and for embassy operations.

Mr. PASTORE. But does the money ever come back to the Treasury of the United States?

Mr. HUMPHREY. Oh, yes. Some of it is already being paid, and up to 25 percent is loaned to American industry abroad. So here we convert this money. This is almost like the alchemist of old who tried to convert a base metal into gold. Here we convert foodstuffs and fiber into economic development.

May I say, with respect to this particular amendment, since my time is limited, that in a country like Ceylon, for example, there is at the most a 2-week supply. This is a valuable country in the contest between the Communist world and the free world. This proposal would give the President the opportunity, if he should see fit—the provision is not mandatory; it is permissive—to make available, in a food deficit area such as Ceylon or India, storage grain, if storage facilities are there, so that the grain can be

used either for purposes of sale in the area or for purposes of famine relief.

Under the existing section 201 of Public Law 480, what does that do? It provides one thing; namely, a saving on storage.

If my colleagues wish us to continue to pay out a million and a half dollars a day for storage, let them continue this policy. Wheat can be stored abroad for one-fifth of the cost in this country. Moreover, the wheat, cotton, rice, or other commodity is on location. In addition, the administration is of the opinion that this provision would improve the operations of Public Law 480.

Mr. MORSE. Mr. President, will the Senator yield for a question?

Mr. HUMPHREY. I yield.

Mr. MORSE. Is it the opinion of the Senator from Minnesota that if some of this surplus food were stored in countries where it is nip and tuck in the fight between freedom and totalitarianism, it might well be helpful to the political leaders in those countries that stand for freedom if they knew that in time of famine they would have this food available?

Mr. HUMPHREY. I do feel that way. I want to add to the Senator's comment, which is most pertinent and relevant, that the Senate voted to put large stocks of arms in Germany in caves underground in storage depots before the German army was constituted. The Senate voted to put large amounts of trucks and vehicles in surplus amounts overseas for our Armed Forces and for others. Yet Admiral Briscoe, the chief of the command of the southern flank of NATO, told the Senator from Minnesota and told a representative of the Foreign Relations Committee staff, one Mr. Patrick Holt, assigned on that mission, when I visited the southern flank of NATO, that if war broke out in Europe, because of the inadequacy of food we could not feed our own troops for 10 days. The military departments of Government have recommended for years that we maintain food reserves overseas. The Department of Defense is on record, time after time, in favor of these depots of foods overseas, not for helping others, but for helping ourselves.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. PASTORE. I am very much in sympathy with this amendment. The thing which concerns the junior Senator from Rhode Island is the question raised by the Senator from North Dakota [Mr. YOUNG] to the effect that, after all, this money is being used for other industrial developments in these countries, so why not use it to build storehouses instead, to store this food?

Mr. HUMPHREY. Yes.

Mr. PASTORE. Then I asked the question whether this money would come back to the Treasury of the United States, and the Senator said it would.

Mr. HUMPHREY. Yes.

Mr. PASTORE. How do we spend this money for industrial development in foreign countries?



Mr. HUMPHREY. We loan the money to the countries at interest, repayable, under terms of an agreement, either in local currency or in American dollars.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. HUMPHREY. Mr. President, I yield 2 minutes from the time of the bill to myself, so that I may respond to the question of my good friend and colleague.

We loan the money to the countries, and it is repayable with interest, under the terms of an agreement, country by country, contract by contract.

Mr. PASTORE. Nevertheless, it is a fact that if the money were not used for this purpose it would come back to the U.S. Treasury?

Mr. HUMPHREY. That is correct.

Mr. PASTORE. What we are seeking to do under the law is to authorize use of the money for the building of warehouses in foreign countries.

Mr. HUMPHREY. May I say, most respectfully, to my good friend—

Mr. PASTORE. I am not quarreling about it, but I think the record should be straight.

Mr. HUMPHREY. The record will be straight.

It is very difficult to spend Indian rupees in either Providence, R.I., or Minneapolis, Minn. We spend Indian rupees in India. We sell the wheat, cotton, or other commodity under title 1 for the local currencies, over and above what we can sell for dollars. When we sell commodities for local currencies the only place the local currencies can be used is where the local currencies are generated.

Mr. PASTORE. Therefore, this money would not come back to the U.S. Treasury. It is money we would have to spend in the foreign countries.

Mr. HUMPHREY. Yes. In the agreement relating to the use of the money, it would be repayable either in the local currency or in dollars.

The PRESIDING OFFICER. The additional 2 minutes the Senator yielded have expired.

Mr. MORSE. Mr. President, will the Senator yield himself 1 more minute?

Mr. HUMPHREY. Mr. President, I yield myself 1 more minute.

The PRESIDING OFFICER. The Chair wishes to inquire as to whether the Senator in control of the time on the bill wishes to yield time on the bill to the Senator from Minnesota.

Mr. HUMPHREY. I understand the majority leader is willing to yield time on the bill to handle these amendments. Is that correct?

Mr. JOHNSON of Texas. Mr. President, the Senator from Louisiana [Mr. ELLENDER] has control of the time on the bill. Does the Senator desire additional time?

Mr. HUMPHREY. I wish to respond to questions. Who is controlling the time against the bill? The Senator is against the committee amendments.

This is an anomaly, if I have ever seen one.

The PRESIDING OFFICER. Under the unanimous consent agreement, the minority leader controls the time in opposition to the bill.

Mr. HUMPHREY. In other words, what we have happening is that the time on both sides is controlled by the opponents.

This is a "deal."

Mr. MORSE. Mr. President, will the acting minority leader yield time?

Mr. KUCHEL. Mr. President, first let the record show that the Senator from Minnesota may or may not be correct in his statement. I am one Senator who is trying, in the midst of considerable confusion, to determine how my vote should be cast.

In any event, with the customary generosity which goes with this desk, 1 minute is allotted to the able Senator. [Laughter]

Mr. HUMPHREY. I will say, with the customary gratitude which comes from this side, "Thank you."

Mr. MORSE. Mr. President, will the Senator yield so that I may ask one question?

Mr. HUMPHREY. I yield to the Senator from Oregon.

Mr. MORSE. The Senator from Oregon understands that a considerable amount of storage space will be built in some countries with the use of soft currencies, the use of local currencies which could not possibly come back to the Treasury of the United States, but which must be spent in such countries for uses for which soft currencies can be spent. Is that a correct understanding?

Mr. HUMPHREY. The Senator is correct.

Mr. YOUNG of North Dakota. Mr. President, will the Senator yield?

Mr. HUMPHREY. I should like to go back to the point raised by the Senator from Rhode Island, in the 30 seconds remaining, if I may do so.

When we sell the commodities under title I, we get money for them. It may be dollars, pounds, or francs, or it may be some other currency, but we get money of some kind. The money is a negotiable instrument within the country where the sale is made. Therefore, under the terms of Public Law 480, we make agreements with those countries to loan back a portion of the total amount of the proceeds, as to which we are repaid interest and principal.

Mr. PASTORE. That is the point I mean to make, precisely. In other words, these warehouses will be paid for out of money which we are obligated to loan to the countries, anyway.

Mr. HUMPHREY. The Senator is correct.

Mr. PASTORE. At any rate, this is not money which will come into the United States Treasury.

Mr. HUMPHREY. It is in the Treasury.

Mr. ELLENDER. No; it is not.

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

Mr. YOUNG of North Dakota. Mr. President, will the Senator yield?

Mr. HUMPHREY. I have no time.

Mr. KUCHEL. Mr. President, the acting minority leader is available for an allocation of additional time.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield to me?

Mr. KUCHEL. I yield 5 minutes to the able senior Senator from Delaware.

Mr. WILLIAMS of Delaware. Mr. President, I think there is some misunderstanding in connection with the amendment now pending.

The storage bins or granaries will be built with currencies which belong to the U.S. Government, and currencies which will come back to this country if they are not spent or loaned. Such currencies are spent or loaned only at our discretion. These are not counterpart funds.

The warehouses will be built with money of American taxpayers, whether it is money which we have in American dollars or whether it is money which we have in foreign currencies which we have accepted in exchange for commodities which we have sold at discounts.

This is one of the most fantastic proposals I think we have ever had in this Congress—it commits the American taxpayers to pay for the building of storage houses throughout the world. We will then be storing our surplus commodities in those storage houses. Once the commodity is in the foreign country stored in one of the storage houses, we cannot sell it to any other purchaser except the country in which it is stored, unless it give its consent. We will have to negotiate on a price with that country as the only prospective buyer. The country will know it has the commodity. We can give it to them or we can sell it at what they offer. We will even be required to pay storage on our grain stored in this foreign country in warehouses we build.

If there happens to be a famine in an adjoining country, we cannot take the commodity out of the storage house in X country, without an internal incident, and move it over to the country which has a famine.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. PASTORE. Who will determine how much we put in the storage house?

Mr. WILLIAMS of Delaware. The United States Government.

Mr. PASTORE. Is that not enough protection?

Mr. WILLIAMS of Delaware. It has not been in the past. It is our money. We should control it.

Mr. PASTORE. We determine whether we shall put in much or little.

Mr. WILLIAMS of Delaware. That is correct.

Mr. PASTORE. The argument has been developed here that because we put in something there should be apprehension that the program will be abused. If we have the final decision, what difference does it make?

Mr. WILLIAMS of Delaware. We could build one warehouse, or we could build several. I do not think we should build any.

Mr. PASTORE. We can put in as much as we wish.

Mr. WILLIAMS of Delaware. The Senate will determine tonight whether we want to build worldwide granaries



and store all of our grain throughout the world.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I will yield in just a moment.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I will yield in just a moment.

Mr. President, it has been said that these warehouses would be built with currencies which we could not bring back to the Treasury of the United States. These warehouses will be built with currencies which we can spend for needed strategic commodities which we can use in our national stockpile. This is money we can use for embassies, or military establishments abroad.

I think we had better act on this question with our eyes open. It was admitted in the committee that we would have no control over the commodity once we put it in the storage house.

Mr. PASTORE. Mr. President, will the Senator yield on that point?

Mr. WILLIAMS of Delaware. I yield.

Mr. PASTORE. Is it not a fact that it is proposed to build these warehouses with money which can be used in foreign countries to build mills which produce and sell textile products in competition with American manufactured goods?

Mr. WILLIAMS of Delaware. The moneys can be used for that purpose, or they can be put back in the Treasury of the United States.

Mr. PASTORE. What is the difference between doing that and building a warehouse where the food can be stored?

Mr. WILLIAMS of Delaware. I am not suggesting that we should build textile mills, either.

Mr. PASTORE. In point of fact, we are doing it.

Mr. WILLIAMS of Delaware. The fact that we are doing it does not mean we should build granaries. Merely because we are doing something which is wrong, why should we start a second project which is wrong?

Mr. PASTORE. It is not exactly wrong.

Mr. WILLIAMS of Delaware. We are building textile mills in foreign countries because the Congress voted to do so. We will build warehouses if Congress votes to do so. If the Senator does not like it, he can vote against it rather than talk about it. [Laughter.]

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

The PRESIDING OFFICER. The time of the Senator from Delaware has expired.

All time on the amendment has expired.

The question is on agreeing to the amendment offered by the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, a correction. It is a committee amendment.

Mr. KUCHEL. Mr. President, I yield 2 minutes to the able Senator from North Dakota.

The PRESIDING OFFICER. The Senator yields 2 minutes from the time on the bill?

Mr. KUCHEL. From the time on the bill.

The PRESIDING OFFICER. The Senator from North Dakota is recognized for 2 minutes.

Mr. YOUNG of North Dakota. Mr. President, I should like to take a minute or two to explain the provision. When we sell these commodities to foreign countries, we accept their currency.

The average deal operates in this manner: 30 percent of the funds are set aside for use by the United States. That is for our own use, and there is no doubt about it. The other 70 percent of the funds we loan back to these countries.

These storage facilities would be built by using the 70 percent of the funds which are to be loaned back to these foreign countries for some other purpose, anyway.

Mr. PASTORE. Mr. President, will the Senator yield to me?

Mr. YOUNG of North Dakota. I yield to the Senator from Rhode Island.

Mr. PASTORE. That is exactly the point which impresses the junior Senator from Rhode Island. As I understand the situation, these warehouses will not be built with the hard currencies which will come back to the Treasury of the United States, but will be built by use of the soft currencies which will have to be spent, under our agreements, in those countries anyway.

Mr. YOUNG of North Dakota. They would not be built out of the 30 percent of the currencies which, under the act, would be set aside for U.S. use.

Mr. PASTORE. Is that a correct understanding?

Mr. YOUNG of North Dakota. That is correct.

Mr. HUMPHREY. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. HUMPHREY] on behalf of the Committee on Agriculture and Forestry. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from North Carolina [Mr. ERVIN], the Senator from Missouri [Mr. HENNINGS], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Wyoming [Mr. McGEE], the Senator from Montana [Mr. MURRAY], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

I also announce that the Senator from Indiana [Mr. HARTKE] and the Senator from Wyoming [Mr. O'MAHONEY] are absent because of illness.

The Senator from Idaho [Mr. CHURCH] is absent on official business attending the Interparliamentary meeting in Warsaw, Poland.

I further announce that, if present and voting, the Senator from Idaho [Mr.

CHURCH], the Senator from Missouri [Mr. HENNINGS], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Montana [Mr. MURRAY], and the Senator from Wyoming [Mr. O'MAHONEY] would each vote "yea."

On this vote, the Senator from North Carolina [Mr. ERVIN] is paired with the Senator from Wyoming [Mr. McGEE]. If present and voting, the Senator from North Carolina would vote "nay," and the Senator from Wyoming would vote "yea."

Mr. KUCHEL. I announce that the Senator from South Dakota [Mr. CASE] is absent on official business attending the Interparliamentary Union Conference at Warsaw, Poland.

The Senator from Illinois [Mr. DIRKSEN] is necessarily absent.

The result was announced—yeas 42, nays, 46, as follows:

## YEAS—42

Aiken	Hill	Mundt
Bartlett	Humphrey	Muskie
Carlson	Jackson	Neuberger
Carroll	Javits	Pastore
Case, N.J.	Johnson, Tex.	Prouty
Clark	Kefauver	Proxmire
Cooper	Langer	Randolph
Dodd	Long, Hawaii	Scott
Douglas	McCarthy	Sparkman
Fulbright	McNamara	Wiley
Gore	Mansfield	Williams, N.J.
Green	Monroney	Yarborough
Gruening	Morse	Young, N. Dak.
Hart	Morton	Young, Ohio

## NAYS—46

Allott	Ellender	McClellan
Anderson	Engle	Magnuson
Beall	Fong	Martin
Bennett	Frear	Moss
Bible	Goldwater	Robertson
Bridges	Hayden	Russell
Bush	Hickenlooper	Saltonstall
Butler	Holland	Schoeppel
Byrd, Va.	Hruska	Smith
Byrd, W. Va.	Johnston, S.C.	Stennis
Cannon	Jordan	Symington
Capehart	Keating	Talmadge
Cotton	Kerr	Thurmond
Curtis	Kuchel	Williams, Del.
Dworshak	Lausche	
Eastland	Long, La.	

## NOT VOTING—12

Case, S. Dak.	Ervin	McGee
Chavez	Hartke	Murray
Church	Hennings	O'Mahoney
Dirksen	Kennedy	Smathers

So the committee amendment was rejected.

Mr. ELLENDER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HOLLAND. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HUMPHREY. Mr. President, I have been consulting with the Parliamentarian as to whether I might call up an amendment which I sponsored in my own right. Apparently some Senators think the committee amendments which are being offered are my amendments. These are, of course, the amendments of the majority of the committee. My question is whether I may call up at this time an amendment other than those approved by the committee?

The PRESIDING OFFICER. If the amendments are to be treated as committee amendments, they will be acted on first.

Mr. HUMPHREY. If an amendment is treated as a committee amendment, it



is an amendment which comes from the committee.

The PRESIDING OFFICER. The statement on the face of the amendment is: "Amendments reported by Mr. HUMPHREY, from the Committee on Agriculture and Forestry." That makes them appear to be committee amendments.

Mr. HUMPHREY. That is correct. Indeed, they are committee amendments. One would never know it, but indeed they are.

The PRESIDING OFFICER. The present occupant of the chair was advised earlier in the evening that the amendments contained in this group were not committee amendments but were amendments of the Senator from Minnesota.

Mr. HUMPHREY. I do not know who advised the Chair of that, but I appreciate the compliment.

I offer an amendment to the committee amendment.

The PRESIDING OFFICER. If an amendment other than the committee amendment is offered at this time, unanimous consent is required to permit the amendment to come in ahead of the committee amendment.

Mr. HUMPHREY. I do not believe we should ask for miracles at this hour of the night. I was trying to accommodate one of our esteemed, beloved colleagues, who wanted to make a statement in reference to the amendment, which I know will be adopted overwhelmingly. But I will proceed.

Mr. President, I call up the amendment relating to section 104, paragraphs 6, 7, 8, and 9, starting on page 2, line 17, and continuing through line 6, page 4 of the amendment designated "8-25-29-B."

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. It is proposed to insert at the appropriate place in the bill the following:

(6) Section 104(k) (relating to scientific activities) is amended by striking out the colon and inserting in lieu thereof a comma and the following: "and to promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation:"

(7) Section 104(o) (relating to assistance to educational facilities sponsored by United States citizens) is amended by striking out so much thereof as follows the semicolon.

(8) Section 104 (relating to uses of foreign currencies) is further amended by inserting after paragraph (o) the following new paragraphs:

"(p) For supporting workshops in American studies or American educational techniques, and supporting chairs in American studies;

"(q) For assistance to meet emergency or extraordinary relief requirements other than requirements for surplus food commodities: *Provided*, That not more than a total amount equivalent to \$2,000,000 may be made available for this purpose during any fiscal year;

"(r) For financing the preparation, distribution, and exhibiting of audio-visual informational and educational materials, including Government materials, abroad: *Provided*, That not more than a total amount equivalent to \$5,000,000 may be made available for this purpose during any fiscal year;

"(s) For financing the services of tech-

nicians, advisers, and administrators who are nationals of any friendly country, which may be needed to further economic and social development programs in other friendly countries;"

(9) Section 104 is further amended by inserting before the period at the end thereof a colon and the following: "*Provided, however*, That foreign currencies shall be available for the purpose of subsections (p) and (s), in addition to funds otherwise made available for such purposes, only in such amounts as may be specified from time to time in appropriation Acts".

The PRESIDING OFFICER. The Chair will state that amendments to this committee amendment are now in order.

Mr. HUMPHREY. It is my intention to offer an amendment to the committee amendment.

The PRESIDING OFFICER. The Senator will submit his amendment.

Mr. HUMPHREY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Minnesota will state it.

Mr. HUMPHREY. Must an amendment relate to this particular section to be germane or to be in order?

The PRESIDING OFFICER. An amendment must be germane.

Mr. HUMPHREY. I mean must it be in order? I withdraw the statement with respect to germaneness. Must an amendment to section 104 relate to section 104 to be in order?

The PRESIDING OFFICER. So long as it does not relate to another portion of the bill.

Mr. HUMPHREY. Then I call up my amendment designated "9-1-59-B" as an amendment to the committee amendment.

Mr. KEATING. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from New York will state it.

Mr. KEATING. Is the committee amendment now offered subject to severance?

The PRESIDING OFFICER. It is subject to a division for a question.

Mr. KEATING. I ask that the amendment be divided in order to enable us to vote on that part thereof which extends from line 12 to line 16 on page 2 as a separate item.

The PRESIDING OFFICER. That matter has already been voted on.

Mr. KEATING. Then I ask that so much thereof as begins on line 9 and ends on line 13, page 3, be voted on as a separate item. Is that permissible?

The PRESIDING OFFICER. That is subject to a division.

Mr. KEATING. I ask that that part be voted on as a separate item.

The PRESIDING OFFICER. The amendment offered by the Senator from Minnesota has not been stated.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that my amendment designated "9-1-59-B," title II being entitled "Enrichment and Packaging of Certain Donated Commodities; Enrichment and Sanitary Packaging of Certain Commodities," and title III being entitled "Demonstration Food Stamp Allotment Programs," be printed at this point in the RECORD. It will un-

doubtedly simplify action on the amendment at this late hour if we proceed with a discussion of the amendment without its being read, unless there is an objection.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The amendment is as follows:

On page 1, between lines 2 and 3, it is proposed to insert the following:

"TITLE I—AMENDMENTS TO THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954"

At the end of the bill add the following new titles:

"TITLE II—ENRICHMENT AND PACKAGING OF CERTAIN DONATED COMMODITIES

"*Enrichment and sanitary packaging of certain commodities*

"SEC. 201. (a) In order to insure the nutritional value of cornmeal, grits, white rice, and white flour when such foods are made available for distribution under section 416(3) of the Agricultural Act of 1949 or for distribution to schools under the National School Lunch Act or any other Act, such foods shall be enriched so as to meet the standards for enriched cornmeal, enriched corn grits, enriched rice, or enriched flour, as the case may be, prescribed in regulations promulgated under the Federal Food, Drug, and Cosmetic Act; and in order to protect the nutritional value and sanitary quality of such enriched foods during transportation and storage such foods shall be packaged in sanitary containers. For convenience and ease in handling, the weight of any sanitary container when filled shall not exceed fifty pounds.

"(b) The term 'sanitary container' means any container of such material and construction as (1) will not permit the infiltration of foreign matter into the contents of such container under ordinary conditions of shipping and handling, and (2) will not, for a period of at least one year, disintegrate so as to contaminate the contents of the container, necessitating the washing of the contents prior to use.

"TITLE III—DEMONSTRATION FOOD STAMP ALLOTMENT PROGRAMS

"*Definitions*

"SEC. 301. As used in this title—

"(a) The term 'food commodity' means any food product raised or produced in the United States on farms, including agricultural, horticultural, and dairy products, livestock, poultry, and honey.

"(b) The term 'State' includes the District of Columbia, Puerto Rico, and the Virgin Islands.

"(c) The term 'Secretary' means the Secretary of Agriculture.

"(d) The term 'food stamp' means a certificate, coupon, or other similar medium of exchange issued to eligible recipients.

"*Demonstration programs authorized*

"SEC. 302. (a) The Secretary is authorized and directed, as soon as practicable after the date of enactment of this Act, to formulate and administer in geographically dispersed areas of the United States demonstration food stamp allotment programs under which food commodities will be made available to persons with low incomes, unemployed persons, and such other persons as the Secretary determines to be in need of the type of assistance made available under such programs.

"(b) Demonstration food stamp allotment programs authorized by subsection (a) shall be administered by the Secretary in not less than three nor more than six different areas of the United States, and shall, to the extent practicable, be administered in areas



determined by the Secretary of Labor to be areas of surplus labor. In carrying out the provisions of this section the Secretary shall provide for at least one such program in a rural area of the United States.

*"Types of demonstration programs"*

"SEC. 303. (a) The Secretary shall, with respect to the demonstration food stamp allotment program to be administered in any area, determine the type of program it is to be, the requirements of eligibility for participation therein, and the manner in which it is to be administered.

"(b) In formulating and administering any demonstration food stamp allotment program pursuant to the provisions of this title the Secretary is authorized to consult and cooperate with appropriate State and local authorities as well as representatives of any private industry concerned with the operation of such program.

"(c) The Secretary is authorized and directed in carrying out the provisions of this title to utilize such stocks of the Commodity Credit Corporation (determined by the Secretary to be in surplus supply) as he shall deem fit.

*"Rules and regulations"*

"SEC. 304. The Secretary is authorized to promulgate such rules and regulations as he deems necessary to effectuate the provisions of the title.

*"Termination of programs—report to Congress"*

"SEC. 305. (a) The demonstration food stamp allotment programs authorized by this title shall terminate prior to January 1, 1962.

"(b) The Secretary shall, as soon as practicable after the termination of such programs, submit to the Congress a final report on the operation of such programs, including such recommendation as he deems appropriate. The Secretary may also from time to time make such earlier reports to the Congress as he deems appropriate.

*"Appropriations"*

"SEC. 306. There is hereby authorized to be appropriated \$20,000,000 for carrying out the demonstration food stamp allotment programs.

*"Maintenance of other assistance"*

"SEC. 307. Receipt by any person of benefits under this title shall not be deemed to be income or resources under the provisions of the Social Security Act or any other Federal legislation pertaining to the security of the aged, blind, disabled, dependent children, unemployed, or other similar groups. Any State or local subdivision thereof which decreases the cash or other assistance extended to any person or group as a consequence of the assistance made available under this title shall be ineligible for further participation under this title."

Mr. HUMPHREY. Mr. President, do I correctly understand that my amendment to the committee amendment is the question before the Senate?

The PRESIDING OFFICER. That will be the pending question.

Mr. HUMPHREY. I thank the Chair. The request of the Senator from New York will be in order at the conclusion of the debate on the amendment to the committee amendment. Is that correct?

The PRESIDING OFFICER. Where does the Senator from Minnesota desire his amendment to appear in the committee amendment?

Mr. HUMPHREY. At the end of line 6, page 4.

The PRESIDING OFFICER. The Chair advises the Senator from Minnesota that a request has been made for a severance of the amendment at a point

which will come before the point proposed by the Senator from Minnesota.

Mr. HUMPHREY. Then wherever the severance is made or the surgery is performed, I should like to have some slight plastic surgery applied at that point. That is where I should like to place the amendment which has just been called up.

The PRESIDING OFFICER. The Senator from Minnesota will proceed.

Mr. KEATING. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from New York will state it.

Mr. KEATING. On what amendment is the Senator from Minnesota about to proceed?

The PRESIDING OFFICER. The Senator from Minnesota has offered an amendment which constitutes the portion of the severance which was requested by the Senator from New York.

Mr. KEATING. So the vote, when it is taken, will be on what?

The PRESIDING OFFICER. The vote will be taken on the amendment of the Senator from Minnesota to the committee amendment.

Mr. KEATING. But this amendment has no relationship to the paragraph on page 3; is that correct?

Mr. HUMPHREY. That is correct.

The PRESIDING OFFICER. The Chair is unable to state that, because the amendment has not yet been read.

Mr. KEATING. After the reading of the amendment, I shall renew my parliamentary inquiry.

Mr. HUMPHREY. Mr. President, on whose time are we now proceeding?

The PRESIDING OFFICER. The time has not yet begun to run.

Mr. HUMPHREY. Mr. President, we must be proceeding on time available to someone.

The PRESIDING OFFICER. The amendment to the committee amendment has not yet been placed before the Senate.

Mr. HUMPHREY. Mr. President, I respectfully point out that my amendment to the committee amendment has been offered.

Mr. ELLENDER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Louisiana will state it.

Mr. ELLENDER. To what bill is the amendment submitted?

Are we now dealing with an amendment to Senate bill 1748; or are we dealing with amendments which were reported by the distinguished Senator from Minnesota as committee amendments?

The PRESIDING OFFICER. A portion of the committee amendments was submitted, and a division was requested.

The Senator from Minnesota has submitted an amendment to the committee amendment.

The first question will be on agreeing to the amendment of the Senator from Minnesota to the committee amendment.

Mr. ELLENDER. Mr. President, a further parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Louisiana will state it.

Mr. ELLENDER. If that amendment to the committee amendment should be

agreed to, will the issue again come before the Senate, in connection with the question of amending the pending measure?

The PRESIDING OFFICER. If the pending amendment to the committee amendment is agreed to, the next question will be on agreeing to the committee amendment, as amended.

Mr. ELLENDER. Mr. President, a further parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Louisiana will state it.

Mr. ELLENDER. As I understand the situation, the Senator from Minnesota proposes to further amend the committee amendment, not the bill.

The PRESIDING OFFICER. That is correct.

Mr. ELLENDER. Very well.

The PRESIDING OFFICER. How much time does the Senator from Minnesota allot to himself?

Mr. HUMPHREY. Mr. President, I understood that 15 minutes are available to each side, in connection with the amendment.

The PRESIDING OFFICER. That is correct.

Mr. HUMPHREY. Mr. President, I shall allot myself whatever time I may require.

The PRESIDING OFFICER. Very well—out of the 15 minutes available to the Senator from Minnesota.

Mr. HUMPHREY. I shall not need to use all of the 15 minutes.

Mr. KEATING. Mr. President, will the Senator from Minnesota yield for a parliamentary inquiry?

Mr. HUMPHREY. On whose time?

Mr. KEATING. On the time available to the Senator from Minnesota?

Mr. HUMPHREY. Yes, with my typical generosity.

Mr. KEATING. Mr. President, may we have the pending amendment to the committee amendment read?

The PRESIDING OFFICER. A unanimous-consent agreement was proposed, and no objection was made.

Mr. KEATING. In other words, I am too late in making my request?

Mr. HUMPHREY. The Senator from New York is never too late. In this particular instance, something happened while the Senator from New York was very busy.

Mr. KEATING. Will the Senator from Minnesota explain the amendment?

Mr. HUMPHREY. Yes; and I am about to do so, if the Senator from New York will permit me to.

Mr. President, several Senators suggested that a very important amendment which is lying at the desk be called up before they had to leave; and I thought we would accommodate them.

This amendment is on the Senate calendar as a bill reported from the Committee on Agriculture and Forestry. I believe it was reported by majority vote. I shall ask the committee staff to give me the facts in connection with the reporting of the amendment.

In any case, in our calendar for Friday, September 4, on page 9, Calendar No. 664 is Senate bill 2522, to provide for the enrichment and sanitary packaging of certain donated commodities, and to



establish experimental food stamp allotment programs. The bill was reported to the Senate on August 11. It was my privilege to report the bill to the Senate, for the Committee on Agriculture and Forestry.

This bill is a combination of a proposal introduced by my esteemed friend and colleague on the Committee on Agriculture and Forestry, the Senator from South Carolina [Mr. JOHNSTON]. I now refer to the enrichment features, to enrich certain surplus foods, so they will be edible and usable and of a high dietary quality.

The other part of the bill is the Aiken-Young-Humphrey proposal; in fact, a dozen other Senators joined in the proposal for what we call a food stamp allotment program. The allotment part of it is the Aiken bill. The food stamp plan is the Symington bill.

In the Committee on Agriculture and Forestry, we held hearings for several days in regard to how best to utilize certain surplus foods for consumption in the United States, for our own needy people.

The Senator from South Carolina [Mr. JOHNSTON] pointed out, very properly and wisely, that some of the food in storage today is not usable without enrichment.

The Senator from Vermont [Mr. AIKEN] has been tirelessly—for years—seeking to have established a food allotment program as a means of supplementing inadequate diets.

The Senator from Missouri [Mr. SYMINGTON] has taken the lead, over the years, in offering to the Senate a food stamp plan, which years ago was a working arrangement in this country.

Mr. President, let me state what this particular amendment will do—inasmuch as the Senator from New York [Mr. KEATING] has asked me to explain its purpose.

The first section of the amendment provides that—

In order to insure the nutritional value of cornmeal, grits—

That word should strike a harmonious chord—  
white rice—

Those words should appeal strongly to the chairman of the committee—  
and white flour—

I will cheer for that—

when such foods are made available for distribution under section 416(3) of the Agricultural Act of 1949 or for distribution to schools under the National School Lunch Act or any other Act, such foods shall be enriched so as to meet the standards for enriched cornmeal, enriched corn grits, enriched rice, or enriched flour—

In other words, to make usable; or, in other words, instead of talking and talking about surplus foods, to talk about foods that will be usable for human diet.

The Senator from South Carolina [Mr. JOHNSTON] offered this amendment, not only because of his own judgment in regard to it, but also because every expert says this must be done if we are to use the foods which now are in storage.

I read now the next provision:

#### DEMONSTRATION PROGRAMS AUTHORIZED

SEC. 202. (a) The Secretary is authorized and directed, as soon as practicable after the date of enactment of this Act, to formulate and administer in geographically dispersed areas of the United States demonstration food stamp allotment programs under which food commodities will be made available to persons with low incomes, unemployed persons, and such other persons as the Secretary determines to be in need of the type of assistance made available under such programs.

(b) Demonstration food stamp allotment programs authorized by subsection (a) shall be administered by the Secretary in not less than three nor more than six different areas of the United States, and shall, to the extent practicable, be administered in areas determined by the Secretary of Labor to be areas of surplus labor. In carrying out the provisions of this section the Secretary shall provide for at least one such program in a rural area of the United States.

Mr. President, these are to be demonstration, pilot-project programs. The maximum amount of the authorization will be \$20 million, to carry out these demonstration experimental food stamp allotment programs.

Mr. President, this bill is a good one. It has been reported by the committee. Long hearings were held. The bill has the support of the overwhelming majority of the members of the Committee on Agriculture and Forestry. This measure is in on our Calendar as a separate bill.

A much broader measure was passed by the House of Representatives.

I wish to say to my colleagues that when we go to conference, it seems to me we should have a measure which will be within these bounds of what I call experimental pilot projects.

Mr. SYMINGTON. Mr. President—

Mr. HUMPHREY. Mr. President, at this time I yield to the Senator from Missouri.

Mr. HOLLAND. Mr. President, will the Senator yield for a question?

Mr. HUMPHREY. I yield for a question.

Mr. HOLLAND. Is this program limited by application to surplus food already held by the Secretary of Agriculture?

Mr. HUMPHREY. No; it is not. It is use of surplus foods held by the Secretary of Agriculture, but not more than \$20 million is to be expended for the surplus foods held by the Secretary of Agriculture and such other foods as he may deem necessary. The amount of money is limited.

Mr. SYMINGTON. Mr. President, as we have just heard, the senior Senator from Minnesota [Mr. HUMPHREY] has offered an amendment to S. 1748, which will provide for the establishment of a demonstration food stamp allotment program.

This amendment represents an important step toward promoting the health and welfare, augmenting the purchasing power, and improving the nutrition of those persons receiving public assistance, the unemployed, and other low income, needy persons.

Last month a more extensive food stamp plan was adopted in the House as

part of the bill extending Public Law 480. This bill was introduced by a great lady from Missouri, Congresswoman LEONOR SULLIVAN, and passed overwhelmingly, 2 to 1.

Many of our fellow Americans are underfed and undernourished—and it is a tragic commentary that this should be true in a Nation as rich and productive as the United States.

Today there are nearly 4 million Americans unemployed. Nearly 2 million of these people do not now receive any assistance, or unemployment compensation. Consequently, they cannot purchase the foods needed for a balanced diet.

The problem is also serious for the several million of our fellow Americans whose only source of income is through public assistance.

These people—the aged, the dependent children, the blind, and the disabled—are finding it increasingly difficult to make ends meet on this limited income.

The average public assistance, per individual, is some \$60 per month. With such an income, it is difficult to meet the basic costs of living and still purchase the food needed for a decent diet.

The amendment offered today would supplement the purchasing power of some of those needy persons by providing food certificates, or stamps, to be used as partial payment toward the purchase of needed nutritious foods, which are in surplus in this country.

The current food distribution program of the Department of Agriculture is making some food available to hungry persons in certain distressed areas throughout the country. But the program is far from adequate, either as to quantity or quality.

Throughout the United States we have billions of dollars of Government-stored food surpluses.

Hundreds of millions of dollars of this surplus is being shipped to people in foreign lands.

Surely we can afford this proposed plan for our own least fortunate citizens. Therefore I urge favorable action on this amendment.

Mr. ELLENDER. Mr. President, I yield myself 5 minutes.

This amendment provides for, first, the enrichment and sanitary packaging of cornmeal, grits, white rice, and white flour distributed to needy or to schools; and, second, demonstration food stamp programs in from three to six areas.

It is identical to S. 2522 which was reported by the Senate Committee on Agriculture on August 11, 1959. Both the Department of Agriculture and the Department of Health, Education, and Welfare are opposed to the establishment of a food stamp program.

The Department of Agriculture reports that programs are already in effect with respect to the distribution of surplus foods to needy persons and institutions.

For the first three-quarters of last fiscal year, monthly participation in the needy family program has averaged about 5.2 million people. This is in sharp contrast to the situation 5 years ago when less than a million needy peo-



ple were receiving Federal surplus foods and the program was confined to but 223 counties. In April of this year, 1,200 counties and an additional 165 cities were participating. Through the first 9 months of last fiscal year, the States have distributed over one-half billion pounds of surplus goods to needy families. This exceeds the amount distributed in all of the prior fiscal year.

It is apparent from these comparisons that the States in operating their family welfare programs have found it possible in the past 5 years to make better use of Federal surplus foods to help out in emergency situations and to provide supplemental assistance to the aged, the handicapped, and others on State or local public assistance rolls.

Mr. President, as much as I would like to see some sort of a pilot plant food stamp plan enacted, I cannot agree that attaching such a plan to Public Law 480 is the manner in which to proceed.

Mr. CURTIS. Mr. President, will the Senator yield for a question?

Mr. ELLENDER. I yield for a question.

Mr. CURTIS. In reference to the first part of the amendment to the amendment, it calls for the enrichment of cornmeal, grits, and so on. Who is to do that? Is that a Government operation?

Mr. ELLENDER. Government money would be used to provide for such services on a contract basis.

Mr. CURTIS. Will the Government provide the facilities, and employ Government help to carry out the program as a Government project?

Mr. ELLENDER. As I understand, this plan would be operated by the Government, and the cost of it would be paid for out of the Treasury.

Mr. CURTIS. I know the cost will be, but what I am wondering is whether we are setting up an industry. The amendment provides:

When such foods are made available for distribution—

And the Government owns title to all that are made available for distribution—

such foods shall be enriched.

Is it planned to set up a Government program of processing plants, packaging, and doing whatever is necessary to enrich and package the food in a sanitary manner?

Mr. ELLENDER. The Government would have responsibility over the program. Of course the Government is doing that now by manufacturing flour, as the Senator knows.

Mr. CURTIS. Yes; but it does not own the flour mills.

Mr. ELLENDER. No.

Mr. CURTIS. What I am getting at is this: There is no language in the amendment which provides that it shall be done by contract. It merely provides that it shall be done. How?

Mr. ELLENDER. It is a Government food stamp plan on a trial basis, to be operated by the Government.

Mr. CURTIS. I am referring to the first section.

Mr. ELLENDER. I understand.

Mr. CURTIS. Is it the Senator's understanding that the Government will contract with someone to package and enrich this food, or are we launching a program under which the Government will build processing plants and operate them?

Mr. ELLENDER. The Government could do either, I suppose.

Mr. CURTIS. Are we authorizing either under the amendment?

Mr. ELLENDER. The point I wish to make is that it is a Government operation, whether under contract or directly by the Government, and Government money would be used in order to carry on the program.

Mr. President, I ask unanimous consent that the remainder of my prepared statement be printed in the RECORD, in order to conserve time.

There being no objection, the statement was ordered to be referred to, as follows:

On pages 59-63 of the hearings on food distribution programs the Department of Agriculture testified that the present program worked in the following manner:

First, the Department enters into an agreement with some agency of the State government which assumes basic responsibility for program operations. We do not deal directly with political subdivisions of the State.

Second, provisions are made for the sharing of costs between the Federal Government and the States. The Department provides the surplus food to the State at no cost, finances necessary processing and packaging costs, and ships the commodities in carload lots—on a freight-paid basis—to receiving points designated by the various States. States are responsible for arranging for the receipt, storage, and delivery of the surplus foods made available to them. They also make arrangements with their counties and communities for the operation of a distribution center where the eligible families can receive the food. (In a few metropolitan areas, local arrangements have been worked out to distribute surplus foods through retail stores.)

Third, under our present operations States are responsible for establishing eligibility standards as to recipients and for developing a procedure for certifying applicant families. The Department, however, requires that the eligibility standards used by a State bear a relationship to the standards that the States use under their own regular welfare assistance programs. This requirement, we believe, is logical from the standpoint of gearing this surplus food program into the basic, on-going, welfare assistance programs of State and local governments. Also, we believe that this requirement helps to insure that these surplus food donations can be accomplished without any significant interference with regular food markets.

We believe that experience has demonstrated the effectiveness of these food donation policies. By requiring an agency of the State government to assume overall responsibility for the program, we can be assured that the food donation program will be operated in a manner that is consistent with the policies the State follows in the administration of its basic welfare assistance programs. Under the present arrangement, delivery costs within a State can be held to a practical minimum through the use of State, county, or municipal food storage and handling facilities and, in some cases, with the use of volunteer labor. In addition, such a system maintains sufficient flexibility to permit the scope of the program to be adjusted to changes in the need for such a program or in the volume of surplus food

available for donation. More importantly, however, we do not believe the Federal Government should undertake a direct food procurement program on a welfare basis. We do not see how it could help but be disruptive to orderly food marketing or help from exerting an upward pressure on food prices. The operation of welfare assistance programs, basically, is a State and local responsibility. Nonetheless, a complete review would show that the Federal Government already is providing significant amounts of financial assistance to help States and localities carry out that responsibility under the welfare grants authorized by the Social Security Act and through the donation of surplus foods. We do not feel additional Federal action with respect to food assistance is warranted, although we support continued full use of Federal surplus foods to supplement the diets of needy people.

Butter, dry milk, rice flour, and cornmeal have so far this year been available for donation to needy people in family units and these foods provide significant extra nutrients to needy people. At the rates of distribution recommended by the Department for a four-person family, for example, these surplus foods alone would provide almost one-fourth of the energy and protein allowances recommended by the food and nutrition board of the National Research Council. With the exception of fat and ascorbic acid, the donated foods also would provide between about one-sixth to one-third of the NRC<sup>1</sup> allowances for other nutrients. In addition, these contributions will be increased during the period needy families and institutions receive the dried eggs now being purchased under a section 32 surplus-removal program. As of May 28, a total of 3.5 million pounds of dried eggs, valued at \$3.9 million, had been purchased.

Mr. JOHNSTON of South Carolina. If the Senators will look at the report—

The PRESIDING OFFICER. The Senator will suspend until it can be determined who is yielding time to him.

Mr. HUMPHREY. I will yield to the Senator.

Mr. JOHNSTON of South Carolina. If Senators will look at the report on Calendar No. 664, Report No. 657, at the bottom of page 3, they will find that the Department of Agriculture has estimated that the additional cost of enrichment and packaging required by the bill would be between \$200,000 and \$250,000.

Mr. CURTIS. That does not answer the question.

Mr. HUMPHREY. I will answer the question.

Mr. CURTIS. Is the Government to do it by contract or is the Government to do it by direct Government action?

Mr. HUMPHREY. I suppose that Secretary Benson has enough good sense to contract it out, just as he is currently doing for oversea distribution. We are already packaging food for overseas. We are already enriching food for people in Afghanistan, for example, but if we start doing something for people in this country by enriching food, certain questions arise. We have already started.

Mr. CURTIS. My question was very simple. Is the Senator proposing a Government activity?

Mr. HUMPHREY. No.

Mr. CURTIS. Or private enterprise?

Mr. HUMPHREY. I really feel, since this is a limited program for a year, and

<sup>1</sup> National Research Council.



since I suppose that Secretary Benson is not to be fired—although I have had the courage at times to say that such a noble purpose should be fulfilled—it appears that this great patron of private enterprise will do it on a contract basis. I will give the Senate my word, and I amend the amendment by saying that the processing shall not be done through socialistic methods but the noble standards of our free enterprise shall be adhered to.

Mr. CURTIS. At what point in the amendment would that language be inserted?

Mr. HUMPHREY. That amendment is included.

Mr. President, one point needs to be clarified. The Senator from Missouri was concerned, as was the Senator from Louisiana and others, about the term surplus. This does apply to surplus foods, but all surplus foods do not necessarily have to be in the possession of the Commodity Credit Corporation. Again we rely upon the Secretary of Agriculture to determine those supplies that are in surplus.

Mr. GRUENING. Will the Senator yield for a question?

Mr. HUMPHREY. Yes; I yield.

Mr. GRUENING. Will the senior Senator from Minnesota tell us whether he is proposing an amendment which actually would do something for the American people exclusively?

Mr. HUMPHREY. This is a great day that is true. I do not think we shall be damaged. All that is involved is a little pilot project.

I can assure Senators that if this amendment is adopted, a few good, solid, substantial citizens in the United States, people who once were taxpayers and who gave their sons and daughters to the country, may get some food stamps. Would that not be wonderful? And they may get some enriched food like that which people abroad get. I think we should package it too, just as the Senator from South Carolina [Mr. JOHNSTON] has proposed. I think he is to be commended for his efforts.

Mr. GRUENING. What a wonderful present it would be to do something for the American people.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from Tennessee.

Mr. KEFAUVER. Mr. President, I certainly want to join my colleague, the senior Senator from Minnesota, in support of this proposal to amend Public Law 480 so as to provide for a food stamp plan.

The proposal of the Senator from Minnesota is similar to one on which I have worked for quite a number of years. It is one I believe in. It is a proposal which I feel will do double duty in two areas of our economy which need relief.

First, one of the most pressing domestic problems facing our Nation today is the tragic plight of the American farmer. The root of this very real problem is the surplus commodities headache.

We have not been able to "eat our way out of the surplus" through the Benson assumption that lower prices for

farm products would mean lower retail prices for foods, thus inducing housewives to increase their purchases.

Second, my colleague's food stamp proposal will provide assistance for millions of our less fortunately situated citizens at the same time it provides a wider outlet for disposal of the staggering surplus of agricultural products.

Over the years, numerous attempts have been made to increase the demand for farm products. Research programs have been carried on designed to find new uses. We have sold our surpluses at prices below the market level to the needy, to industrial users, and to foreign countries. We have even tried to give the surpluses away, sometimes without success.

But there has been nothing systematic or organized about these efforts. They have received far less emphasis than the other approach of restricting production. With one conspicuous exception, they have not been integrated into our present methods of distribution.

It is that one exception which may hold some hope for the future. It was tried with conspicuous success just before World War II. During the war it was abandoned, and it has never been revived. I am speaking of the food stamp plan.

Older persons receiving social security benefits represent a class of citizens for whom the food stamp plan would be particularly well suited. Under the benefits they now receive, it is hard for our older persons just to exist, to say nothing of having a decent and adequate diet. Moreover, if they find jobs which bring their incomes above a minimum level, they lose their social security benefits. What could be more desirable than a program which would enable our older citizens to eat more and better food and which at the same time would raise the incomes of the American farmer?

One of the most desirable attributes of the food stamp plan is its flexibility, a feature not possessed by many other farm programs.

As supply and demand conditions changed, new products could be put on the surplus list and others taken off. The amount of free stamps given with each purchase of regular stamps could be varied with changing conditions.

Finally, its overall scope, which is determined by the number of free stamps issued, could be increased or decreased at will. We could always know its cost because it would be determined in advance.

In closing, may I again emphasize that the food stamp plan is by no means the complete answer to the farm problem. It is just one step, but, I believe, a step in the right direction.

It has these merits:

It will increase farm incomes.

It will enlarge and improve food consumption of those whose need is the greatest.

It fits perfectly into our present method of food processing and distribution.

It can be quickly expanded if unemployment becomes a serious problem.

It is well suited to the needs of all persons receiving social security benefits, particularly our older citizens.

It is flexible and adaptable to changing conditions.

Its cost would be set and known in advance.

Finally, it has been tried in the past and it works.

A great philosopher once said that the only thing men learn from history is that men learn nothing from history. This observation is usually recalled when we repeat a mistake of the past. It is equally appropriate when we fail to repeat a success of the past.

I urge the adoption of the amendment of my distinguished colleague, the able senior Senator from Minnesota.

Mr. ELLENDER. Mr. President, I yield to the Senator from Florida.

Mr. HOLLAND. Mr. President, Senators who were here 3 or 4 years ago, when we initiated the current program in this field, will remember that the Senator from Florida handled it, both as chairman of the subcommittee and on the floor.

They will remember that it was established because of heavy unemployment in the coal industry in two States at that time; and the unemployment later spread to other places.

I am glad to report to the Senate that under that program exactly the same commodities which would be covered by the pending bill are now being distributed—but through the States and local official agencies—to those who need them, and to a total of several millions of our people.

The total in 1958 was of a value of \$457,900,000. The total in 1959 was of a value of \$413,400,000. Forty-three States are currently participating in this program.

Mr. President, because the time does not permit me to read it in full, I ask unanimous consent at this time that the latest report of the Department of Agriculture, dated September 3 of this year, USDA 2459-59, be fully printed in the RECORD at this point.

There being no objection, the bulletin was ordered to be printed in the RECORD, as follows:

USDA SURPLUS FOOD DONATIONS SET RECORD IN 1959 FISCAL YEAR

U.S. DEPARTMENT OF AGRICULTURE,  
September 3, 1959.

A record total of nearly 3 billion pounds of surplus foods was donated by the U.S. Department of Agriculture during fiscal year 1959 for use in school lunch programs and by charitable institutions in this country and by needy persons both here and abroad. Distribution totaled 2,979,600,000 pounds, an increase of 5 percent over the previous fiscal year, and marked a record high volume for donations of Government-owned foods.

Domestic outlets received all of the increase, with donations to schools, institutions, and needy persons totaling slightly more than 1 billion pounds for the year, compared with 871,600,000 pounds the previous year. Greater amounts of wheat flour, cornmeal, rice, nonfat dry milk, and butter to needy persons in family units accounted for most of the gain.

Donations for foreign distribution amounted to 1,867,200,000 pounds in fiscal year 1959, a decline of about 100 million



pounds from 1958. Increased donations of wheat flour were offset by decreased amounts of cheese, which was removed from the foreign donation list in July 1958 to reserve the declining Government-owned stocks for domestic outlets.

The foods were acquired through USDA's price-support and surplus-removal programs and were made available through the distribution program of the USDA's Agricultural Marketing Service. They are distributed to eligible recipients in this country through designated agencies of State and local governments. Foreign distribution in 91 countries was handled by 19 U.S. voluntary church and welfare organizations. Surplus foods are donated for overseas relief only after sufficient stocks have been made available to meet needs of recipients in this country.

In addition to regular distribution, surplus foods are made immediately available to victims of natural disasters. In the 1959 fiscal year, about 309,000 pounds of food were distributed to some 21,000 people in 6 States, American Samoa, and Puerto Rico under that plan.

During the 1959 fiscal year, approximately 250 million pounds of food donated through the direct distribution program benefited some 14 million schoolchildren taking part in school lunch programs. And 1,400,000 persons in charitable institutions in this country received a total of 156 million pounds. Distribution of surplus commodities to schools and institutions is made in all the States, the District of Columbia, and

in five territories. Not included in these figures are foods which the Department has purchased specifically for schools participating in the national school lunch program.

Distribution to needy persons during the year totaled over 706½ million pounds, an increase of 50 percent from the 471½ million pounds in fiscal 1958. Participation varies from month to month, and ranged from a high of 5¼ million persons to a low of 4¼ million.

Currently, 43 States, the District of Columbia, Puerto Rico, American Samoa, and the Trust Territory of the Pacific are distributing surplus foods to needy persons, with 150 cities and 1,160 counties participating in those States. The following table shows the number of needy persons in family units receiving donated commodities in June 1959:

Alabama	127,127
Arizona	50,423
Arkansas	178,341
California	23,215
Colorado	18,799
Connecticut	587
Delaware	3,062
District of Columbia	29,604
Georgia	30,878
Illinois	79,281
Indiana	75,485
Iowa	65,919
Kansas	11,370
Kentucky	280,968
Louisiana	120,604
Maine	56,543
Maryland	44,532

Massachusetts	4,114
Michigan	380,343
Minnesota	33,314
Mississippi	179,055
Missouri	93,153
Montana	8,877
Nevada	992
New Hampshire	6,703
New Jersey	13,789
New Mexico	35,628
New York	364,056
North Dakota	5,320
Ohio	113,568
Oklahoma	232,186
Pennsylvania	735,368
Puerto Rico	595,430
Rhode Island	11,432
South Dakota	23,994
Tennessee	149,458
Texas	118,138
Utah	11,667
Vermont	11,633
Virginia	37,404
Washington	3,977
West Virginia	295,345
Wisconsin	40,076
Wyoming	7,468
Trust territory	3,218
Samoa (American)	2,905

Total..... 4,715,349

The following tables show totals of surplus foods donated for domestic and foreign distribution during the 12 months, July 1958 through June 1959, by commodities, their costs, and with comparisons for the previous fiscal year:

Cost of surplus foods donated for domestic and foreign use,<sup>1</sup> fiscal years 1958 and 1959

[In millions of dollars]

Commodity	Domestic								Foreign distribution; fiscal year—		Total distribution; fiscal year—	
	Schools; fiscal year—		Institutions; fiscal year—		Needy persons; fiscal year—		Total; fiscal year—		1958	1959	1958	1959
	1958	1959	1958	1959	1958	1959	1958	1959				
Beans, dry	1.6	0.4	( <sup>2</sup> )	( <sup>2</sup> )	0.1	—	1.7	0.4	—	—	1.7	0.4
Butter	42.6	39.6	17.9	16.7	8.0	33.1	68.5	89.4	—	—	68.5	89.4
Cabbage	—	.1	—	( <sup>2</sup> )	—	—	—	.1	—	—	—	.1
Cheese	13.1	13.4	5.7	3.1	27.5	18.6	46.3	35.1	80.6	<sup>3</sup> 16.3	126.9	51.4
Corn	—	—	—	—	—	—	—	—	3.0	2.4	3.0	2.4
Cornmeal	1.1	.7	.6	.5	6.5	6.8	8.2	8.0	21.6	17.7	29.8	25.7
Eggs, dried	5.2	4.1	—	.2	—	1.1	5.2	1.4	—	—	5.2	1.4
Flour	4.6	4.7	5.6	5.0	11.6	15.6	21.8	25.3	60.0	66.0	81.8	91.3
Grapefruit, canned	.9	—	—	—	—	—	.9	—	—	—	.9	—
Milk, nonfat dry	3.8	4.3	2.7	2.9	15.8	22.4	22.3	29.6	101.6	100.5	123.9	130.1
Peanut butter	.8	1.2	—	—	—	—	.8	1.2	—	—	.8	1.2
Rice	2.3	2.3	1.0	1.4	6.4	9.4	9.7	13.1	3.5	3.9	13.2	17.0
Wheat	—	—	—	—	—	—	—	—	2.2	3.0	2.2	3.0
Total	76.0	66.8	33.5	29.8	75.9	107.0	185.4	203.6	272.5	209.8	457.9	413.4

<sup>1</sup> Represents total cost to the Federal Government. Includes commodity cost, warehousing, transportation, processing, repackaging, and miscellaneous handling charges.

<sup>2</sup> Less than \$50,000.

<sup>3</sup> Includes requests approved prior to July 1, 1958.

<sup>4</sup> Distribution from fiscal year 1958 purchase.

Quantities of surplus foods donated for domestic and foreign use fiscal years 1958 and 1959

[Million pounds]

Commodity	Domestic								Foreign distribution; fiscal year—		Total distribution; fiscal year—	
	Schools; fiscal year—		Institutions; fiscal year—		Needy persons; fiscal year—		Total; fiscal year—		1958	1959	1958	1959
	1958	1959	1958	1959	1958	1959	1958	1959				
Beans, dry	17.9	4.5	0.3	0.1	1.0	—	19.2	4.6	—	—	19.2	4.6
Butter	68.9	64.6	29.0	27.1	12.9	54.0	110.8	145.7	—	—	110.8	145.7
Cabbage	—	3.4	—	1.0	—	—	—	4.4	—	—	—	4.4
Cheese	32.9	36.7	14.4	8.5	68.9	51.1	116.2	96.3	193.4	<sup>1</sup> 138.7	309.6	135.0
Corn	—	—	—	—	—	—	—	—	62.5	40.2	62.5	40.2
Cornmeal	16.6	15.0	8.6	9.3	96.1	142.2	121.3	166.5	298.2	276.4	419.5	442.9
Eggs, dried	4.6	2.1	—	.2	—	1.0	4.6	1.3	—	—	4.6	1.3
Flour	58.6	75.0	72.6	81.0	149.0	250.0	280.2	406.0	769.7	862.8	1,049.9	1,268.8
Grapefruit, canned	6.5	—	—	—	—	—	6.5	—	—	—	6.5	—
Milk, nonfat dry	21.1	24.4	14.7	16.7	87.3	127.7	123.1	168.8	549.7	554.3	672.8	723.1
Peanut butter	4.9	6.0	—	—	—	—	4.9	6.0	—	—	4.9	6.0
Rice	19.8	20.0	8.7	12.0	56.3	80.8	84.8	112.8	59.6	54.1	144.4	166.9
Wheat	—	—	—	—	—	—	—	—	39.9	40.7	39.9	40.7
Total	251.8	249.7	148.3	155.9	471.5	706.8	871.6	1,112.4	1,973.0	1,867.2	2,844.6	2,979.6

<sup>1</sup> Includes requests approved prior to July 1, 1958.

<sup>2</sup> Distribution from fiscal year 1958 purchase.



Mr. HOLLAND. Mr. President, nearly 3 billion pounds of surplus foods of all kinds were distributed to our people, under this program, in the fiscal year ending on July 1, 1959.

The Secretary of Agriculture has very strongly opposed the addition of even this limited food stamp program—which would be a very minor one, \$20 million, applicable in only six limited areas—because of the fact that it would be a duplicate program, reaching to the same general class of people, everyone of whom is eligible now, provided the authorities in the State, county, or city are willing to assume the responsibility of distribution, which has been done in every great degree in each year of the operation of the present program.

Mr. President, I think the RECORD should show also that the bill introduced by my distinguished friend, the Senator from South Carolina [Mr. JOHNSTON], referred to by the Senator from Minnesota, had nothing to do with this particular bill or program; but it was a highly meritorious bill, suggesting that enrichment processes be used in connection with surplus foods now being distributed under the existing program. That bill was reported to the Senate, as I recall, unanimously—the Senator from South Carolina can correct me if I am inaccurate—and is on the calendar.

I would be perfectly willing and happy to see the pending program changed so as to make more nourishing every one of the surplus foods we have on hand now, and which we may have on hand in the future.

I am willing to have it apply now to surplus foods, whether they come under the price support program or whether they are bought under section 32, when surpluses arise in various perishable commodities.

Mr. President, to attempt a second, duplicate program, to make a welfare official of the Secretary of Agriculture, over his strenuous opposition, and when this new program would be but a drop in the bucket compared to the tremendous program already being accomplished, bringing all kinds of administrative difficulties into the picture, I think would be most unwise. Therefore I oppose it.

Mr. KUCHEL. Mr. President, I yield 1 minute to the Senator from Vermont [Mr. AIKEN].

Mr. AIKEN. Mr. President, for the last 15 years a food allotment program has been proposed. It is something that ought to be considered seriously. However, I will not vote to put the food allotment program onto other amendments which, judging from previous votes, are likely to be defeated. I would much prefer to have the food allotment program stand on its own feet, and not be tied to a sudden death amendment or defeated in any other way.

Therefore, if I have to vote against the pending amendment I do not want that vote to be construed as meaning I am opposed to the food allotment program, because I am in favor of a food allotment program but I am not in favor of committing hara-kiri in this matter.

Mr. HUMPHREY. Mr. President, will the acting minority leader yield me 1 minute?

Mr. KUCHEL. I yield 1 minute to the Senator from Minnesota.

Mr. HUMPHREY. I understand the Senator's concern, but I say to the Senator from Vermont that the Senator from New York [Mr. KEATING] has asked for a division of the amendments relating to section 104, and we shall be voting on those separately. Then, if these particular amendments do not succeed, there is one amendment which the Senator from New York insists stand on its own, namely, the administration proposal for \$2 million for extra supplies. I say to my friend, who is the main sponsor of this proposal—

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KUCHEL. Mr. President, I yield 30 additional seconds to the Senator from Minnesota.

Mr. HUMPHREY. The Senator cannot waste his vote on this amendment, because other items will have to be voted on before this particular amendment is added to the bill.

Mr. AIKEN. Is it proposed to add this amendment to the other amendments?

Mr. HUMPHREY. We shall vote on this one first, but then the other amendments are to be divided, and then this particular amendment will be put on whatever other amendments are left in section 104.

Mr. AIKEN. I understood the Senator from Minnesota was proposing the food allotment amendment as an amendment to another amendment.

Mr. HUMPHREY. To the committee amendments; but the committee amendments are to be divided, according to the suggestion made by the Senator from New York [Mr. KEATING]. The parliamentary situation, as I understand, is that the Senate will vote on this amendment, and then vote on the division of the other committee amendments under section 104(k).

I ask the Chair if that is correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. HUMPHREY. If they are defeated, this particular amendment will stand on its own merits.

Mr. AIKEN. Mr. President, will the Senator offer it again?

Mr. HUMPHREY. Yes.

The PRESIDING OFFICER. The time of the Senator has again expired.

Mr. HICKENLOOPER. Mr. President, does the Senator from Louisiana have time remaining?

Mr. ELLENDER. Yes. I yield 3 minutes to the Senator from Iowa.

Mr. HICKENLOOPER. Mr. President, I certainly agree that the amendment should not be tacked on to Public Law 480.

There are certain features in regard to the amendment which, at the proper time and the proper place, it might be well to consider.

Again I should like to state for the RECORD the fact that needy people in this country have indeed been getting food. Nearly 3 billion pounds of Fed-

eral surplus foods were donated by the Department of Agriculture in 1959. In 1959 5¾ million people in family units received surplus foods. More than 21 million people in this country this year were beneficiaries. We are not neglecting the needy people in this country. The needy people are getting food.

This is a proposal for a new program, superimposed on the old. I do not think it has any place in the bill under consideration. I think it should be considered on its own merits, separate and distinct from Public Law 480.

SEVERAL SENATORS. Vote! Vote! Vote!

The PRESIDING OFFICER. The time of the Senator has expired.

The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. HUMPHREY] to the committee amendment.

Mr. ELLENDER. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota to the committee amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Rhode Island [Mr. GREEN], the Senator from Missouri [Mr. HENNINGS], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Wyoming [Mr. MCGEE], the Senator from Montana [Mr. MURRAY], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

I also announce that the Senator from Indiana [Mr. HARTKE] and the Senator from Wyoming [Mr. O'MAHONEY] are absent because of illness.

The Senator from Idaho [Mr. CHURCH] is absent on official business attending the interparliamentary meeting in Warsaw, Poland.

I further announce that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. CHURCH], the Senator from Rhode Island [Mr. GREEN], the Senator from Indiana [Mr. HARTKE], the Senator from Missouri [Mr. HENNINGS], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Wyoming [Mr. MCGEE], the Senator from Montana [Mr. MURRAY], and the Senator from Wyoming [Mr. O'MAHONEY] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from South Dakota [Mr. CASE] is absent on official business attending the Interparliamentary Union Conference at Warsaw, Poland.

The Senator from Illinois [Mr. DIRKSEN] is necessarily absent.

The Senator from Arizona [Mr. GOLDWATER] is detained on official business. The result was announced—yeas 41, nays 46, as follows:

YEAS—41

Alken	Carroll	Douglas
Anderson	Clark	Engle
Byrd, W. Va.	Cooper	Frear
Cannon	Dodd	Fulbright



Gore	Long, Hawaii	Neuberger
Gruening	Long, La.	Pastore
Hart	McCarthy	Proxmire
Hill	McNamara	Randolph
Humphrey	Magnuson	Sparkman
Jackson	Mansfield	Symington
Johnson, Tex.	Monroney	Williams, N.J.
Johnston, S.C.	Morse	Yarborough
Kefauver	Moss	Young, Ohio
Kerr	Muskie	

## NAYS—46

Allott	Ellender	Mundt
Bartlett	Ervin	Prouty
Beall	Fong	Robertson
Bennett	Hayden	Russell
Bible	Hickenlooper	Saltonstall
Bridges	Holland	Schoeppel
Bush	Hruska	Scott
Butler	Javits	Smith
Byrd, Va.	Jordan	Stennis
Capehart	Keating	Talmadge
Carlson	Kuchel	Thurmond
Case, N.J.	Langer	Wiley
Cotton	Lausche	Williams, Del.
Curtis	McClellan	Young, N. Dak.
Dworshak	Martin	
Eastland	Morton	

## NOT VOTING—13

Case, S. Dak.	Green	Murray
Chavez	Hartke	O'Mahoney
Church	Hennings	Smathers
Dirksen	Kennedy	
Goldwater	McGee	

So Mr. HUMPHREY's amendment to the committee amendment was rejected.

Mr. ELLENDER. I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. HOLLAND. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

## GOVERNMENT BOND PRICES

Mr. CAPEHART. Mr. President, on September 2, 1959 the Senator from Tennessee [Mr. GORE] raised the question in the Senate as to why marketable Treasury bonds issued in the period August 1957 to June 1958 could be offered at successively lower rates dropping from 4 percent in the fall of 1957 to 2½ percent in June 1958 in comparison with the higher rates prevailing now on both Treasury and high-grade corporate bonds.

The Senator from Tennessee obtained unanimous consent for me to place in the RECORD the answer to this question. I ask unanimous consent that it be printed in the RECORD at this point as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

It is only necessary to look behind the figures at the hard facts of the economic situation to find the explanation for the differences in interest rates in these two periods. What was not pointed out in making the comparison is that the period of declining interest rates in 1957-58 was also a period of rising unemployment, declining incomes, and falling output. Monetary policies during that period were properly directed toward easier credit as a means of helping us get out of the recession.

Today, in contrast, our economy has passed the recovery point and is moving rapidly into the boom phase. Employment is high, incomes are rising and—up to the time of the steel strike—output was expanding in almost every sector of the economy. Under these circumstances there has been a heavy demand for credit and interest rates have moved up in response to this demand.

The question is simply this: Do we want the low interest rates which accompany a

recessionary situation, or do we want a prosperous economy in which the higher level of interest rates reflects a strong demand for funds? As Secretary of the Treasury Anderson stated in his testimony before the House Ways and Means Committee on June 10, 1959: "Interest rates commonly decline during recessions, partly because of a slackening demand for funds on the part of individuals and businesses, partly because of a relative increase in availability of financial savings, and partly because of greater availability of bank credit in connection with a flexible shift of monetary policy toward credit ease."

No responsible government, the Secretary adds, would attempt to induce recession—with its accompanying loss of production and rise in unemployment—simply to produce lower rates of interest. "For a responsible government, the choice between high levels of business activity and employment as opposed to low interest rates is actually no choice at all. Stated differently, high interest rates are not an end in themselves; rather they are the usual accompaniment of the active credit demands that characterize expansion in production, employment, and income."

As was suggested in the debate in the Senate on September 2, there is one way of getting interest rates down in a boom period. This is to require the Federal Reserve to support Treasury bonds by standing ready to purchase any amount of them at a stated price—as was done during World War II and in the early part of the postwar period. The unfortunate experience with this technique up to 1951, when it was abandoned, should convince serious observers of the dangers involved.

During the period of market support, as a former Chairman of the Board of Governors of the Federal Reserve System has remarked, the System was transformed into an "engine of inflation." It could not fulfill the central banking function of attempting to promote sustainable economic growth, since market operations of the System could take place in only one direction: The creation of bank reserves through purchases of securities in whatever amounts market holders should desire.

To sum up: Interest rates are higher now than they were in 1957-58 because our economy has changed from recession to a rate of activity close to boom proportions. We could probably bring interest rates down somewhat by returning to a policy of Federal Reserve support for Treasury bonds. But this would open the floodgates to an increase in the money supply which would be entirely beyond the power of the Federal Reserve System to control. The result would almost certainly be a disastrous inflation leading to later recession, with the loss and damage which that entails to the entire economy.

## TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following additional routine business was transacted:

## REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BIBLE, from the Committee on Interior and Insular Affairs, with amendments: S. 2033. A bill to amend the mining laws of the United States to provide for the inclusion of certain nonmineral lands in patents to placer claim (Rept. No. 904).

By Mr. MURRAY, from the Committee on Interior and Insular Affairs, without amendment:

H.R. 8437. An act to provide for the reinstatement and validation of U.S. oil and gas lease BLM 028500 (Rept. No. 906).

By Mr. HUMPHREY, from the Committee on Foreign Relations, with amendments.

S. Res. 129. Resolution favoring continued efforts by all nations to strengthen cooperation in health and research activities (Rept. No. 905).

By Mr. CARROLL, from the Committee on the Judiciary, with amendments:

H.J. Res. 403. Joint resolution granting consent of Congress to a compact entered into between the State of New York and the State of New Jersey for the creation of the New York-New Jersey Transportation Agency (Rept. No. 907).

By Mr. PASTORE, from the Committee on Interstate and Foreign Commerce, with amendments:

S. 1886. A bill to amend the Communications Act of 1934 with respect to community antenna television systems and certain re-broadcasting activities (Rept. No. 908).

## AMENDMENT OF FEDERAL-AID HIGHWAY ACTS OF 1956 AND 1958, RELATING TO CERTAIN ADJUSTMENTS IN HIGHWAY PROGRAM—REPORTS OF COMMITTEES—MINORITY AND INDIVIDUAL VIEWS

Mr. CHAVEZ. Mr. President, from the Committee on Public Works, I report favorably, with amendments, the bill (H.R. 8678) to amend the Federal-Aid Highways Acts of 1956 and 1958 to make certain adjustments in the Federal-aid highway program, and for other purposes, and I submit a report (No. 902) thereon.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to consider House bill 8678.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. JOHNSON of Texas. Mr. President, I move that the bill be referred to the Committee on Finance.

The PRESIDING OFFICER. Without objection, it is so ordered.

Subsequently, Mr. BYRD of Virginia, from the Committee on Finance, reported the bill (H.R. 8678) to amend the Federal-Aid Highway Acts of 1956 and 1958 to make certain adjustments in the Federal-aid highway program, and for other purposes, with amendments, and submitted a report (No. 903) thereon.

Mr. GORE subsequently said: Mr. President, on behalf of myself, the Senator from Louisiana [Mr. LONG], and the Senator from Minnesota [Mr. McCARTHY], as members of the Committee on Finance, I submit minority views to the report on House bill 8678, the Federal Highway Act, together with the individual views of the senior Senator from Illinois [Mr. DOUGLAS]. I ask unanimous consent that the minority and individual views be accepted and printed, as part of the report of the Committee on Finance.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. NEUBERGER subsequently said: Mr. President, on behalf of myself, the Senator from Kentucky [Mr. COOPER], the Senator from Iowa [Mr. MARTIN], the Senator from Vermont [Mr. PROUTY], and the Senator from Pennsylvania [Mr. SCOTT], as members of the Committee



on Public Works, I submit minority views on House bill 8678, the Federal-aid highway bill, and I ask unanimous consent that they be printed with the majority report of the committee.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### ADDITIONAL BILLS INTRODUCED

Additional bills were introduced, read the first time, and by unanimous consent, the second time, and referred as follows:

By Mr. BEALL:

S. 2647. A bill for the relief of Hans Goldstein; to the Committee on Finance.

By Mr. JAVITS:

S. 2648. A bill for the relief of Nathan Isenberg; to the Committee on the Judiciary.

By Mr. KEFAUVER:

S. 2649. A bill to extend the provisions of the Federal Employees' Compensation Act to State and local law enforcement officers who are killed or injured while, or as a direct result of, enforcing any Federal law, to the Committee on the Labor and Public Welfare.

#### EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT ASSISTANCE ACT OF 1954—AMENDMENT

Mr. KENNEDY (for himself, Mr. HART, Mr. CLARK, Mr. YOUNG of Ohio, Mr. CARROLL, Mr. McNAMARA, Mr. RANDOLPH, Mr. MANSFIELD, Mr. MORSE, Mr. BYRD of West Virginia, Mr. MURRAY, Mr. MCCARTHY, Mr. YARBOROUGH, and Mr. MCGEE) submitted an amendment, intended to be proposed by them, jointly, to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, which was ordered to lie on the table and to be printed.

#### EXTENSION OF AUTHORITY OF SURGEON GENERAL RELATING TO AIR POLLUTION CONTROL—AMENDMENT

Mr. CHAVEZ submitted an amendment, intended to be proposed by him, to the bill (H.R. 7476) to extend for 2 additional years the authority of the Surgeon General of the Public Health Service with respect to air pollution control, which was ordered to lie on the table and to be printed.

#### AMENDMENT OF FEDERAL-AID HIGHWAY ACTS OF 1956 AND 1958—AMENDMENTS

Mr. DOUGLAS (for himself, Mr. CLARK, Mr. PROXMIER, and Mr. MCCARTHY) submitted an amendment, intended to be proposed by them, jointly, to the bill (H.R. 8678) to amend the Federal-Aid Highway Acts of 1956 and 1958 to make certain adjustments in the Federal-aid highway program, and for other purposes, which was ordered to lie on the table and be printed.

Mr. LONG of Louisiana submitted an amendment, intended to be proposed by him, to House bill 8678, supra, which was ordered to lie on the table and to be printed.

#### PUBLIC LAND WITHDRAWALS ACT AMENDMENTS OF 1959—ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of August 24, 1959, the names of Senators ANDERSON, BIBLE, BYRD of West Virginia, CANNON, CARROLL, CHAVEZ, CLARK, DODD, DOUGLAS, ENGLE, FONG, HART, HARTKE, HOLLAND, HUMPHREY, JOHNSTON of South Carolina, KEFAUVER, KERR, LANGER, LAUSCHE, LONG of Hawaii, MAGNUSON, MANSFIELD, MCCARTHY, MORSE, MOSS, MURRAY, MUSKIE, RANDOLPH, SYMINGTON, WILLIAMS of New Jersey, YARBOROUGH, and YOUNG of Ohio were added as additional cosponsors of the bill (S. 2587) to require an act of Congress for public land withdrawals in excess of 5,000 acres in the aggregate for any project or facility of any department or agency of the Government, introduced by Mr. BARTLETT (for himself and Mr. GRUENING) on August 24, 1959.

#### AUTHORITY FOR SELECT COMMITTEE ON SMALL BUSINESS TO SUBMIT REPORTS SUBSEQUENT TO SINE DIE ADJOURNMENT

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the Select Committee on Small Business be authorized, during the adjournment of the first session of the 86th Congress, to file with the Secretary of the Senate a report entitled "Shopping Centers—1959," and that the report be printed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY. Mr. President, I also ask unanimous consent that the Select Committee on Small Business be authorized, during the adjournment of the first session of the 86th Congress, to file with the Secretary of the Senate a report entitled "Dual Distribution in the Automotive Tire Industry—1959," and that the report be printed.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### PRINTING AS A SENATE DOCUMENT SPECIAL STUDY ENTITLED "SOVIET ECONOMIC PENETRATION IN THE MIDDLE EAST"

Mr. HUMPHREY. Mr. President, I ask unanimous consent that a special study entitled "Soviet Economic Penetration in the Middle East," prepared at my request by Dr. Halford L. Hoskins, of the Legislative Reference Service, be printed as a Senate document.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota? The Chair hears none, and it is so ordered.

#### ADDITIONAL APPENDIX MATTERS

By Mr. SPARKMAN:

Address delivered by him on the occasion of the presentation of the Paul Bunyan award to himself and the Senator from In-

diana [Mr. CAPEHART], by the Lumbermen's Forest in Israel, in the State of Pennsylvania.

By Mr. KEATING:

Statement by him concerning the situation in Laos.

Statement by him with respect to report of U.S. Commission on Civil Rights.

By Mr. BYRD of West Virginia:

Article entitled "Areas of Chronic Depression—Mass Production of Poverty," published in the August 24, 1959, issue of the Oil, Chemical, and Atomic Union News.

#### ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, September 4, 1959, he presented to the President of the United States the following enrolled bills:

S. 6. An act to provide for the conveyance of certain real property of the United States to Sophronia Smiley Delaney and her sons;

S. 53. An act to amend the acts approved April 16 and June 27, 1906 (34 Stat. 116 and 519), so as to authorize the Secretary of the Interior to convey certain lands on the Huntley reclamation project, Yellowstone County, Mont., to school district No. 24, Huntley Project Schools, Yellowstone County, Mont.;

S. 685. An act to exempt from all taxation certain property of the Association for Childhood Education International in the District of Columbia;

S. 1372. An act to extend the jurisdiction of the domestic relations branch in the municipal court for the District of Columbia to cover the adjudication of property rights in certain actions arising in the District of Columbia;

S. 2035. An act authorizing persons maintaining or defending actions in the District of Columbia on behalf of a minor to give releases of liability, and requiring persons receiving money or property in settlement of such actions or in satisfaction of a judgment in any such action to be appointed as guardian of the estate of such minor;

S. 2424. An act to amend the Communications Act of 1934 in order to provide that the equal-time provisions with respect to candidates for public office shall not apply to news and other similar programs; and

S. 2524. An act relating to the power of the States to impose net income taxes on income derived from interstate commerce, and authorizing studies by congressional committees of matters pertaining thereto.

#### RECESS TO 11 O'CLOCK A.M. TOMORROW

Mr. JOHNSON of Texas. I move that the Senate stand in recess until 11 o'clock a.m. tomorrow.

The motion was agreed to; and (at 10 o'clock and 42 minutes p.m.) the Senate took a recess until tomorrow, Saturday, September 5, 1959, at 11 o'clock a.m.

#### NOMINATIONS

Executive nominations received by the Senate September 4 (legislative day of August 31), 1959:

##### U.S. JUDGES

John Lewis Smith, Jr., of the District of Columbia, to be chief judge of the Municipal Court for the District of Columbia for the







Sept. 5, 1959

20. HOUSING. Sen. Capehart submitted a summary of the new housing bill that he proposes, including a provision for \$75,000 for farm housing research. p. 16730
21. FOREIGN TRADE; SURPLUS COMMODITIES. Further consideration of S. 1748, to extend Public Law 480, was postponed until Mon., Sept. 7. p. 16787
22. INTEREST RATES. The Finance Committee reported with amendments H. R. 9035, to permit the issuance of E and H saving bonds at interest rates above the existing maximum and to permit the Secretary of Treasury to designate certain exchanges of Government securities to be made without recognition of gain or loss (S. Rept. 909). p. 16746
23. INDEPENDENT OFFICES APPROPRIATION BILL, 1960. At the request of Sen. Morse a summary table was inserted on this bill, H.R. 7040, showing a comparison of the estimates with the action taken on each item. pp. 16730-2
24. RECESSED until Mon., Sept. 7. p. 16790

BILLS INTRODUCED

25. PERSONNEL. S. 2649, by Sen. Kefauver, to extend the provisions of the Federal Employees' Compensation Act to State and local law enforcement officers who are killed or injured while, or as a direct result of, enforcing any Federal law; to Labor and Public Welfare Committee. Remarks of author. pp. A7715-6  
H. R. 9101 to H. R. 9104 and H. R. 9116, to provide a health benefits program for certain retired employees of the Government; to Post Office and Civil Service Committee.
26. RECREATION. H. R. 9090, by Rep. Kilgore, and H. R. 9099, by Rep. Young, to save and preserve, for the public use and benefit, a portion of the remaining underdeveloped shoreline area of the United States; to Interior and Insular Affairs Committee.
27. PROPERTY. H. R. 9086, by Rep. Broomfield, H. R. 9115, by Rep. Bowles, and H. R. 9117, by Rep. Smith, Iowa, to authorize the payment to local governments of sums in lieu of taxes and special assessments with respect to certain Federal real property; to Interior and Insular Affairs Committee.
28. WHEAT ACREAGE. H. R. 9092, by Rep. McGinley, to amend subsection (b) of section 334 of the Agricultural Adjustment Act of 1938, as amended; to Agriculture Committee.
29. RIVER BASIN. H. R. 9094, by Rep. Rivers, Alaska, to establish the U. S. Study Commission on the Development of the Rivers, Ports, and Drainage Basins (and intervening areas) of the State of Alaska; to Public Works Committee.
30. ASC COMMITTEES. H. R. 9118, by Rep. Teague, Texas, to bring employees of the agricultural stabilization conservation county committees within the purview of any group health benefits program for Government employees; to Post Office and Civil Service Committee.

BILL APPROVED BY THE PRESIDENT

31. APPROPRIATIONS. H. J. Res. 510, the continuing resolution making temporary appropriations to Departments and agencies for September pending the enactment of the remaining regular appropriation bills. Approved Sept. 3, 1959 (Public Law 86-224, 86th Congress).



Sept 5, 1959

or loss (pp. 16654-74). Rep. Mills stated that the bill "gives the President authority to act as though there were no statutory ceiling on the interest rate on Series E and H bonds...; other detailed provisions include a more generous authorization for the Treasury to permit continued holding of matured savings bonds at current interest rates" (p. 16657). Rejected, 133 to 256, a motion by Rep. Simpson, Pa., to recommit the bill to committee with instructions to include a provision removing the present ceiling on certain long-term securities (pp. 16673-4).

13. MILITARY CONSTRUCTION APPROPRIATIONS, 1960. Agreed to the conference report on this bill, H. R. 8575, and concurred in the one amendment in disagreement with an amendment (pp. 16624-9). This amendment changed the Senate figure for Army military construction from \$278,773,700 to \$263,632,300, including \$1,700,000 to be used only for the purchase of foreign currencies to construct military facilities for the Army Security Agency (p. 16629). The Senate later agreed to the conference report and concurred in the House amendment (pp. 16591-3). This bill will now be sent to the President.
14. PERSONNEL. The Post Office and Civil Service Committee reported without amendment H. R. 8289, to revise the Civil Service Retirement Act so as to accelerate the dates on which certain retirement annuities shall commence (H. Rept. 1150). p. 16689
15. BUILDINGS; AGRICULTURAL ATTACHES. The Foreign Affairs Committee voted to report (but did not actually report H. R. 9036, to amend the Foreign Service Buildings Act, to authorize the construction or alteration of certain buildings in foreign countries for use by the U.S., (including USDA foreign attache housing). p.D875

#### HOUSE - SEPT. 5

16. FARM PROGRAM; CONGRESSIONAL-EXECUTIVE RELATIONS. Rep. Evins cited the vetoes of two farm bills (wheat and tobacco price support bills) as evidence of what he termed a lack of effort by the Executive to make concessions on legislative issues, and he criticized the Secretary's farm views and administration of the farm program (p. 16699). He reviewed some "helpful legislation for agriculture" enacted this session and stated that if the "spirit of cooperation which has been evidenced on the side of Congress will be reciprocated fully by the executive branch," the farm problem and other legislative difficulties "will be solved." pp. 16698-702
17. FISCAL POLICY; PUBLIC DEBT. Rep. Haley criticized Congress for raising the debt limit without taking steps to pay off the public debt and urged support for his bill, H. R. 5203, which, he stated, would "provide a reasonable method for paying off this tremendous debt we have accumulated." pp. 16693-4
18. ADJOURNED until Mon., Sept. 7. p. 16723

#### SENATE - SEPT. 5

19. ROADS. Sens. Mansfield and Murray commended the Senate Public Works Committee for including a provision in H. R. 8678, the Federal Aid Highway Act of 1959, to permit the Secretary of Commerce to use the highway emergency fund to pay up to 100 percent of the cost of repair or reconstruction of forest highways or forest roads and trails damaged by natural disasters. pp. 16745-50



Senator from Wyoming [Mr. McGEE]. If present and voting, the Senator from North Carolina would vote "nay" and the Senator from Wyoming would vote "yea."

On this vote, the Senator from Indiana [Mr. HARTKE] is paired with the Senator from Florida [Mr. SMATHERS]. If present and voting, the Senator from Indiana would vote "nay" and the Senator from Florida would vote "yea."

I further announce that, if present and voting, the Senator from Idaho [Mr. CHURCH], the Senator from Rhode Island [Mr. GREEN], the Senator from Missouri [Mr. HENNINGS], the Senator from Massachusetts [Mr. KENNEDY], and the Senator from Texas [Mr. YARBOROUGH] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from South Dakota [Mr. CASE] is absent on official business attending the Interparliamentary Union Conference at Warsaw, Poland.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Illinois [Mr. DIRKSEN] and the Senator from Nebraska [Mr. HRUSKA] are necessarily absent.

The Senator from Arizona [Mr. GOLDWATER] and the Senator from Kansas [Mr. SCHOEPFEL] are detained on official business.

If present and voting the Senator from South Dakota [Mr. CASE] and the Senator from Nebraska [Mr. HRUSKA] would each vote "yea."

On this vote, the Senator from New Hampshire [Mr. BRIDGES] is paired with the Senator from Arizona [Mr. GOLDWATER]. If present and voting, the Senator from New Hampshire would vote "yea" and the Senator from Arizona would vote "nay."

The pair of the Senator from Illinois [Mr. DIRKSEN] has been previously announced.

The result was announced—yeas 70, nays 11, as follows:

YEAS—70		
Aiken	Fong	Monroney
Allott	Frear	Morton
Anderson	Fulbright	Moss
Bartlett	Gore	Mundt
Beall	Gruening	Muskie
Bennett	Hart	Neuberger
Bible	Hayden	Pastore
Bush	Hickenlooper	Prouty
Butler	Hill	Randolph
Byrd, W. Va.	Holland	Russell
Capehart	Humphrey	Saltonstall
Carlson	Jackson	Scott
Carroll	Javits	Smith
Case, N.J.	Johnson, Tex.	Sparkman
Chavez	Keating	Stennis
Clark	Kefauver	Symington
Cooper	Kerr	Talmadge
Cotton	Kuchel	Thurmond
Curtis	Long, Hawaii	Wiley
Dodd	McCarthy	Williams, Del.
Douglas	McClellan	Williams, N.J.
Dworschak	McNamara	Young, Ohio
Eastland	Magnum	
Engle	Martin	
NAYS—11		
Byrd, Va.	Langer	Proxmire
Cannon	Lausche	Robertson
Ervin	Long, La.	Young, N. Dak.
Johnston, S.C.	Morse	
NOT VOTING—19		
Bridges	Hartke	Murray
Case, S. Dak.	Hennings	O'Mahoney
Church	Hruska	Schoeppel
Dirksen	Jordan	Smathers
Ellender	Kennedy	Yarborough
Goldwater	McGee	
Green	Mansfield	

So the bill (H.R. 8678) was passed.

Mr. KEATING. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. JOHNSON of Texas. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CHAVEZ. Mr. President, I move that the Senate insist on its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mr. BYRD of West Virginia in the chair) appointed Mr. CHAVEZ, Mr. KERR, Mr. McNAMARA, Mr. COOPER, and Mr. MARTIN conferees on the part of the Senate.

CALL OF THE CALENDAR

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that on Monday after the morning business, there be a call of the calendar for the consideration of measures to which there is no objection, beginning with Calendar No. 812.

The PRESIDING OFFICER. Is there objection?

Mr. MORSE. I object.

Mr. MAGNUSON. Mr. President, will the Senator yield? At what time is it expected the Senate will meet on Monday?

Mr. ANDERSON. Objection has been made to the call of the calendar.

Mr. JOHNSON of Texas. We will have to see what time the Senate takes a recess. Objection was made to the call of the calendar on Monday.

EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 518, S. 1748.

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oregon will state it.

Mr. MORSE. Will the majority leader tell us what the bill is?

Mr. JOHNSON of Texas. It is the bill to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes; the bill which was previously under consideration and which was displaced in order to take up the bill just passed.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the time limitation in connection with Senate bill 1748, to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, not begin to run until the bill is laid before the Senate on Monday.

The PRESIDING OFFICER. Without objection—

Mr. MORSE. I object.

The PRESIDING OFFICER. Objection is heard.

REPORTS OF COMMITTEE ON PUBLIC WORKS

Mr. CHAVEZ. Mr. President, I submit reports from the Committee on Public Works.

PRINTING OF REVIEW OF REPORTS ON CENTRAL AND SOUTHERN FLORIDA PROJECTS, KISSIMEE RIVER BASIN (S. DOC. NO. 53)

Mr. CHAVEZ. Mr. President, I present a letter from the Secretary of the Army, transmitting an interim report dated April 8, 1959, from the Chief of Engineers, Department of the Army, together with accompanying papers and illustrations, on a review of reports on central and southern Florida projects, Kissimee River Basin—Nicodemus Slough area—requested by the Committee on Public Works, U.S. Senate, adopted November 15, 1954. I ask unanimous consent that the report be printed as a Senate document, with illustrations, and referred to the Committee on Public Works.

The PRESIDING OFFICER. Without objection—

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oregon will state it.

Mr. MORSE. In regard to the first matters the Senator from New Mexico sent to the desk, do I correctly understand that the Senator from New Mexico has filed reports from the Committee on Public Works?

Mr. CHAVEZ. Yes, from the Committee on Public Works.

The PRESIDING OFFICER. That is correct; and the Senator from New Mexico has asked to have a document printed.

Mr. MORSE. I thought he requested that the second one be printed as a document.

Mr. CHAVEZ. One is a letter from the Army Engineers, making a report on a project in Florida. The other were incidental bills reported by the Committee on Public Works, for the calendar.

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MORSE. Do I correctly understand—

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry: In whose time are we now proceeding? I asked that the time required for the making of insertions in the RECORD, and so forth, not be charged to the time available to either side under the limitation; but objection was made; and we are now under controlled time.

The PRESIDING OFFICER. Some Senator who has time under his control will have to yield time before any Senator can make a statement at this time.



Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oregon will state it.

Mr. MORSE. Is there not before the Senate a unanimous-consent request by the Senator from New Mexico?

The PRESIDING OFFICER. Will the Senator state his inquiry again?

Mr. MORSE. Is there not before the Senate a unanimous-consent request by the Senator from New Mexico?

The PRESIDING OFFICER. The Chair asked whether there was objection to the request for the printing as a document of the material then submitted.

Mr. MORSE. And I proceeded at once to propound a parliamentary inquiry, preparatory to deciding whether I would object.

I respectfully point out to the Chair that I am in a position to reserve the right to object, and I do reserve the right to object; and if I cannot have time in which to inquire about this matter, I will object.

Mr. JOHNSON of Texas. Mr. President, a moment ago, I asked unanimous consent that all Senators might be allowed time in which to make insertions in the RECORD and to present other matters, and that the controlled time not begin to run until Monday, so that Senators could now make insertions in the RECORD and unanimous-consent requests, and so forth.

I renew that request.

The PRESIDING OFFICER. Is there objection?

Mr. MORSE. I object.

I object also to the filing of the papers, and so forth, to be printed as a document.

#### PRINTING OF CERTAIN NUMBER OF COPIES OF INVESTIGATION INTO FINANCIAL CONDITION OF THE UNITED STATES

Mr. JOHNSON of Texas. Mr. President—

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. JOHNSON of Texas. Mr. President, I yield 1 minute to the Senator from New Mexico [Mr. ANDERSON].

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. ANDERSON. Mr. President, on behalf of the senior Senator from Virginia [Mr. BYRD], and the chairman of the Finance Committee, I submit a resolution for which I request immediate consideration.

The PRESIDING OFFICER. The resolution will be read, for the information of the Senate.

The resolution (S. Res. 187) was read, as follows:

*Resolved*, That there be printed for the use of the Committee on Finance two thousand five hundred copies of an analysis (part 7) of the hearings entitled "Investigation of the Financial Condition of the United States," held by that Committee during the 85th Congress.

The PRESIDING OFFICER. Is there objection to the request for the present consideration of the resolution? The Chair hears none.

Mr. MORSE. Mr. President, reserving the right to object, let me say that I have no objection to the resolution, as I explained to the Senator from New Mexico, to whom I talked about this matter some time ago.

Mr. ANDERSON. Mr. President, adoption of the resolution is necessary, because the present stock of the hearings has been exhausted. Seven thousand five hundred copies were printed; but the requests made by Senators have exceeded that supply.

Therefore, I should like to have the resolution agreed to.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the resolution (S. Res. 187) was considered and agreed to.

#### REPORTS OF A COMMITTEE—PRINTING OF REVIEW OF REPORTS ON CENTRAL AND SOUTHERN FLORIDA PROJECTS, KISSIMEE RIVER BASIN (S. DOC. NO. 53)

Mr. CHAVEZ. Mr. President—

Mr. JOHNSON of Texas. Mr. President, I shall be glad to yield to the Senator from New Mexico [Mr. CHAVEZ], if he wishes to make a statement.

Mr. CHAVEZ. Mr. President, I would plead with my good friend, the Senator from Oregon, in connection with the request I have already made. I have reported three bills from the Committee on Public Works. I am not trying to use the time available to any other Member of the Senate or to take advantage of any Senator.

After the committee has taken action on the bills and after they are ordered reported to the Senate, I think it only fair that I be permitted to report them to the Senate.

The PRESIDING OFFICER. Is there objection to receiving the reports submitted by the Senator from New Mexico?

Mr. MORSE. Mr. President, reserving the right to object, I desire to propound a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oregon will state it.

Mr. MORSE. In reporting the bills from the Committee on Public Works, is the Senator from New Mexico placing those measures in a position in which they may be considered by the Senate, under the rule, after they have been before the Senate for the definite period of time called for by the rule, which, according to my recollection, is 3 days?

The PRESIDING OFFICER. The Chair is advised by the Parliamentarian that the measures reported are not general appropriation bills; thus, the measures reported can be considered after 1 legislative day has intervened.

Mr. MORSE. I thank the Chair. I have no objection.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New Mexico?

The Chair hears none.

Without objection, the reports will be received, and the bills will be placed on the calendar.

The reports are as follows:

By Mr. CHAVEZ, from the Committee on Public Works, without amendment:

S. 2362. A bill to authorize the Secretary of the Army to convey to the city of Arlington, Oreg., certain lands at the John Day lock and dam project (Rept. No. 912); and H.R. 7125. An act to provide for a study of the feasibility of establishing the President Adams Parkway (Rept. No. 910).

By Mr. CHAVEZ, from the Committee on Public Works, with an amendment:

S. 793. A bill to amend title 23 of the United States Code in order to increase the amount authorized for bridges over Federal dams (Rept. No. 911).

The PRESIDING OFFICER. Is there objection to the request of the Senator from New Mexico for the printing of a Senate document?

The Chair hears none; and it is so ordered.

#### PRINTING OF SUPPLEMENTAL VIEWS

Mr. DOUGLAS. Mr. President—  
Mr. JOHNSON of Texas. I yield to the Senator from Illinois.

Mr. DOUGLAS. Mr. President, the junior Senator from Minnesota [Mr. MCCARTHY] and the senior Senator from Illinois [Mr. DOUGLAS] have prepared supplemental views in connection with the report of the Finance Committee approving the increase in the interest rate ceiling on E bonds and H bonds. I ask that our supplemental views may be printed.

Mr. JOHNSON of Texas. Mr. President, I have already obtained consent to have that done.

Mr. DOUGLAS. I was not aware of that.

Mr. JOHNSON of Texas. I was asked to make that request, and I did so.

Mr. DOUGLAS. I thank the majority leader.

#### PROGRAM ON MONDAY

Mr. JOHNSON of Texas. Mr. President, does any other Senator desire me to yield to him at this time?

If no Senator now desires that I yield—

Mr. HUMPHREY. Mr. President, will the majority leader yield?

Mr. JOHNSON of Texas. I yield.

Mr. HUMPHREY. Will the majority leader give us some guidance and direction relating to the procedure on Monday morning, in connection with Senate bill 1748?

On Monday commence, after the prayer, will there be a morning hour; or will the Senate proceed forthwith after a quorum call, to resume the consideration of Senate bill 1748 and the amendments thereto?

Mr. JOHNSON of Texas. I am afraid I cannot give the Senator that information.

I should like to have the Senate have a morning hour on Monday, and I should like to have Senators be able to transact the public business. But that must be done under a unanimous-consent request; and I do not know whether the request will be objected to or not.







Sept 7, 1959

11. VEHICLES. Passed over, at the request of Rep. Gross, H. R. 766, relating to penalties for the use of Government-owned vehicles for other than official purposes. p. 16898
12. INSPECTION SERVICES; IMPORTS. Passed without amendment H. R. 8582, to authorize a private bridge company to construct, maintain, and operate a toll bridge across the Rio Grande near Los Indos, Texas, which will affect this Department's inspection services regarding imports. p. 16903  
Passed without amendment H. R. 8694, to authorize a private bridge company to construct, maintain, and operate a toll bridge across the Rio Grande, at or near Rio Grande City, Tex., which will affect this Department's inspection services regarding imports. pp. 16903-4
13. PLANTS. Passed as reported H. R. 6309, to provide that a section of the law providing for a penalty for the transportation of water hyacinths, alligator grass, and certain other plants or seeds shall not apply to the transportation of certain plants and seeds into specified States. p. 16900
14. INTEREST RATES; LOANS. Rep. Smith, Iowa, stated that "the policy of making Government bonds speculative high interest securities ... is now causing a shortage of loan money for farmers and further threatening the farm problem." pp. 16895-6
15. PUBLIC WORKS. Rep. Bray warned against "irresponsible spending" in relation to the public works appropriation bill. pp. 16943-4
16. PUBLIC DEBT. Rep. Dixon urged support for his and Senator Bennett's bills (H. R. 8913 and S. 2506) to impose additional individual and corporate income taxes when necessary in order to offset deficits and to provide for systematic reduction of the public debt and inserted an editorial supporting the debt reduction plan. pp. 16946-7
17. FOREIGN TRADE. Rep. Barr warned of the recent deficits in our trade balances and the resultant outflow of gold and argued that the "United States cannot continue to loan and grant to nations ... more money than our industry and our labor can earn in overseas sales." pp. 16949-51
18. GRANTS-IN-AID. Received from the Nevada Legislature a memorial requesting Congress to require the Attorney General to issue an opinion defining the rights of State legislatures and agencies in enacting statutes and promulgating rules and regulations which apply to State agencies administering Federal grant-in-aid. p. 16960
19. LEGISLATIVE PROGRAM. Rep. Gross objected to the vote on a motion by Rep. McCormack to suspend the rules and agree to a resolution to provide that the Speaker at any time on or after Thursday through the rest of the week may entertain motions to suspend the rules. The final vote on this resolution was thus deferred until today (Sept. 8) (pp. 16915-6). The private calendar is to be called today (p. D885).

SENATE

20. SURPLUS COMMODITIES; FOREIGN TRADE. By a vote of 68 to 14, passed with amendments H. R. 8609, to extend Public Law 480, after substituting the language of a similar bill (S. 1748) as amended (pp. 16813-4, 16818-20, 16824-68). Senate conferees were appointed (p. 16868). House conferees were appointed (p. 16943).

(over)



Agreed to the following amendments:

- A committee amendment to authorize the use of foreign currencies for assistance (up to \$2 million annually) to meet emergency or extraordinary relief requirements other than requirements for surplus food commodities. pp. 16818-9
- A committee amendment to authorize the use of foreign currencies for medical and scientific research, cultural and educational development, health, nutrition, and sanitation; for financing (up to \$5 million annually) the preparation, distribution, and exhibition of audio-visual informational and educational materials, including Government materials; and for financing the services of technicians, advisers, etc., who are nationals of friendly countries, and who are needed for economic and social development programs in other friendly countries, provided the use of such currencies is specified in appropriation acts. pp. 16819-20
- By Sen. Aiken, to authorize \$300 million annually for title II operations (famine relief) during the three-year period Jan. 1, 1960 to Dec. 31, 1962. pp. 16824-5
- By Sen. Johnston, to require the enrichment of cornmeal, grits, white rice, and white flour distributed to school children and the needy. pp. 16825-6
- By Sen. Humphrey, 44 to 38, to require the Secretary to institute a demonstration food stamp allotment program for the needy in from 3 to 6 areas of the U. S., until Jan. 1, 1962, and authorizing \$15 million for this purpose. pp. 16826-32
- By Sen. Mundt, to provide that in determining annual payments under conservation reserve contracts no annual payment rate shall be established in excess of 20 percent of the value of the land placed under contract. pp. 16832-4
- By Sen. Cooper, to require the Secretary to make surplus commodities available to the needy in the U. S. before such commodities are made available for sale for foreign currencies. pp. 16834-6
- By Sen. Anderson, to provide that the 1960 marketing quota for extra long staple cotton shall not be less than 90 percent of the current marketing quota. pp. 16836-7
- By Sen. Humphrey, to authorize CCC to donate animal fats and edible oils for the assistance of needy persons outside the U.S., and to purchase such quantities of these commodities for such donation as will maintain the support level for cottonseed and soybeans. pp. 16837-8
- By Sen. Humphrey, to authorize the President to loan or grant foreign currency to establish in friendly countries nonprofit foundations to foster and promote research, education, health, and public welfare. pp. 16861-5

Rejected the following amendments:

- A committee amendment to authorize the carrying out of Public Law 480 functions directly by the President, or through an administrator designated by him who would administer the functions under the general supervision of the Secretary of Agriculture. p. 16824
- By Sen. Butler (for Sen. Bridges), 37 to 44, to require that shipments of surplus commodities under Public Law 480 shall be delivered directly to the export vessel at a U. S. port. pp. 16838-54
- By Sen. Hart, 18 to 64, to transfer from this Department to the Department of Health, Education, and Welfare the responsibility for distribution of food to the needy. pp. 16854-60

21. PERSONNEL. Received the report on Federal employment and pay from the Joint Committee on Reduction of Nonessential Federal Expenditures for July 1959. pp. 16796-9
22. INTEREST RATES. Sen. Bush discussed his intention to submit an amendment to H. R. 9035, to raise the interest rate on savings bonds, so as to "eliminate ceiling on open market bonds of the Treasury." pp. 16802-4

86TH CONGRESS  
1ST SESSION

# H. R. 8609

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 7 (legislative day, SEPTEMBER 5), 1959

Ordered to be printed with the amendments of the Senate

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## AN ACT

To amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes.

1        *Be it enacted by the Senate and House of Representa-*  
2        *tives of the United States of America in Congress assembled,*  
3        That section 103(b) of the Agricultural Trade Develop-  
4        ment and Assistance Act of 1954, as amended, is amended  
5        to read as follows:

6        “(b) Agreements shall not be entered into under this  
7        title during the period beginning January 1, 1960, and end-  
8        ing December 31, 1960, which will call for appropriations  
9        to reimburse the Commodity Credit Corporation, pursuant to



1 subsection (a) of this section, in amounts in excess of  
2 \$1,500,000,000, plus any amount by which agreements  
3 entered into in prior fiscal years have called or will call for  
4 appropriations to reimburse the Commodity Credit Corpora-  
5 tion in amounts less than authorized for such prior fiscal  
6 years by this Act as in effect during such fiscal years."

7 SEC. 2. Section 109 of such Act is amended by striking  
8 out "December 31, 1959" and inserting "December 31,  
9 1960".

10 SEC. 3. Subsection (a) of section 104 of such Act is  
11 amended by inserting a period in lieu of the semicolon at the  
12 end thereof, and adding the following:

13 "From sale proceeds and loan repayments under this title  
14 not less than the equivalent of 5 per centum of the total sales  
15 made under this title after the date of this amendment shall  
16 be made available in advance for use, in such amounts as  
17 may be specified from time to time in appropriation acts,  
18 over such period of years as the Secretary of Agriculture  
19 determines will most effectively carry out the purpose of  
20 this subsection and particular regard shall be given to  
21 provide in sale and loan agreements for the convertibility  
22 of such amount of the proceeds thereof as may be needed  
23 to carry out the purpose of this subsection in those countries  
24 which are or offer reasonable potential of becoming dollar  
25 markets for United States agricultural commodities. Not-

1 withstanding any other provision of law, if sufficient foreign  
2 currencies for carrying out the purpose of this subsection  
3 in such countries are not otherwise available, agreements  
4 may be entered into with such countries for the sale of  
5 surplus agricultural commodities in such amounts as the  
6 Secretary of Agriculture determines to be adequate and for  
7 the use of the proceeds to carry out the purpose of this sub-  
8 section;”

9 SEC. 4. Subsection (b) of section 104 of such Act is  
10 amended to read as follows:

11 “(b) To purchase or contract to purchase, in such  
12 amounts as may be specified from time to time in appro-  
13 priation acts, strategic or other materials for a supplemental  
14 United States stockpile of such materials as the President  
15 may determine from time to time. Such strategic or other  
16 materials acquired under this subsection shall be placed in the  
17 above named supplemental stockpile and shall be released  
18 therefrom only under the provisions of section 3 of the  
19 Strategic and Critical Materials Stock Piling Act;”

20 SEC. 5. Subsection (c) of section 104 of such Act is  
21 amended by adding at the end thereof the following new  
22 sentence: “Interest and principal payments received on such  
23 loans shall remain with and be available to the Export-  
24 Import Bank for additional loans under this subsection;

25 SEC. 6. Subsection (g) of section 104 of such Act is



1 amended by changing the semicolon at the end thereof to a  
2 colon and adding the following: "*Provided*, That such loans  
3 shall be denominated in United States dollars and payments  
4 in foreign currencies shall be in amounts calculated at the  
5 time of payment to be equivalent to the United States dollar  
6 obligation in accordance with the applicable rate of ex-  
7 change;"

8 SEC. 7. Section 104 of such Act is amended by inserting  
9 after subsection (o) the following new subsection:

10 "(p) where such agreements permit such action, for  
11 assistance to meet emergency relief requirements other than  
12 requirements for surplus food commodities: *Provided*, That  
13 not more than an amount equivalent to \$2,000,000 may be  
14 made available in any one country for this purpose during  
15 any fiscal year."

16 SEC. 8. Title I of such Act is amended—

17 (a) by adding at the end thereof a new section, as  
18 follows:

19 "SEC. 110. In order to facilitate the establishment of  
20 national food reserves in underdeveloped countries, surplus  
21 agricultural commodities may be made available by the  
22 President on a grant basis for such reserve purposes pursuant  
23 to an agreement with the recipient country requiring that  
24 payment shall be made when such commodities are with-  
25 drawn from the reserve and that the recipient country shall

1 assume full responsibility for the storage, preservation, and  
2 delivery of such commodities: *Provided*, That no payment  
3 shall be required for any quantities of such commodities  
4 which are used by agreement of the President and the gov-  
5 ernment of the recipient country for purposes provided for in  
6 section 201 of this Act. Agreements under which com-  
7 modities are provided pursuant to this section shall specify  
8 whether any payment made thereunder shall be in foreign  
9 currency or in dollars, and the purposes authorized under  
10 section 104 of this Act for which any such foreign currency  
11 payments may be used. In negotiating agreements under  
12 this section the President shall give effect to the requirements  
13 prescribed in section 101 for agreements entered into under  
14 that section.”; and

15 (b) by inserting the words “or for grant” after the  
16 words “domestic exporters” in item (1) of subsection  
17 (a) of section 102, and by inserting the words “or  
18 grant” after the word “sale” in item (2) of subsection  
19 (a) of section 102.

20 SEC. 9. Section 202 of such Act is amended by striking  
21 out “The” at the beginning thereof and inserting “In order  
22 to facilitate the utilization of surplus agricultural commodities  
23 in meeting the requirements of needy peoples, and in order  
24 to promote economic development in underdeveloped areas



1 in addition to that which can be accomplished under title I  
2 of this Act, the".

3 SEC. 10. Section 203 of such Act is amended by striking  
4 out "\$800,000,000" and inserting in lieu thereof "\$1,100,-  
5 000,000," and by inserting before the period at the end of  
6 the third sentence "and charges for general average con-  
7 tributions arising out of the ocean transport of commodities  
8 transferred pursuant thereto, may be paid from such funds".

9 SEC. 11. Section 204 of such Act is amended by striking  
10 out "1959" and substituting in lieu thereof "1960".

11 SEC. 12. Section 303 of such Act is amended by striking  
12 out the fourth sentence of such section and inserting in lieu  
13 thereof the following: "The Secretary shall permit and  
14 encourage barter for materials processed in the United States  
15 providing the agricultural commodities to be bartered for  
16 such materials be exported to friendly foreign countries."

17 SEC. 13. Section 305 of such Act is amended to read  
18 as follows:

19 "All Commodity Credit Corporation stocks donated  
20 abroad under title II of this Act and section 416 of the  
21 Agricultural Act of 1949, as amended, shall be clearly  
22 identified by appropriate marking on each package or con-  
23 tainer and insofar as practical in the language of the locality

1 where such stocks are distributed as being furnished by the  
2 people of the United States of America and where available  
3 funds accruing under title I shall be used for this purpose."

4 SEC. 14. Title III of the Agricultural Trade Develop-  
5 ment and Assistance Act of 1954, as amended, is further  
6 amended by adding at the end thereof the following new  
7 section:

8 "SEC. 306. (a) In order to promote the general welfare,  
9 raise the levels of health and of nourishment for persons  
10 whose incomes prevent them from enjoying adequate diets,  
11 and dispose in a beneficial manner of food commodities ac-  
12 quired by the Commodity Credit Corporation or the Depart-  
13 ment of Agriculture in carrying out price support operations  
14 or diverted from the normal channels of trade and commerce  
15 under section 32 of the Act of August 24, 1935, as amended,  
16 the Secretary of Agriculture (in this section referred to as  
17 the 'Secretary') is hereby authorized to promulgate and put  
18 into operation as quickly as possible a program to distribute  
19 to needy persons in the United States through a food stamp  
20 system such surplus food commodities.

21 "(b) In carrying out such program, the Secretary  
22 shall—

23 "(1) distribute surplus food made available by the



1 Secretary for distribution under this program only when  
2 requested to do so by a State or political subdivision  
3 thereof;

4 “~~(2)~~ issue, or cause to be issued, pursuant to sub-  
5 section ~~(c)~~, food stamps redeemable by eligible needy  
6 persons for such types and quantities of surplus food as  
7 the Secretary shall determine;

8 “~~(3)~~ distribute surplus food in commercially pack-  
9 aged form, preferably through normal channels of trade;

10 “~~(4)~~ establish standards under which, pursuant to  
11 subsection ~~(c)~~, the welfare authorities of any State or  
12 political subdivision thereof may participate in the food  
13 stamp plan for the distribution of surplus foods to the  
14 needy;

15 “~~(5)~~ consult the Secretary of Health, Education,  
16 and Welfare, and the Secretary of Labor, in establish-  
17 ing standards for eligibility for surplus foods and in  
18 the conduct of the program generally to assure achieve-  
19 ment of the goals outlined in subsection ~~(a)~~ of this  
20 section; and

21 “~~(6)~~ make such other rules and regulations as he  
22 may deem necessary to carry out the purpose of this  
23 section.

24 “~~(c)~~ The Secretary shall issue, to each welfare de-  
25 partment or equivalent agency of a State or political sub-

1 division requesting the distribution of surplus food under  
2 subsection ~~(b)(1)~~, food stamps for each kind of surplus  
3 food to be distributed, in amounts based on the total amount  
4 of surplus food to be distributed and on the total number of  
5 needy persons in the various States and political subdivisions  
6 eligible to receive such food. The food stamps shall be issued  
7 by each such welfare department or equivalent agency to  
8 needy persons receiving welfare assistance, or in need of  
9 welfare assistance but ineligible because of State or local law,  
10 and shall be redeemable by such needy persons at local dis-  
11 tribution points to be determined by the Secretary under  
12 subsection ~~(b)(3)~~.

13 “~~(d)~~ Surplus food distributed under this section shall be  
14 in addition to, and not in place of, any welfare assistance  
15 ~~(financial or otherwise)~~ granted needy persons by a State  
16 or any political subdivision thereof.

17 “~~(e)~~ In any one calendar year the Secretary is au-  
18 thorized to distribute surplus food under this section to a value  
19 of up to \$1,000,000,000, based on the cost to the Federal  
20 Government of acquiring, storing, and handling such food.

21 “~~(f)~~ For the purposes of this section, a needy person  
22 is anyone receiving welfare assistance ~~(financial or other-~~  
23 ~~wise)~~ from the welfare department or equivalent agency of  
24 any State or political subdivision thereof, or who is, in the



1 opinion of such agency or agencies, in need of welfare assist-  
2 ance but is ineligible to receive it because of State or local  
3 law.

4       “(g) The Secretary of Agriculture, in consultation with  
5 the Secretary of Health, Education, and Welfare and the  
6 Secretary of Labor, shall make a study of, and shall report  
7 to Congress within six months after the date of enactment of  
8 this section, on the feasibility of, the costs of, and the prob-  
9 lems involved in, extending the scope of the food stamp  
10 plan established by this section to include persons receiving  
11 unemployment compensation, receiving old-age and survivors  
12 insurance (social security) pensions, and other low-income  
13 groups not eligible to receive food stamps under this section.

14       “(h) There are hereby authorized to be appropriated,  
15 out of any money in the Treasury not otherwise appropri-  
16 ated, such sums as may be necessary to carry out the  
17 purposes of this section.”

18       SEC. 15. The Agricultural Trade Development and  
19 Assistance Act of 1954, as amended, is amended by adding  
20 thereto the following new title:

21       “TITLE IV—LONG TERM SUPPLY CONTRACTS

22       “SEC. 401. The purpose of this title is to utilize surplus  
23 agricultural commodities and the products thereof produced  
24 in the United States to assist the economic development of  
25 friendly nations by assuring such nations a stable supply of

1 agricultural commodities on long-term credit for domestic  
2 consumption during periods of economic development so that  
3 the resources and manpower of such nations may be utilized  
4 more effectively for industrial and other domestic economic  
5 development without jeopardizing meanwhile adequate sup-  
6 plies of agricultural commodities for domestic use.

7 "SEC. 402. In furtherance of this purpose, the Presi-  
8 dent is authorized to enter into agreements with friendly  
9 nations under which the United States shall undertake to  
10 provide for delivery annually of certain quantities of such  
11 surplus agricultural commodities for periods of not to exceed  
12 ten years, pursuant to the terms and conditions set out in this  
13 title, providing such commodities are in surplus at the time  
14 delivery is to be made.

15 "SEC. 403. Payment for such commodities shall be in  
16 dollars with interest at such rate as the Secretary may de-  
17 termine but not more than the cost of the funds to the  
18 United States Treasury as determined by the Secretary of  
19 the Treasury, taking into consideration the current average  
20 market yields on outstanding marketable obligations of the  
21 United States having maturity comparable to the maturities  
22 of loans made by the President under this section. Pay-  
23 ment may be made in approximately equal annual amounts  
24 over periods of not to exceed twenty years from the date of  
25 the last delivery of commodities in each calendar year under



1 the agreement and interest shall be computed from the date  
2 of such last delivery.

3 "SEC. 404. in carrying out the provisions of this title,  
4 the Secretary of Agriculture shall endeavor to maximize  
5 the sale of United States agricultural commodities taking  
6 such reasonable precautions as he determines necessary to  
7 avoid replacing any sales which the Secretary finds and de-  
8 termines would otherwise be made for cash dollars.

9 "SEC. 405. In entering into such agreements, the Sec-  
10 retary shall endeavor to reach agreement with other export-  
11 ing nations of such commodities for their participation in  
12 the supply and assistance program herein authorized on a  
13 proportionate and equitable basis.

14 "SEC. 406. In carrying out this title, the provisions of  
15 sections 102, 103(a), 106, 107, and 108 of this Act shall  
16 be applicable to the extent not inconsistent with this title."

17 SEC. 16. Section 206(a) of the Agricultural Act of 1956  
18 is amended by inserting before the period at the end thereof  
19 a comma and the following: "or strategic or other materials  
20 required by other Government agencies".

21 SEC. 17. Section 347(b) of the Agricultural Adjustment  
22 Act of 1938, as amended, is amended by striking out the

1 period at the end thereof and inserting a colon and the fol-  
 2 lowing:

3 *“Provided, however, That the national marketing quota*  
 4 *for the 1960 crop of such cotton shall not be less than 90*  
 5 *per centum of the 1959 marketing quota for such cotton.”*

6 SEC. 18. This Act may be cited as the “Food for Peace  
 7 Act of 1959”.

8 *TITLE I—AMENDMENTS TO THE AGRICUL-*  
 9 *TURAL TRADE DEVELOPMENT AND AS-*  
 10 *SISTANCE ACT OF 1954*

11 *That the Agricultural Trade Development and Assistance*  
 12 *Act of 1954, as amended, is amended as follows:*

13 *(1) Sections 109 and 204 of such Act are amended*  
 14 *by striking out “1959” and substituting in lieu thereof*  
 15 *“1962”.*

16 *(2) Section 103(b) (prescribing limit on appropria-*  
 17 *tions) is amended, effective January 1, 1960, to read as*  
 18 *follows:*

19 *“(b) Agreements shall not be entered into under this*  
 20 *title in any calendar year during the period beginning*  
 21 *January 1, 1960, and ending December 31, 1962, which*  
 22 *will call for appropriations to reimburse the Commodity*



1 *Credit Corporation, pursuant to subsection (a) of this sec-*  
2 *tion, in amounts in excess of \$1,500,000,000, plus any*  
3 *amount by which agreements entered into in the preceding*  
4 *calendar year have called or will call for appropriations to*  
5 *reimburse the Commodity Credit Corporation in amounts*  
6 *less than authorized for such preceding year by this Act*  
7 *as in effect during such preceding year."*

8 (3) *Section 203 of such Act is amended, effective Jan-*  
9 *uary 1, 1960, by striking out the first sentence and inserting*  
10 *in lieu thereof:*

11 "Not more than \$300,000,000 (including the Corpora-  
12 tion's investment in such commodities) plus any amount by  
13 which transfers made in the preceding calendar year have  
14 called or will call for appropriations to reimburse the Com-  
15 modity Credit Corporation in amounts less than could have  
16 been expended during such preceding year under this title  
17 as in effect during such preceding year shall be expended in  
18 any calendar year during the period January 1, 1960, and  
19 ending December 31, 1962, for all such transfers and for  
20 other costs authorized by this title."

21 (4) *Section 104(k) (relating to scientific activities) is*  
22 *amended by striking out the colon and inserting in lieu*  
23 *thereof a comma and the following: "and to promote and*  
24 *support programs of medical and scientific research, cultural*

1 and educational development, health, nutrition, and sani-  
2 tation.”.

3 (5) Section 104(o) (relating to assistance to educational  
4 facilities sponsored by United States citizens) is amended  
5 by striking out so much thereof as follows the semicolon.

6 (6) Section 104 (relating to uses of foreign currencies)  
7 is further amended by inserting after paragraph (o) the  
8 following new paragraphs:

9 “(p) For supporting workshops in American studies or  
10 American educational techniques, and supporting chairs in  
11 American studies;

12 “(q) For assistance to meet emergency or extraordinary  
13 relief requirements other than requirements for surplus food  
14 commodities: Provided, That not more than a total amount  
15 equivalent to \$2,000,000 may be made available for this  
16 purpose during any fiscal year;

17 “(r) For financing the preparation, distribution, and  
18 exhibiting of audio-visual informational and educational ma-  
19 terials, including Government materials, abroad: Provided,  
20 That not more than a total amount equivalent to \$5,000,000  
21 may be made available for this purpose during any fiscal  
22 year;

23 “(s) For financing the services of technicians, advisers,  
24 and administrators who are nationals of any friendly country,



1 *which may be needed to further economic and social develop-*  
2 *ment programs in other friendly countries;”.*

3       (7) *Section 104 is further amended by inserting be-*  
4 *fore the period at the end thereof a colon and the following:*  
5 *“Provided, however, That foreign currencies shall be avail-*  
6 *able for the purpose of subsections (p), (r), and (s), in*  
7 *addition to funds otherwise made available for such purposes,*  
8 *only in such amounts as may be specified from time to time*  
9 *in appropriation Acts”.*

10       (8) *Title III of such Act is amended by adding at the*  
11 *end thereof a new section as follows:*

12       “SEC. 306. *Whenever the Secretary of Agriculture de-*  
13 *termines under section 106 of this Act that any food com-*  
14 *modity is a surplus agricultural commodity, he shall make*  
15 *such commodity available for distribution to needy families*  
16 *and persons in the United States in such quantities as he*  
17 *determines are reasonably necessary before such commodity*  
18 *is made available for sale for foreign currencies under title*  
19 *I of this Act.”*

20       (9) *Title III is further amended by adding at the end*  
21 *thereof a new section as follows:*

22       “SEC. 307. *Notwithstanding any other provision of law,*  
23 *the Commodity Credit Corporation is hereby authorized—*

24               “(1) *to dispose of its stocks of animal fats and*  
25 *edible oils or products thereof by donation, upon such*

1        *terms and conditions as the Secretary of Agriculture*  
2        *deems appropriate, to nonprofit voluntary agencies regis-*  
3        *tered with the Department of State, appropriate agencies*  
4        *of the Federal Government or international organiza-*  
5        *tions, for use in the assistance of needy persons outside*  
6        *the United States;*

7        *“(2) to purchase for donation as provided above*  
8        *such quantities of animal fats and edible oils and the*  
9        *products thereof as the Secretary determines will main-*  
10       *tain the support level for cottonseed and soybeans with-*  
11       *out requiring the acquisition of such commodities under*  
12       *the price support program.*

13       *Commodity Credit Corporation may incur such additional*  
14       *costs with respect to commodities to be donated hereunder as*  
15       *it is authorized to incur with respect to food commodities dis-*  
16       *posed of under section 416 of the Agricultural Act of 1949,*  
17       *and may pay ocean freight charges from United States ports*  
18       *to designated ports of entry abroad.”*

19       *(10) Section 104(g) (relating to loans for promotion*  
20       *of multilateral trade and economic development) is amended*  
21       *by inserting before the semicolon at the end thereof a period*  
22       *and the following: “Foreign currencies received in repay-*  
23       *ment of the principal or payment of interest on such loans*  
24       *shall be available, either through direct expenditure or*



1 through investment and use of the proceeds, for grants or  
2 loans in accordance with this section and without regard  
3 to the provisions of Public Law 213, Eighty-second Congress,  
4 to any jointly controlled nonprofit foundation established in  
5 a friendly foreign country pursuant to agreement between  
6 the United States and such country for the purpose of foster-  
7 ing and promoting education, health, public welfare, and  
8 mutual good will and understanding: Provided, That prior  
9 to such grants and loans the recipient nations shall give as-  
10 surance that there will be no diminution of effort and expendi-  
11 tures by the recipient country to care for the same educational,  
12 health, and public welfare programs”.

13       *TITLE II—DEMONSTRATION FOOD STAMP*  
14                   *ALLOTMENT PROGRAMS*

15                               *DEFINITIONS*

16       *SEC. 201. As used in this title—*

17       (i) The term “food commodity” means any food prod-  
18       uct raised or produced in the United States on farms, includ-  
19       ing agricultural, horticultural, and dairy products, livestock,  
20       poultry, and honey.

21       (ii) The term “State” includes the District of Columbia,  
22       Puerto Rico, and the Virgin Islands.

23       (iii) The term “Secretary” means the Secretary of Agri-  
24       culture.

1       (d) The term "food stamp" means a certificate, coupon,  
2 or other similar medium of exchange issued to eligible re-  
3 cipients.

#### 4           DEMONSTRATION PROGRAMS AUTHORIZED

5       SEC. 202. (a) The Secretary is authorized and di-  
6 rected as soon as practicable, after the date of enactment of  
7 this Act, to formulate and administer in geographically dis-  
8 persed areas of the United States demonstration food stamp  
9 allotment programs under which food commodities will be  
10 made available to persons with low incomes, unemployed  
11 persons, and such other persons as the Secretary determines  
12 to be in need of the type of assistance made available under  
13 such programs.

14       (b) Demonstration food stamp allotment programs au-  
15 thorized by subsection (a) shall be administered by the Sec-  
16 retary in not less than three nor more than six different areas  
17 of the United States, and shall, to the extent practicable, be  
18 administered in areas determined by the Secretary of Labor  
19 to be areas of surplus labor. In carrying out the provisions  
20 of this section the Secretary shall provide for at least one  
21 such program in a rural area of the United States.

#### 22           TYPES OF DEMONSTRATION PROGRAMS

23       SEC. 203. (a) The Secretary shall, with respect to the  
24 demonstration food stamp allotment program to be admin-



1 istered in any area, determine the type of program it is to  
2 be, the requirements of eligibility for participation therein,  
3 and the manner in which it is to be administered.

4 (b) In formulating and administering any demonstra-  
5 tion food stamp allotment program pursuant to the pro-  
6 visions of this title the Secretary is authorized to consult and  
7 cooperate with appropriate State and local authorities as  
8 well as representatives of any private industry concerned  
9 with the operation of such program.

10 (c) The Secretary is authorized and directed in carrying  
11 out the provisions of this title to utilize such stocks of the  
12 Commodity Credit Corporation and other commodities (deter-  
13 mined by the Secretary to be in surplus supply) as he shall  
14 deem fit.

15 **RULES AND REGULATIONS**

16 **SEC. 204.** The Secretary is authorized to promulgate  
17 such rules and regulations as he deems necessary to effectuate  
18 the provisions of this title.

19 **TERMINATION OF PROGRAMS—REPORT TO CONGRESS**

20 **SEC. 205. (a)** The demonstration food stamp allotment  
21 programs authorized by this title shall terminate prior to  
22 January 1, 1962.

23 (b) The Secretary shall, as soon as practicable after  
24 the termination of such programs, submit to the Congress  
25 a final report on the operation of such programs, including

1 such recommendation as he deems appropriate. The Secre-  
2 tary may also from time to time make such earlier reports  
3 to the Congress as he deems appropriate.

4                                    APPROPRIATIONS

5        SEC. 206. There is hereby authorized to be appropriated  
6 \$15,000,000 for carrying out the demonstration food stamp  
7 allotment programs.

8                                    MAINTENANCE OF OTHER ASSISTANCE

9        SEC. 207. Receipt by any person of benefits under this  
10 title shall not be deemed to be income or resources under  
11 the provisions of the Social Security Act or any other Federal  
12 legislation pertaining to the security of the aged, blind, dis-  
13 abled, dependent children, unemployed, or other similar  
14 groups. Any State or local subdivision thereof which de-  
15 creases the cash or other assistance extended to any person or  
16 group as a consequence of the assistance made available under  
17 this title shall be ineligible for further participation under this  
18 title.

19                                    TITLE III—MISCELLANEOUS

20        SEC. 301. (a) In order to insure the nutritional value  
21 of cornmeal, grits, white rice, and white flour when such  
22 foods are made available for distribution under section  
23 416(3) of the Agricultural Act of 1949 or for distribution  
24 to schools under the National School Lunch Act or any  
25 other Act, such foods shall be enriched so as to meet the



1 standards for enriched cornmeal, enriched corn grits, enriched  
2 rice, or enriched flour, as the case may be, prescribed in  
3 regulations promulgated under the Federal Food, Drug, and  
4 Cosmetic Act; and in order to protect the nutritional value  
5 and sanitary quality of such enriched foods during transpor-  
6 tation and storage such foods shall be packaged in sanitary  
7 containers. For convenience and ease in handling, the  
8 weight of any sanitary container when filled shall not exceed  
9 fifty pounds.

10 (b) The term "sanitary container" means any container  
11 of such material and construction as (1) will not permit the  
12 infiltration of foreign matter into the contents of such con-  
13 tainer under ordinary conditions of shipping and handling,  
14 and (2) will not, for a period of at least one year, disinte-  
15 grate so as to contaminate the contents of the container, ne-  
16 cessitating the washing of the contents prior to use.

17 SEC. 302. In lieu of the limitation on annual payment  
18 rates for 1960 conservation reserve contracts prescribed in  
19 clause (2) of the sixth proviso under the head "Conservation  
20 Reserve" in Public Law 86-80, no such annual payment  
21 rate shall be established in excess of 20 per centum of the  
22 value of the land placed under contract, such value to be  
23 determined without regard to physical improvements thereon  
24 or geographical location thereof; but in no event shall such  
25 annual payment rate be established in excess of the maximum

1 *rate which the county committee determines would have been*  
 2 *established for such land under the 1959 Conservation Re-*  
 3 *serve Program, except that the county committee in making*  
 4 *such determination shall not be required to obtain the land-*  
 5 *owner's or operator's estimate as to value or his certificate*  
 6 *as to production history and productivity.*

7 *SEC. 303. Section 347(b) of the Agricultural Adjust-*  
 8 *ment Act of 1938, as amended, is amended by striking out*  
 9 *the period at the end thereof and inserting a colon and the*  
 10 *the following: "Provided, however, That the national mar-*  
 11 *keting quota for the 1960 crop of such cotton shall be not*  
 12 *less than 90 per centum of the 1959 marketing quota for*  
 13 *such cotton."*

Amend the title so as to read: "An Act to extend the Agricultural Trade Development Act of 1954, and for other purposes."

Passed the House of Representatives August 20, 1959.

Attest:

RALPH R. ROBERTS,

*Clerk.*

Passed the Senate with amendments September 7 (legislative day, September 5), 1959.

Attest:

FELTON M. JOHNSTON,

*Secretary.*



86TH CONGRESS  
1ST SESSION

H. R. 8609

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## AN ACT

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To amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 7 (legislative day, SEPTEMBER 5), 1959

Ordered to be printed with the amendments of the  
Senate



### LINDA KAY GIBSON—LIFESAVER EXTRAORDINARY

Mr. HUMPHREY. Mr. President, the other day there appeared in the press of my home State a wonderful story, a news story of great human interest, and a story which portrays qualities of character and courage that should be an inspiration to anyone.

The U.S. Senate has been discussing some rather serious matters throughout the year. Once in a while it seems that we may become so involved in saving the world that we forget about how to save a life.

I hold in my hand a United Press International news story datelined St. Paul, Minn., September 5, 1959. It reads as follows:

**GIRL, 10, REVIVES SISTER—RECALLS STORY AND BREATHES INTO MOUTH OF 2-YEAR-OLD**

St. PAUL, September 5.—A 10-year-old girl breathed life into the body of her 2-year-old sister.

Linda Kay Gibson revived her sister, Joyce, Thursday while their mother frantically tried to telephone a doctor and the police for help.

Linda Kay said that she had noticed that her sister, who was ill, began to strangle. She called her mother. After a vain effort to help the baby, Mrs. Eugene Gibson handed the baby to Linda Kay and rushed to phone for help. The baby appeared to have stopped breathing.

Linda Kay said she remembered that her mother once told her about a newspaper story that told of a life being saved by mouth-to-mouth resuscitation.

"So I thought it might work with Joyce," she said. It did.

It seems to me that every once in a while a story as dramatic, touching, and inspiring as this little human interest story ought to be printed in the CONGRESSIONAL RECORD.

### THE ADMINISTRATION'S FISCAL PROGRAM FOR FISCAL YEAR 1961

Mr. CLARK. Mr. President, late Saturday night our friends across the aisle, with, I regret to say, the assistance of the very sincere and conservative wing on my side of the aisle, defeated for the second time an effort to close tax loopholes in order to raise enough money to protect the general fund and yet permit the highway program to go forward without the imposition of a regressive, and to my way of thinking, unfair tax on gasoline.

It occurs to me that when we reassemble next year it might be possible to persuade the administration to reverse its field in its adamant opposition to the closing of tax loopholes.

Accordingly, the senior Senator from Illinois [Mr. DOUGLAS], the junior Senator from Wisconsin [Mr. PROXMIRE], the junior Senator from Minnesota [Mr. MCCARTHY], and I have addressed a letter to Hon. Maurice H. Stans, Director, Bureau of the Budget, urging him, in the course of the preparation of the 1961 budget, to obtain the consent of the President to closing seven outrageous and inequitable tax loopholes.

I am sure that if the administration would take this action we would have the additional revenue necessary to do one or more of three things: First, to

make a reduction in the national debt; second, to balance the budget; and, third, to put some money into social programs which, in my judgment, are so badly needed. I hope this plea to the administration will not fall on deaf ears.

I ask unanimous consent that the letter addressed to the Director of the Bureau of the Budget by the four Senators I have named under date of September 2, 1959, be printed in the RECORD at this point as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

SEPTEMBER 2, 1959.

HON. MAURICE H. STANS,  
Director, Bureau of the Budget,  
Executive Office Building,  
Washington, D.C.

DEAR MR. STANS: The preparation of the administration's fiscal program for fiscal year 1961 is undoubtedly well advanced by this time and will be completed during the period in which Congress will stand in adjournment.

Although we might differ about whether increased public revenue should be used for debt retirement, needed public services or tax reform and relief, we feel confident that we share with you a common objective in your work on the 1961 program: that the yield from our revenue-raising laws should be increased, wherever possible, by the elimination of unjust loopholes and better enforcement of those laws.

Our legislative efforts during the present session of Congress have convinced us that additional revenue could and should be raised by the following actions:

1. Requiring that income taxes on dividend and interest payments be withheld at source;
2. Tightening the rules concerning the deduction of "ordinary and necessary" business expenses, especially in the luxury expense account and business gift areas;
3. Narrowing the types of income accorded favored capital gains treatment;
4. Elimination of the 4-percent-dividend credit;
5. Reduction of the rate for oil, gas, and other mineral depletion allowance for oil, gas, and other minerals.
6. Requiring second-class users of the U.S. mails to pay for the full costs of their use of the mails;
7. Increasing the number of enforcement personnel in the Internal Revenue Service to permit more auditing and intensified search for unreported income.

In preparing the administration's program for fiscal 1961, we urge you to give special attention to these areas, where the potential for increasing public revenues is great, and to include remedial legislation among the President's recommendations to the second session of the 86th Congress.

We would appreciate your advice as to the extent you are in accord with our views on the foregoing.

Sincerely,

JOSEPH S. CLARK.  
EUGENE J. MCCARTHY.  
PAUL H. DOUGLAS.  
WILLIAM PROXMIRE.

### INCREASE IN CEILING ON INTEREST RATES ON GOVERNMENT SECURITIES

Mr. CLARK. Mr. President, I listened with great interest to the colloquy which took place a few moments ago as a result of the statement by the senior Senator

from Connecticut [Mr. BUSH] of his intention to propose an amendment to the bill to remove the ceilings on the interest rates on E and H bonds, as well as open market long-term securities.

I have already told my friend from Connecticut that I applaud him in that regard, although I shall do my best to see that his amendment is defeated. I disagree with him.

Mr. President, I am in no hurry to get home. I do not believe that we should force an adjournment of Congress next Saturday. We have many important matters to deal with, and raising the ceiling on the interest rate on Government securities is an important matter, deserving of free and full debate, without limitation by unanimous consent. I think we should be accorded the privilege of debating the subject. The President has asked for it. I believe that the subject deserves careful consideration, and I, for one, would like the privilege of voting the President down.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CLARK. Mr. President, I ask unanimous consent to continue for 1 more minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CLARK. I think we should deal calmly and quietly with legislation to be passed at this session, including civil rights legislation, minimum wage legislation, and Federal aid to education legislation; also a decision on the interest rate on Government securities. I, for one, am prepared to remain here, under the ordinary rules of debate in the Senate, until those matters are disposed of. The arrival of Mr. Khrushchev does not scare me a bit.

### EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND AS- SISTANCE ACT OF 1954

Mr. HOLLAND. Mr. President, in the debate on Friday, September 4, 1959, I placed in the RECORD the latest report from the Department of Agriculture, dated September 3, 1959, covering the distribution of surplus food for needy persons and for other objectives such as are now approved, including the school lunch program, the institutional program, and some distribution to foreign beneficiaries. Everything which I said in my remarks at that time, which begin on page 16618 of the CONGRESSIONAL RECORD, is true and applicable to the debate on the pending business, which is the proposed extension of Public Law 480, except that in one matter I used a figure which applies to the combined cost of the domestic and foreign programs, instead of applying only to the domestic program, which is what I was discussing at that time. This is clearly shown by the table itself, which appears in the RECORD.

But I call attention now to the fact that instead of stating that \$457.9 million was the total cost of the program for 1958—although that is correct—I should have said that the cost of the domestic program in 1958 was \$185.4 million, while the balance of the figure of \$457.9 mil-



lion covered foreign distribution; and instead of stating that \$413.4 million was the total cost of the program for 1959, I should have stated the figure as \$203.6 million as the cost of the domestic program for 1959.

The larger figures deal with the total cost of the foreign and domestic programs for the 2 years, 1958 and 1959.

I believe the table is quite clear, but in order to mislead no one I call attention to the discrepancy between my statement and the actual facts as shown by the compilation which was placed in the RECORD.

I also called attention to the fact that my statement to the effect that 43 States are now cooperating in the program for the distribution of surplus foods as processed under the extension and enlargement of a program originally authorized in legislation which I handled in committee and on the Senate floor in 1955, was correct.

The PRESIDING OFFICER. The time of the Senator from Florida has expired.

Mr. HOLLAND. Mr. President, I ask unanimous consent for an additional minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLAND. Senators will find on page 16619 the number of persons unemployed or otherwise needy or entitled to food from our surplus supplies who were receiving donated commodities from the Department of Agriculture, under the existing laws, in June of 1959. As would be expected, these numbers totaling 4,715,349 are greatest in those States where there are great unemployment problems, which is what Congress intended.

I call attention to this matter at this time because additional amendments may be offered later during the day relative to the distribution of surplus commodities, and I want to be on record as being strictly in accord with the facts under the law and the latest report of the Department of Agriculture.

#### FHA HOUSING LOAN COMMITMENT FEES

Mr. GORE. Mr. President, I have received from a citizen in Tennessee, who wishes to build a home, a copy of an FHA commitment. This citizen wishes to build for himself and his family a modest home to cost \$14,000. I have the commitment before me, and I should like to read from it:

Fees and charges will be made as outlined to you at the time the application was taken, which we estimate to be \$417.98.

The figure "\$417.98" is written into a space provided on the application form for that purpose. There is also typewritten into the commitment letter this additional statement:

This commitment is issued subject to someone other than the buyer paying to us a discount equivalent to 6 percent of the loan, which in this case amounts to \$885.

Mr. President, these two fees added together amount to more than \$1,300 on

one workingman's home, which he must pay in order to enable him to obtain insurance of his mortgage by the Government of the United States.

This cost, I emphasize, is not all, because after the application is approved there is added to it another one-half percent premium, called an insurance premium.

Here is another line I wish to read:

We estimate monthly payments to be \$110.21.

The PRESIDING OFFICER. The time of the Senator from Tennessee has expired.

Mr. GORE. Mr. President, I ask unanimous consent that I may have 2 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GORE. Mr. President, this is a 25-year loan commitment, so the payment will be made over a period of 300 months. A calculation indicates that this worker, who wishes to build a home for himself and his family, will pay \$34,365.98 for a home on which he received a loan of \$14,750. This a partial illustration of how homeowners, or persons who wish to build or buy homes, are being bilked under the high interest rate policy.

Mr. President, I ask unanimous consent that the letter of commitment, from which I have stricken the street address, the name of the borrower, and the name of the mortgage lender, be printed at this point in the RECORD.

There being no objection, the commitment letter was ordered to be printed in the RECORD, as follows:

NASHVILLE, TENN., September 3, 1959.  
No.: FHA \_\_\_\_\_ VA \_\_\_\_\_  
Property: Nashville, Tenn.  
Amount: \$14,750. Rate 5½%. Term 25 years.  
Type: ☒ FHA ☐ GI ☐ Conventional.  
This commitment will expire October 31, 1959.

DEAR SIR: Reference is made to your loan application filed with us in connection with the property described above. We are pleased to advise that the loan has been approved as set out above. Based on such approval, we agree to make the loan subject to:

- ☒ the terms and conditions appearing on the FHA commitment;
- ☐ the terms and conditions appearing on the VA commitment or certificate of reasonable value;
- ☐ satisfactory completion of the improvements;
- ☒ receipt of satisfactory evidence of title;
- ☒ receipt of satisfactory survey of the property showing the location of the improvements thereon;
- ☒ insurance policy in an amount satisfactory to us;
- ☐ receipt of VA or FHA commitment in the above mentioned amount, term, and interest rate.

Remarks: This commitment is issued subject to someone other than the buyer paying to us a discount equivalent to 6 percent of the loan, which in this case amounts to \$885.

We estimate monthly payments to be \$110.21.

Fees and charges will be made as outlined to you at the time the application was taken, which we estimate to be \$417.98.

Very truly yours,

Mr. MONRONEY. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I yield.

Mr. MONRONEY. I compliment the Senator from Tennessee on showing graphic evidence of what is happening to the Government-insured interest rate. As the Senator read the figures, I did rapid calculation. My calculation shows that the buyer is buying \$14,000 worth of house and \$20,000 worth of interest. Is not that correct?

Mr. GORE. That is approximately correct.

Mr. MONRONEY. And the administration has set, as a pattern, in estimating the cost of public works and others, the ultimate cost over period of years; so the \$14,000 cost of the house and \$20,000-interest charge come out of the \$34,000 figure, do they not?

Mr. GORE. Yes; the \$34,000—plus.

The PRESIDING OFFICER (Mr. CANNON in the chair). The time available to the Senator from Tennessee has expired.

Mr. GORE. Mr. President, I ask unanimous consent that I may proceed for 2 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered; and the Senator from Tennessee may proceed for 2 additional minutes.

Mr. MONRONEY. Does not the Senator from Tennessee feel that this is graphic proof, because it happens to figure out at exactly 5¼ percent interest, plus one-half of 1 percent extra charges for Government insurance, which bring the working rate that he pays to 6¼ percent?

Mr. GORE. I believe it is 6½ percent.

Mr. MONRONEY. Is not this graphic proof that today a mortgage insured by the U.S. Government is bringing a higher interest return than are the conventional mortgages which are being written by insurance companies or other home-finance agencies?

Mr. GORE. I agree thoroughly. This discount racket stultifies the mortgage-insurance program of the U.S. Government.

Mr. MONRONEY. And we are seeing a higher yield from Government-insured mortgages than from mortgages that do not carry the guarantee of the U.S. Government, are we not?

Mr. GORE. Yes; and that raises the question of the integrity of the whole program.

Mr. MONRONEY. Will the Senator from Tennessee yield further to me?

Mr. GORE. Yes.

Mr. MONRONEY. Is it not also a fact that it is an open secret, known everywhere in the housing industry, that as soon as Congress adjourns, the FHA Administrator will raise the present going interest rate on FHA mortgages from 5¼ percent to 5¾ percent?

Mr. GORE. Yes; and I hope the Senator from Oklahoma will join me, if there is to be a third housing bill, in writing a provision to prevent that from happening.

Mr. MONRONEY. At least until Congress can return and can take action to



Mobridge, Mont., will live up to that criterion, and will become another jewel in the Treasure State.

Mr. President, I ask unanimous consent that the Mobridge Chamber of Commerce letter be printed in the RECORD, since it contains useful advice for all our smaller communities.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MOBRIDGE CHAMBER OF COMMERCE,  
Mobridge, S. Dak., September 1, 1959.

MR. GEORGE KOMERIK,  
Roy, Mont.

DEAR SIR: We, at Mobridge, S. Dak., were unaware until very recently that a new town was being built in Montana, near the new Missouri River bridge in Fergus County, which would be named "Mobridge, Mont." As you may have heard, our community of Mobridge, S. Dak., has long prided itself as being the only Mobridge in the world. Actually, we have long been puzzled because we could not understand why other cities have not adopted such an excellent name. Now, you have joined the club, and we have two Mobridges in 2 States, 2 down and 48 to go.

Our reason for writing you this letter, in addition to congratulating you on your new city, is that we wish to call your attention to the standards for cities named "Mobridge" as has been established by our community in the past 53 years. For example: To qualify as a "Mobridge, first class," you must assemble a citizenry of 5,500 friendly people, who have stuck to their town, through thick and thin, dust, drouth, grasshoppers, and Republican and Democratic administrations alike. (The number of citizens can be varied, the quality must be up to the standard as outlined.) To qualify as a Mobridge, first class, you must have wide, blacktopped streets, a first class water supply, and adequate transportation via railroad, and highway. You must have a ball park, swimming pool, and other recreational facilities so that your young people have adequate opportunities for good clean fun. You must have civic minded organizations, ready to assist with the work of building your city ever larger and better. (Of course, an active chamber of commerce is a must, without it you will spend a good deal of time charging windmills, instead of progressing, and taking advantage of your opportunities.) And last, but not least, you must have an Indian chief, of the stature of Sitting Bull, buried near your town, properly marked and cared for, as a tribute from your people to America's original citizens.

That's all there is to it. Whenever your town is formally opened, we would appreciate an invitation to attend any ceremonies you may plan. And if you need any advice on how to be a Mobridge, first class, drop us a line, we've got 53 years of experience going for us, we may be able to help.

Every good wish,

BOB BICKETT,  
President, Mobridge Chamber of  
Commerce.

#### ARMY LANGUAGE SCHOOL

Mr. HUMPHREY. Mr. President, I should like to call to the attention of the Senate a letter which I today addressed to Secretary of Defense McElroy relating to a serious situation existing at the Army Language School at Monterey, Calif.

As Members may recall, the Air Force earlier this year announced its intention of withdrawing its support from the Army Language School, the Nation's

largest foreign language training center, effective July 1, last, to send its students to private institutions for specialized training the Air Force claimed it could not obtain at Monterey.

While I was not in full accord with this decision, I did not demand that it be rescinded because of financial commitments the Government had already made with certain universities to train the Air Force's students and because of assurances given by the Department of Defense that the highest priority would be given to maintaining the Army Language School at its maximum strength despite the Air Force's withdrawal from the facility.

However, Mr. President, I am now in receipt of a communication from Mr. George Shkabara, president of Local No. 1263 of the National Federation of Federal Employees, at Monterey, who quotes a representative of the Department of the Army to the effect that the Air Force's withdrawal may result in a major reduction in force among the instructors at the facility—instructors, I might add, who have been recruited at great expense from all parts of the world to teach foreign languages to members of the military services. This, if true, Mr. President, certainly contradicts the Defense Department's avowed intention of maintaining the Army Language School at its maximum strength to meet the urgent foreign language training needs of the military services.

I, therefore, have addressed a letter to the Secretary of Defense, asking that he give his immediate attention to this matter before any major reduction in force among the instructors at this vitally needed facility is made. I ask unanimous consent, Mr. President, that my letter to the Secretary of Defense, along with Mr. Shkabara's letter to me, be incorporated in the RECORD at this point. There being no objection, the letters were ordered to be printed in the RECORD, as follows:

SEPTEMBER 3, 1959.

HON. NEIL H. McELROY,  
Secretary of Defense,  
The Pentagon, Washington, D.C.

DEAR MR. McELROY: As you are aware, members of the subcommittee were assured at the executive hearing conducted on the Federal Government's foreign language training program earlier this year that the highest priority would be given to restoring the Army Language School at Monterey, Calif., to its maximum strength following the Air Force's withdrawal July 1.

I have been informed, however, that the National Federation of Federal Employees has been notified by the Department of the Army that there is a possibility of a major reduction in force among the institution's instructors because of the Air Force's withdrawal, as indicated in the attached letter from Mr. George Shkabara, president of Local No. 1236, of the federation, dated August 21, 1959.

In view of the fact that this information appears to contradict the views expressed by the representatives of the Department of Defense at the aforementioned hearing, I would indeed appreciate it very much if you would give me a full report in writing on the situation existing at the Monterey facility, covering, but not limited to, the following salient points:

(1) Steps that have been taken by the Department of Defense to centralize direction

of the Military Establishment's foreign language training programs.

(2) The progress that has been made in the establishment and/or the appointment of an official within the Department of Defense at high policy level to have the responsibility for operation of the military services foreign language training programs.

(3) The specific steps that have been taken by the Department of Defense and/or by the Department of the Army to build up the strength of the Army Language Training School to offset the impact of the Air Force's withdrawal of its students.

(4) The total number of students assigned to the Army Language Training School as of January 1, 1959, as of July 1, 1959, and the anticipated number which will be assigned as of January 1, 1960. The total number of Air Force students withdrawn from the facility as of July 1, 1959.

(5) The total number of instructors assigned to the Army Language School as of January 1, 1959, July 1, 1959, and the total number anticipated to be assigned as of January 1, 1960.

(6) Total Federal expenditures for operation of the Army Language Training School for fiscal year 1959, including training costs, administrative costs, trainees' salaries, and other related operating costs.

(7) The estimated budget or estimated operating costs, including the expenditures enumerated above, for comparative purposes, for fiscal year 1960.

(8) The anticipated reduction in instructors, if any, which will result from the Air Force's withdrawal from the facility.

I would indeed appreciate your immediate attention to this request. That there is danger of a major reduction in force at the Army Language School is indeed disturbing as it has been my distinct impression that every effort would be made to keep this vital facility at its maximum efficiency to meet the urgent need for trained linguists in the military services.

With kindest regards,

Sincerely yours,

HUBERT H. HUMPHREY.

(Attachment: Letter from Mr. George Shkabara, president, Local No. 1236, National Federation of Federal Employees.)

NATIONAL FEDERATION OF FEDERAL  
EMPLOYEES, LOCAL NO. 1263,  
Monterey, Calif., August 21, 1959.

HON. HUBERT H. HUMPHREY,  
Chairman, Subcommittee on Government  
Reorganization, U.S. Senate, Wash-  
ington, D.C.

DEAR MR. CHAIRMAN: We felt you might be interested to share the information we have from the Under Secretary of the Army regarding the operation of one of the most important departments at the U.S. Army Language School—the Russian Language Department.

According to Under Secretary Hugh M. Milton, Jr., "there is a possibility of a major reduction in force in the Russian Language Department in the present fiscal year." The Under Secretary adds in his letter dated August 17, 1959, to Mr. Vaux Owen, president of our Federation, that "The withdrawal by the Department of the Air Force of its supported training at the U.S. Army language School has made such action necessary."

Headquarters, U.S. Army Language School estimates probable loss in personnel at the Russian Language Department would not exceed 40 instructors. So far no official authorization to effectuate a reduction in force has been received from the Department of the Army, but the authorities of the school believe that a reduction in personnel, if any should take effect before the end of the current calendar year.

Strange as it may seem, the reality is in full contradiction with the recently expres-



sed desires of the Department of Defense to bring the school up to its maximum strength during the present fiscal year; we feel that fact should not escape your vigilance.

Respectfully,

GEORGE SHKABARA, President.

Mr. HUMPHREY. I am asking the Secretary of Defense to give his particular attention to this matter before there is any major reduction in force at this vitally needed facility.

Finally, let me say the Department of Defense is guilty of a waste of public funds by this duplication of the foreign language training program. I recognize that this item does not run into the hundreds of millions or billions of dollars, but, again, it is symbolic. It represents again the determination on the part of the respective individual services to have their own programs, separate and distinct from the other services, at great cost to the taxpayers, and, may I say, at no real reward to the students or the services themselves.

The Army Language Training School at Monterey ought to be utilized to the maximum extent possible. The services and the facilities are there. At the present time the school is being utilized at less than 50 percent. The Department of Defense should be censured for this waste of public funds. I am not at all satisfied with the explanation given by the Air Force for its new training program exclusive of that at Monterey. The Navy is equally guilty. It is about time that the Department of Defense stopped talking about unification of the services, and started practicing it. One place it can do it is in the foreign language school, and save some money in doing it.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection?

Mr. HUMPHREY. Mr. President, on behalf of the senior Senator from Oregon, who of necessity had to leave the Chamber, I must object.

The PRESIDING OFFICER. Objection is heard.

The Chief Clerk resumed and completed the call of the roll, and the following Senators answered to their names:

Aiken	Dodd	Johnston, S.C.
Allott	Dworshak	Jordan
Anderson	Eastland	Keating
Bartlett	Ellender	Kerr
Beall	Engle	Kuchel
Bennett	Ervin	Lausche
Bible	Fong	Long, Hawaii
Bush	Frear	Long, La.
Butler	Fulbright	McCarthy
Byrd, Va.	Goldwater	McClellan
Byrd, W. Va.	Gore	Magnuson
Cannon	Green	Mansfield
Capehart	Gruening	Martin
Carlson	Hart	Monroney
Carroll	Hayden	Morse
Case, N.J.	Hickenlooper	Morton
Chavez	Hill	Moss
Clark	Holland	Mundt
Cooper	Humphrey	Muskie
Cotton	Jackson	Neuberger
Curtis	Johnson, Tex.	Pastore

Prouty  
Proxmire  
Robertson  
Russell  
Saltonstall  
Schoeppel

Scott  
Smith  
Sparkman  
Stennis  
Symington  
Talmadge

Thurmond  
Wiley  
Williams, N.J.  
Williams, Del.  
Young, N. Dak.  
Young, Ohio

The PRESIDING OFFICER. A quorum is present.

Is there further morning business? If there is no further morning business, morning business is closed.

#### EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business, which is S. 1748.

The Senate resumed the consideration of the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to paragraph (q) on page 3, beginning at line 9 of amendments identified as "8-25-59-B," on which a separate vote is asked.

Mr. HUMPHREY. Mr. President, I have no further statement to make on this paragraph except to say that it has administration recommendation. It is surely desirable.

I yield back the remainder of my time on this paragraph if the proponents are willing to do likewise.

The PRESIDING OFFICER. The time in opposition has expired.

The Senator from Minnesota yields back the remainder of his time. All time for debate has expired.

Mr. HUMPHREY. Mr. President, the parliamentary situation is that we are voting now to include paragraph (q). Is that correct?

The PRESIDING OFFICER. That is correct.

Mr. ELLENDER. Mr. President, I ask unanimous consent to place in the RECORD at this point an explanation of this amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### EMERGENCY NONFOOD RELIEF

Page 3, lines 9 through 13 of committee amendments (par. (12) "(r)" of S. 1711):

This amendment provides for the use of title I foreign currencies for nonfood emergency or extraordinary relief requirements. It would be limited to \$2 million in each fiscal year and therefore appropriation act authorization would not be required. It is contemplated that this authority would be used to provide blankets, tents, medicines, and similar supplies required as immediate assistance as a result of disasters such as fire, flood, or earthquake. The Deputy Director of the International Cooperation Administration testified that the President now has authority to use dollars for this purpose, and that distribution would be made through relief agencies such as Red Cross.

#### OTHER PROPOSED CHANGES IN LEGISLATION

I should also like to comment briefly on two other proposed changes in the Public Law 480 legislation.

1. New subsection authorizing use of foreign currency accruing under title I of Public Law 480 for emergency relief assistance; and you, Mr. Congressman, were talking about this a little earlier, sir.

This subsection, if adopted, will permit the President to meet emergency requirements of friendly peoples abroad other than those which are normally met under title II of Public Law 480 through grants of agricultural commodities or through use of currencies generated by grants of such commodities. The proposed authority would be useful, for example, in enabling the United States to provide blankets, tents, medicines, and similar supplies which are required immediately as a result of disasters such as fire, flood, or earthquake.

I want to reiterate this is a proposed use of a local currency already generated, and not a new use of dollars.

It is not expected that large amounts of foreign currencies will be needed for this purpose, and a ceiling figure is proposed of not more than the equivalent of \$2 million to be used in any fiscal year for emergency relief purposes. It is believed that this statutory annual ceiling on use of currency for emergency purposes of this kind will provide the Congress with adequate fiscal control over the use of the proposed new authority. In view of the unforeseen emergency nature of the requirements which the authority is designed to meet and the necessity of immediate response to such requirements when they arise, it will not be practicable to seek authorization to use currency for this purpose in appropriation acts.

We have lots of instances, gentlemen, where there has been an earthquake, or there has been a flood, or there has been a disaster of some kind or other. People may have no place to live, and the authority from the Congress to use this local currency to pick up local supplies, including tents, medicine, clothing, and that sort of thing, would enable us to rush them in there quickly. We wouldn't have to fly such supplies from the United States and pay dollars for them. We think this authority would be a useful addition. It is not a vital one, but we think it would be useful.

Mr. POAGE. That is a point I wanted to ask, Dr. FitzGerald. There is authority under the law at the present time, as I understand it, for the President to provide exactly this kind of emergency equipment, but he has to pay for it in dollars, does he not?

Mr. FITZGERALD. That is correct.

Mr. POAGE. And this is simply allowing, instead of dollars, the use of local currency where he could?

Mr. FITZGERALD. That is correct.

Mr. HOEVEN. I was going to ask the same question.

What about the overlapping of such program with the work of the Red Cross? They take care of emergencies throughout the world and are very prompt in furnishing all of the materials and services you mention. Is there going to be some conflict of effort?

Mr. FITZGERALD. No, sir. We work very closely with the Red Cross and in fact frequently use the Red Cross for the purpose of handling this.

Mr. POAGE. You would find the material and turn it over to the Red Cross for distribution, wouldn't you?

Mr. FITZGERALD. We might, or we might provide it to the local Red Cross.

Mr. HOEVEN. But you wouldn't do it independently of the Red Cross, would you?

Mr. FITZGERALD. This would be independent in the sense that we wouldn't go through the American Red Cross, but I can assure you we always clear with the Red Cross before we do anything.

Mr. HOEVEN. I think that is important. We don't want any duplication of effort which might result in a lot of waste and misunderstanding.

Mr. POAGE. Let's get this clear. I think you intended to make it clear, but I think you confused, at least you did me when I asked you if you wouldn't go ahead if you had



this authority and buy this equipment and turn it over to the Red Cross for distribution rather than distribute it yourself.

If I understood you correctly, you said that you might not turn it over to the Red Cross, but you might turn it over to the local Red Cross. That is, of course, what I meant.

I did not mean that you would necessarily run it through the American Red Cross, but you would turn it over to the relief agency to make the distribution, and you wouldn't set up a relief agency to go out and distribute it.

Mr. FITZGERALD. You are absolutely right. If I left any thought in the minds of the committee that we would establish a relief agency to make the distribution, I apologize. We would turn it over to the appropriate authority and we would reach agreement with the American Red Cross to do so.

Mr. HOEVEN. And whatever you would do would be at the request of and in cooperation with the local Red Cross?

Mr. FITZGERALD. At the request of the agency of that government.

Mr. POAGE. It might be the Red Crescent in Turkey.

Mr. FITZGERALD. That is correct.

Mr. HOEVEN. Well, whatever agency it is.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HUMPHREY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HUMPHREY. Is the situation now that the balance of the amendment, starting on line 17, page 2, through line 6, on page 4, is the pending business?

The PRESIDING OFFICER. The question now is on agreeing to the other parts of the amendment offered by the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, unless there is opposition, I would suggest that the Senate vote.

Mr. ELLENDER. Mr. President, earlier this morning the distinguished Senator from Minnesota and I conferred for quite some time with respect to his pending amendments. One of the aims sought by these amendments is to provide that the Appropriations Committee must approve the spending of any Public Law 480 funds before they can actually be expended for the various uses outlined in other amendments. In effect, only one new use would be added to the Public Law 480 program under the Senator's amendments. I refer to the one listed in paragraph (r) on page 3 of the printed committee amendments. It would establish a limitation of \$5 million on the use of foreign currencies to finance the preparation, distribution, and exhibiting of audiovisual informational and educational materials.

Under the law as it now stands, dollars could be used for that purpose. This amendment includes a provision to make it possible to use a maximum of \$5 million in these Public Law 480 funds for that purpose.

There remains a slight disagreement between the distinguished Senator from Minnesota and myself with regard to certain uses to which these funds can be put, and as to what the law now provides. I suggested to the Senator from Minnesota that, as chairman of the Committee on Agriculture and Forestry, I was willing to accept these amendments on

the condition that, in the meantime, we look into the legality of some of the provisions, to be certain that there is no duplication. Then if we discover that there is any illegality, we can make any necessary corrections in conference.

Mr. HUMPHREY. That was the understanding.

Mr. ELLENDER. With that understanding, I have no objection to the proposals included in the amendment.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. HOLLAND. One further understanding is that these items should clear through the Appropriations Committee from year to year.

Mr. ELLENDER. Yes. I so stated.

Mr. HUMPHREY. That was the purpose of the amendment.

Mr. ELLENDER. There is the further understanding that the amendment to title IV will not be agreed to.

Mr. HUMPHREY. The Senator is correct.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 3, lines 9 to 13, of the printed committee amendments.

The amendment was agreed to.

Mr. ELLENDER. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an explanation of each of the separate titles now under discussion.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

#### SCIENTIFIC, CULTURAL, EDUCATION, AND HEALTH PROGRAMS

Page 2, lines 17 through 22, of committee amendments (par. (10) of S. 1711):

This provision authorizes the use of title I foreign currencies to promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation. The committee report indicates that this authority already exists and that this provision is intended to emphasize those uses. The language is very broad and will most likely be construed to grant some new authority, as it purports to do. At least one witness appearing before the Foreign Relations Committee cited it as an example of the manner in which S. 1711 would have broadened the authorized uses of local currencies (page 124 of hearings). The Department of Agriculture in its letter of August 28, reporting on the amendments to S. 1748, reported by the Committee on Agriculture and Forestry, also indicates that it considers this provision to represent an "expansion of the section 104(k) currency use." It therefore appears clear that this language, which the report of the Committee on Foreign Relations described as emphasis rather than expansion, is likely to be construed to mean something different than the Committee on Foreign Relations intended.

#### WORKSHOPS IN AMERICAN STUDIES

Page 2, line 23 through page 3, line 8 (pars. (11) and (12) of S. 1711):

This provision strikes a currently authorized use out of section 104(o) and reenacts it as section 104(p). As S. 1711 was introduced, this provision would have removed this use from the necessity of appropriation act authorization. This is not the case as this provision was contained in the Committee amendments on S. 1711 as that bill was reported. The provision now serves no apparent purpose.

#### AUDIOVISUAL MATERIALS

Page 3, lines 14 through 19 of committee amendments (par. (12) "(t)" of S. 1711):

This provision provides for the use of title I foreign currencies for financing the preparation, distribution, and exhibiting of audio-visual informational and educational materials, including Government materials, abroad: *Provided*, That not more than a total amount equivalent to \$5 million may be made available for this purpose during any fiscal year. The Department opposed this use in its letter of August 28, reporting on the committee amendments to S. 1748.

Present legislation now authorizes the use of Public Law 480 local currency sales proceeds to promote economic development. Funds may be made available on a loan basis under section (g) or, if the applicability of section 1415 is waived, on a grant basis under section 104(e). In addition, section 104(d) authorizes the use of local currency sales proceeds to finance the purchase of goods or services for other friendly countries. Here again, if section 1415 is waived, section 104(d) funds may be made available to friendly countries as a grant.

To the extent that the new uses of currency proposed under this provision would permit financing activities which are included in the concept of economic development, the addition of the new sections would not expand the authority already available. For example, in administering either grant or loan funds available under sections 104 (a), (e), or (g), ICA could approve educational projects which involved the use of audio-visual aids, such as films, exhibits and similar teaching materials.

#### THIRD COUNTRY TECHNICIANS

Page 3, lines 20 through 23 of committee amendments (par. (12) "(u)" of S. 1711):

This provision provides for the use of title I foreign currencies for financing the services of technicians, advisers, and administrators who are nationals of any friendly country, which may be needed to further economic and social development programs in other friendly countries. It is opposed by the Department of Agriculture in its letter of August 28, reporting on the committee amendments to S. 1748.

#### APPROPRIATION ACT REQUIREMENT

Page 3, line 24 through page 4, line 6 of committee amendments (par. (13) of S. 1711):

This provision limits the use of foreign currencies for the subsections specified by it to amounts specified in appropriation acts. The use specified in subsection (p) is not a new use and is already subject to such a limitation.

Mr. HUMPHREY. Mr. President, the distinguished Senator from Arkansas [Mr. FULBRIGHT] desires to address the Senate today. He could obtain time in his own right by offering an amendment to the committee amendments. However, I wonder if it would not be possible to vote upon the remaining committee amendments, as agreed to between the distinguished chairman, the senior Senator from Minnesota, and other Senators. Then, instead of yielding 10 minutes to the Senator from Arkansas, I would ask unanimous consent that he be granted 10 minutes following the vote. Otherwise I could yield him 10 minutes at this time, under the time limitation provided in the unanimous-consent agreement.

Mr. MORSE. Mr. President, I should like to hear the distinguished Senator from Arkansas, and I am glad to join



in the request of the Senator from Minnesota.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the remaining committee amendments, beginning on page 2, line 17, and extending through line 8 on page 4.

The amendments were agreed to.

Mr. HUMPHREY. Mr. President, as I understand, the agreement is that the Senator from Arkansas may have whatever time is available to the Senator from Minnesota.

The PRESIDING OFFICER. That is the understanding of the Chair.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MANSFIELD. Does that mean that when the Senator from Arkansas has concluded, the Senate will resume consideration of the pending bill under the time limitation contained in the unanimous-consent agreement?

Mr. HUMPHREY. Yes.

The PRESIDING OFFICER. The Senator is correct.

#### "THE UGLY AMERICAN"

Mr. FULBRIGHT. Mr. President, as everyone knows, a book may sometimes create a pattern of thinking or a viewpoint among a people. It may be a good book or an inferior one, true or false, veracious or venal. It may be helpful to the Nation or harmful to it.

Chief among recent books to affect the point of view of many Americans concerning our conduct of foreign relations and the men who conduct them in the field is "The Ugly American," by William J. Lederer and Eugene Burdick.

Messrs. Lederer and Burdick have directed a stream of oversimplified and sensational criticism at the directors of our program of foreign aid in southeast Asia. This does a number of harmful things simultaneously. It heartens those Americans who detest foreign aid and who use these criticisms as an argument for the abandonment of such aid to Asian countries. It coarsely brushes aside the extraordinary, delicate, and novel complexities of the immense problem of Asian foreign aid. And it hinders a serious, unemotional examination of the manner in which aid should be handled.

"The Ugly American" is fiction.

This book was written as fiction—

The authors say. Then they add:

But it is based on fact

This, I take it, means that a fictional book ought not be regarded as fiction, but as fact. And the authors, anxious to parade fiction as fact, conclude their book with a 15-page "factual" epilog. Here they outline what they consider to be the "facts" about our foreign-aid activities in southeast Asia and the men who carry on the work there. But in this so-called factual epilog the authors of a book about the concrete subject of foreign aid nowhere make it clear that they are substituting fiction for fact.

According to the authors of "The Ugly American" if only our officers in the field took their advice, they would become personally popular and their country would wield great political power. That is, if our foreign aid officials should become backslappers, baby kissers, and all around good fellows, the influence of the United States would increase over the vast reaches of the Pacific. More than that, our omniscient authors who are apparently willing to tackle everything but truth, lay down specific instructions how our foreign-aid officials can greatly help the United States in Asia. Here are a few items from the recipe for success according to Lederer and Burdick:

First. Our diplomats ought to be better trained.

Second. They ought to be able to speak Laotian, Cambodian, Vietnamese, and other extraordinarily difficult languages of southern Asia. It does not matter to our all-knowing authors that these languages, while difficult to acquire, are spoken by relatively small numbers of people and are of no value elsewhere in Asia or in the world to the men who might have acquired them only through years of work. Neither does it matter that Congress persistently refuses to give the State Department enough money to provide adequate language training.

Third. Our diplomats would also do better, say our authors, if they stopped getting drunk. This reckless charge is not documented presumably because our authors are intent upon showing that theirs is indeed a work of fiction.

Fourth. If our diplomats left the cities for the villages, they would do better, we are told, although how and why they would do better is not convincingly stated. Neither is it stated how a diplomat can carry on business with a government—which is his job—if he is in a village and the government is in the capital city. It would make as much sense to say that an ambassador to the United States ought to forsake Washington for Pocatello, Idaho.

Fifth. It would also be helpful to the general cause, one learns, if our foreign representatives were all missionaries and technicians instead of what our authors scornfully call bureaucrats.

Sixth. Much improvement to Asia and the United States would ensue if our representatives devoted themselves to breeding better chickens instead of constructing roads, dams, and irrigation works.

Seventh. But the greatest good would flow from one thing—if only our technicians in the fields would remove themselves to the villages, renounce personal sanitation, and live in disease-infected areas under disease conducive conditions so that they would become weakened by dysentery, their wives riddled by fever, and their children doomed to a sickly childhood or death.

Eighth. While living in the villages, during bouts of fever, the technicians, say our authors, could do a number of useful things that would enable them partially to earn their keep. They could describe to the local people the evils of communism and the beauties of democ-

racy, read the books our enemies have written telling us in plain Russian or plain Chinese just how they intend to destroy us, and all the while conduct a 24-hour alert against spies.

This is the recommended recipe for winning southeast Asia to our side. It is, one must say, up to the authors' general standard of knowledge, wisdom, and mastery of international politics.

Sterile, devoid of insight, reckless and irresponsible, "The Ugly American" does nothing to help Americans overcome their perplexities with regard to the great and difficult questions of foreign aid. On the contrary, it merely contributes its own confusions to an already confused area of activity. Nor is this all.

Perniciously and dangerously, the book suggests that since we are engaged in a political struggle for which we have neither talent nor the will to win and indeed find it impossible to excel and distasteful to endure, only one course is open to us. That is to abandon the whole thing. Hence "The Ugly American" is actually a panic-stricken American in hysterical retreat from a job that he finds too tough to handle.

If this is a false and shameful conclusion to a false and in many ways shameful book, it is an inevitable conclusion because of the basic contradiction of the whole book; namely, that while written as fiction but presumably based upon fact, it does not state the facts and fails to be fiction.

Nowhere in the so-called factual epilog do the authors give us the source of their so-called facts. Nowhere do they prove, or undertake to prove, the numerous charges they make against our aid program in southeast Asia. Their sole stated sources are two. One is a quotation from the New York Times. One is an excerpt from a speech by the late Secretary of States Dulles.

In only one place do the authors attempt to explain the fictional conditions under which one of their own heroes moves. This man is named Tom Knox. He is a fictional chicken expert in Indochina and our authors apparently seem to believe that the road to American success in southeast Asia is paved with chickens. Chickens seem, indeed, to obsess them. In any event, the chicken expert Tom Knox, for reasons never stated, is a man of such consequence to us that the French go to great pains to corrupt him.

The Tom Knox story is accompanied by a curiously arrogant statement on the part of the authors.

We tried to point out—

They say—

the fact that we spend billions on the wrong aid projects while overlooking the almost costless and far more helpful ones. Most American technicians are involved in the planning and execution of projects: dams, highways, irrigation systems.

Who said the projects are wrong? Why none others than Lederer and Burdick. This is their opinion and they are certainly entitled to express it; but if they are serious about it, they ought also to try to document it instead of letting it stand as nothing but a dogmatic



duces it. They also have the arrogance to insist that the Department of State cooperate with them on location so that they may produce their wretched film with the greatest speed, economy, and authenticity of diplomatic usage if nothing else.

I hope that the Department of State will deny its cooperation to men who deserve well neither of it nor of the United States.

Let me turn again to Mr. Ernest K. Lindley and his reports to Newsweek about conditions in free Asia as he had found them a few weeks ago. He makes these points.

**First:**

Our policy of extending economic and technical aid, with no political strings attached, to the neutralist countries has improved their attitude toward us.

**Second:**

With the completion of some projects which took several years, the results of our economic-aid program are more visible and more widely appreciated. We have made mistakes . . . but our overall aid program is a success.

**Third:**

Gradually we have built up a corps of people who understand the various Asian peoples and we have won their confidence. Officially we are well represented. . . . We have a competent lot of ambassadors in Asia, and some are very, very good. USIS has many very capable and experienced men, and I was favorably impressed with scores of other official Americans I met.

Mr. Lindley concludes his observations with a statement that gives the lie both to "The Ugly American" and the projected movie that will mirror it. He says:

It is time to discard the ugly fiction that we have bungled in Asia. We have made our mistakes but, on the whole, our policies are sound, reasonably well executed, and productive of heartening results.

At this point, Mr. President, I wish to say how much I am indebted to Mr. Joseph Buttinger for his analysis of "The Ugly American" from which I have liberally borrowed. The author of a study of Indochinese history entitled "The Smaller Dragon," he is an active figure in the International Rescue Committee and has worked hard to help political refugees in Asia and Europe. He is also chairman of the Executive Committee of the American Friends of Vietnam, and was conference chairman of a meeting held in Washington in April 1959, to consider the theme of "Aid to Vietnam: An American Success Story." Mr. Buttinger's devastating analysis of "The Ugly American" appeared in the summer, 1959, issue of *Dissent*.

The mischief of "The Ugly American" is that it caters to the parochialism, and the frustration of the American people. A perfectly natural reaction to reading the book—a reaction which is greatly encouraged by such things as the President's veto of the public works bill—is to ask why we must build dams abroad, when we cannot build them at home. There are two things wrong with this question. In the first place, it is based on the fallacious assumption that we have to choose between dams abroad

and dams at home. We are rich enough to have both if we really want them. In the second place, the question ignores the fact that if our foreign policy fails, we certainly cannot build dams at home—or very much else, except missile-launching sites. The question overlooks all the domestic public works projects which had to be postponed during World War II and the Korean war. The real answer to the question is that the best way to be sure we can develop this country as we see fit is to be sure, first, that we are living in a free and secure world.

The task of building a free and secure world is enormously subtle, complicated, and expensive. It is no wonder that for more than a decade the American people have been suffering from a kind of mass frustration, which is never very far below the surface. We are an impatient people, given to seeing things in black and white, anxious to get on with whatever job needs doing. When the job does not go so well as we think it should—or when it takes longer than we like—it is easy to get the feeling that there must be some reason why we are not making more headway. A few years ago, the phony and demagogic explanation was that the State Department was full of Communists. Now it is that ICA is full of incompetents. I suppose this is progress, of sorts. At least, we have advanced from questioning the patriotism, to simply questioning the intelligence, of our public servants.

Mr. President, there are reasons why we are not making more headway in our foreign policy. One is the magnitude and complexity of the problems we face. Another is that we, as a people, are poorly prepared to deal with problems of this character. A third is that our attention is constantly being diverted from the real reasons for our difficulties by loud public outcries over irrelevant or even nonexistent shortcomings.

It is the duty of responsible publicists to highlight, illuminate, and explain the real reasons for our lack of progress and our frustration. It is a grave and harmful disservice when those who command a national audience merely exploit the phony reasons.

Mr. LAUSCHE. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. LAUSCHE. I desire to express my commendation of the Senator from Arkansas for his fine presentation of a problem about which each of us should be thinking. I commend him for his courage in dealing so bluntly with it. Frequently, I think how important it is for those of us who have been gifted with the right of free speech and a free press to impose voluntary restrictions upon what we say. Everyone in this country is permitted—subject to the action of libel or the action of slander—to write and to speak his thoughts; but that extraordinary liberty imposes upon the will of the individual extraordinary restrictions.

If the book referred to does not tell the truth, although impliedly it may be a libel on some persons, the truth is that it is a libel on the people of the United

States and the Government of the United States. An individual who is libeled can sue. But what can the Government do about that? It can do nothing; we have to bear it.

The impression sought to be established by the Communists is that the people of the United States are a debauched, drunken, licentious, irresponsible people; that is the technique of the Marxists, and they have succeeded in a substantial degree in spreading throughout the world their lies about what they allege to be the "irresponsibility of the Americans." I am unwilling to concede any of that.

Mr. FULBRIGHT. The sad fact is that the United States itself, by means of the motion picture, is going to spread that feeling abroad. Can the Senator from Ohio think of anything that the Russians could do that would be more damaging to the prestige of the United States?

The PRESIDING OFFICER. The time available to the Senator from Arkansas has expired.

Mr. MORSE. Mr. President, I ask unanimous consent that the Senator from Arkansas may proceed for an additional 5 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. KUCHEL. Mr. President, reserving the right to object—although I shall not object—this should be an opportunity for us to get along with a whole fistful of amendments to a very important piece of proposed legislation.

Mr. HUMPHREY. Mr. President, I believe that I will object; and I do.

The PRESIDING OFFICER. Objection is heard.

Mr. ELLENDER obtained the floor.

Mr. HOLLAND. Mr. President, will the Senator from Louisiana yield to me 3 minutes on the bill, in order that I may refer to the matter which recently has been under discussion?

Mr. ELLENDER. I yield.

The PRESIDING OFFICER. The Senator from Florida is recognized for 3 minutes on the pending bill.

Mr. HOLLAND. Mr. President, I wish to congratulate the Senator from Arkansas, who, in his responsibility as chairman of the Senate Committee on Foreign Relations, has come to grips with a matter which I believe has been disturbing to every Member of the Senate, every Member of the House of Representatives, and, doubtless, thousands of other patriotic Americans.

I think his use of the words "false and shameful," as applicable to the book entitled "The Ugly American," which he has mentioned, is a restraint in the use of terms which long since should have been publicly used, because in my opinion that book verges on the treasonable and the traitorous, and seeks to discredit some of the finest people we have, and seeks to discredit this great Nation, which wants nothing but peace, and seeks to discredit its generosity.

Mr. FULBRIGHT. Furthermore, just think of the effect such a motion picture could have.

Mr. HOLLAND. I thoroughly agree with the Senator from Arkansas that such a motion picture issued as a pro-



duction of the United States of America would be even more harmful, because although the book probably would not be translated into hundreds of languages, so that it might be read all over the world, the motion picture might easily be shown on screens all over the world, and be interpreted as a faithful reproduction, by American mechanical genius, of the thinking of our people.

I certainly think the Senator from Arkansas has done a fine thing in making this presentation.

Let me say, also, that I think Mr. Ernest Lindley has rendered a splendid service by making a careful survey, on the spot, of the scene supposedly covered by the book "The Ugly American," and then in writing the various fine articles which he has written, so as to make it perfectly clear that, as a seasoned observer, he regards the book as a diatribe and a libel upon both the objectives and the performance of this generous Nation.

Mr. MORSE. Mr. President, will the Senator from Florida yield to me for 30 seconds?

Mr. HOLLAND. I yield.

Mr. MORSE. I wish to associate myself with the remarks of the Senator from Florida.

I believe the American people should keep two things in mind, in regard to the ICA: In the first place, ICA law is so drafted as to make it very difficult for the ICA employees to have tenure for any length of time—which makes extremely difficult the selection of the personnel, in the first place.

In the second place, I think a remarkably fine job has been done in selecting the personnel of the ICA. Let us not forget that the ICA personnel who, in various parts of the world, are trying to carry out that program, day in and day out, 24 hours every day, are constantly risking their own health. I think that often we do not sufficiently appreciate the great risks the ICA personnel run; and I believe it is time that a word be spoken here on the floor of the Senate in their defense.

I am glad the Senator from Arkansas has done so today; and I wish to associate myself, as a member of the Foreign Relations Committee, with his remarks.

The PRESIDING OFFICER. The additional time yielded has expired.

#### EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

The Senate resumed the consideration of the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment submitted by the Senator from Minnesota [Mr. HUMPHREY], on page 5, being title IV.

Mr. HUMPHREY. Mr. President, I wish to say just a brief word in regard to this amendment; in light of some of the action previously taken by the Senate, particularly as relates to the title of the bill, I believe this amendment is not needed.

Mr. ELLENDER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. ELLENDER. I had understood the Senate had adopted those amendments a while ago.

The PRESIDING OFFICER. All amendments except the one to title 4 have been agreed to. The question now is on agreeing to the amendment relating to title 4.

Does the Senator yield back his time?

Mr. ELLENDER. Has the Senator offered his amendment to title 4?

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota.

Mr. ELLENDER. Is that the pending question?

The PRESIDING OFFICER. That is the pending question.

Mr. ELLENDER. I yield myself 2 minutes.

This provision authorizes the President to carry out Public Law 480 and section 402 of the Mutual Security Act of 1954 either directly or through an administrator designated by him. The administrator would perform his functions under the general supervision and direction of the Secretary of Agriculture.

Public Law 480 programs have a wide impact on many U.S. Government programs. Under the present administrative organization, the interests of these programs are taken into account through two interagency committees: First, the Francis Committee, which deals with policy considerations, and second, the Interagency Staff Committee led by the Department of Agriculture, which develops and coordinates individual programs and conducts the day-to-day operations. This has been an effective means of developing programs which emphasize full utilization of surpluses and the attainment of broad U.S. objectives. The proposed provision, if it does anything, and I am not sure that it does, would complicate rather than facilitate these activities.

As I stated a moment ago in agreeing to the amendments offered, beginning on line 17 on page 2 down to line 6 on page 4, it was my understanding that title 4 would be eliminated from the amendments.

I therefore ask that the Senate vote down title 4, which is now before the Senate.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. ELLENDER. Yes.

Mr. LAUSCHE. I listened to what the Senator from Louisiana earlier said when we agreed to an amendment offered by the Senator from Minnesota. He specifically stated that there was an agreement made that the title would not be amended.

Mr. ELLENDER. That title IV would be eliminated.

Mr. LAUSCHE. If there was such an agreement made, how does the amendment now come before the Senate?

Mr. ELLENDER. From a parliamentary standpoint, it has to be done in that way.

Mr. HUMPHREY. Mr. President, I assure the Senator from Ohio we agreed to forego it. It was necessary to offer it under the parliamentary situation. Title IV is nothing but permissive authority which, under the Reorganization Act, the President already has.

The PRESIDING OFFICER. All time on the amendment has been yielded back.

The question is on agreeing to the amendment.

The amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. AIKEN. Mr. President, I call up my amendment identified as "9-3-59—A," and ask to have it read as modified. It was intended to be three different amendments, and was inadvertently printed as one. I ask that it be stated as modified.

The PRESIDING OFFICER. The amendment offered by the Senator from Vermont will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 2, to strike out lines 1 through 3 and insert the following:

(3) Section 203 of such Act is amended, effective January 1, 1960, by striking out the first sentence and inserting in lieu thereof:

"Not more than \$300,000,000 (including the Corporation's investment in such commodities) plus any amount by which transfers made in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than could have been expended during such preceding year under this title as in effect during such preceding year shall be expended in any calendar year during the period January 1, 1960, and ending December 31, 1962, for all such transfers and for other costs authorized by this title."

Mr. AIKEN. Mr. President, this amendment would repair an omission in the committee's amendments to S. 1748, which extend title II for 3 years instead of the 1 year requested by the executive branch, but fail to provide more than the additional \$300 million in funds requested by the executive branch as estimated to meet requirements for 1 year.

The wording of the amendment has been gone over with the chairman of the committee, the Senator from Louisiana [Mr. ELLENDER]. It has also been approved by representatives of the administration. It is purely corrective.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. ELLENDER. As I understand the original amendment submitted by the distinguished Senator from Vermont, it incorporated two other provisions amending other sections of the bill. Is that correct?

Mr. AIKEN. That is correct. They were inadvertently printed as one amendment.

Mr. ELLENDER. So that the amendment has been modified by striking out all on page 1 from line 1 to line 8, and on page 2, from line 10 to line 15. Is that correct?

Mr. AIKEN. That is correct.

Mr. ELLENDER. Then the rest of the amendment has been modified so as to conform to what the Senate did Friday



in extending the act for 3 years. Is that correct?

Mr. AIKEN. That is correct.

Mr. ELLENDER. With that understanding, I have no objection to the amendment. I yield back my time.

Mr. AIKEN. I yield back my time.

The PRESIDING OFFICER. All time on the amendment has been yielded back. The question is on agreeing to the amendment of the Senator from Vermont.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. JOHNSON of South Carolina. Mr. President, I offer an amendment. The committee was unanimously in favor of the particular amendment I am now offering.

The PRESIDING OFFICER. The amendment offered by the Senator from South Carolina will be stated.

The LEGISLATIVE CLERK. It is proposed at the end of the bill to add the following new section:

SEC. 101. (a) In order to insure the nutritional value of cornmeal, grits, white rice, and white flour when such foods are made available for distribution under section 416 (3) of the Agricultural Act of 1949 or for distribution to schools under the National School Lunch Act or any other Act, such foods shall be enriched so as to meet the standards for enriched cornmeal, enriched corn grits, enriched rice, or enriched flour, as the case may be, prescribed in regulations promulgated under the Federal Food, Drug, and Cosmetic Act; and in order to protect the nutritional value and sanitary quality of such enriched foods during transportation and storage such foods shall be packaged in sanitary containers. For convenience and ease in handling, the weight of any sanitary container when filled shall not exceed fifty pounds.

(b) The term "sanitary container" means any container of such material and construction as (1) will not permit the infiltration of foreign matter into the contents of such container under ordinary conditions of shipping and handling, and (2) will not, for a period of at least one year, disintegrate so as to contaminate the contents of the container, necessitating the washing of the contents prior to use.

#### DEFINITIONS

SEC. 201. As used in this title—

(a) The term "food commodity" means any food product raised or produced in the United States on farms, including agricultural, horticultural, and dairy products, livestock, poultry, and honey.

(b) The term "State" includes the District of Columbia, Puerto Rico, and the Virgin Islands.

(c) The term "Secretary" means the Secretary of Agriculture.

(d) The term "food stamp" means a certificate, coupon, or other similar medium of exchange issued to eligible recipients.

#### DEMONSTRATION PROGRAMS AUTHORIZED

SEC. 202. (a) The Secretary is authorized and directed, as soon as practicable after the date of enactment of this Act, to formulate and administer in geographically dispersed areas of the United States demonstration food stamp allotment programs under which food commodities will be made available to persons with low incomes, unemployed persons, and such other persons as the Secretary determines to be in need of the type of assistance made available under such programs.

(b) Demonstration food stamp allotment programs authorized by subsection (a) shall be administered by the Secretary in not less

than three nor more than six different areas of the United States, and shall, to the extent practicable, be administered in areas determined by the Secretary of Labor to be areas of surplus labor. In carrying out the provisions of this section the Secretary shall provide for at least one such program in a rural area of the United States.

#### TYPES OF DEMONSTRATION PROGRAMS

SEC. 203. (a) The Secretary shall, with respect to the demonstration food stamp allotment program to be administered in any area, determine the type of program it is to be, the requirements of eligibility for participation therein, and the manner in which it is to be administered.

(b) In formulating and administering any demonstration food stamp allotment program pursuant to the provisions of this title the Secretary is authorized to consult and cooperate with appropriate State and local authorities as well as representatives of any private industry concerned with the operation of such program.

(c) The Secretary is authorized and directed in carrying out the provisions of this title to utilize such stocks of the Commodity Credit Corporation (determined by the Secretary to be in surplus supply) as he shall deem fit.

#### RULES AND REGULATIONS

SEC. 204. The Secretary is authorized to promulgate such rules and regulations as he deems necessary to effectuate the provisions of this title.

#### TERMINATION OF PROGRAMS—REPORT TO CONGRESS

SEC. 205. (a) The demonstration food stamp allotment programs authorized by this title shall terminate prior to January 1, 1962.

(b) The Secretary shall, as soon as practicable after the termination of such programs, submit to the Congress a final report on the operation of such programs, including such recommendation as he deems appropriate. The Secretary may also from time to time make such earlier reports to the Congress as he deems appropriate.

#### APPROPRIATIONS

SEC. 206. There is hereby authorized to be appropriated \$20,000,000 for carrying out the demonstration food stamp allotment programs.

#### MAINTENANCE OF OTHER ASSISTANCE

SEC. 207. Receipt by any person of benefits under this title shall not be deemed to be income or resources under the provisions of the Social Security Act or any other Federal legislation pertaining to the security of the aged, blind, disabled, dependent children, unemployed, or other similar groups. Any State or local subdivision thereof which decreases the cash or other assistance extended to any person or group as a consequence of the assistance made available under this title shall be ineligible for further participation under this title.

Mr. JOHNSON of South Carolina. Mr. President, this amendment would require corn meal, grits, white rice, and white flour distributed pursuant to section 416 of the Agricultural Act of 1941 or to schools to be enriched so as to meet the standards for enrichment prescribed by the Food and Drug Administration and to be packaged in sanitary containers not exceeding 50 pounds.

The amendment is a somewhat expanded version of S. 651, which I introduced on January 23. Hearings were held on S. 651 and other bills by the Senate Committee on Agriculture and Forestry on April 24.

The 100-pound bags now used for rice donated to schools are too heavy for the

women who prepare the school lunches to handle. They tear and admit dirt and moisture, both in transportation and in winter, and they must be dragged along the floor.

In South Carolina and in some other States, State law requires that cereal grain be enriched before the grain is sold. The food that we furnish our schoolchildren should be clean and free from foreign substance and of high nutritional value.

It will be found, according to the report of the Department of Agriculture that this provision will cost between \$200,000 and \$250,000.

That would mean it would cost about one-fourth of 1 percent of what we are spending at the present time on our school lunch program. It would also provide for the resacking necessary to carry out the program.

Mr. SCHOEPPPEL. Mr. President, will the Senator yield?

Mr. JOHNSON of South Carolina. I yield to the Senator for a question.

Mr. SCHOEPPPEL. As I understand, there would be no change, except to make certain additions to the enrichment program, and to provide for more practical packaging, as the Senator pointed out. Is that the case?

Mr. JOHNSON of South Carolina. That is true. This is not a new program. We already enrich about 80 percent of the foods we furnish under the school lunch program.

If there are no further questions, Mr. President, I am willing to yield back my time.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. JOHNSON of South Carolina. I yield.

Mr. HUMPHREY. First I wish to say to the Senator that as he knows, this matter was considered very seriously in the committee. It was approved twice unanimously in the Committee on Agriculture and Forestry.

Mr. JOHNSON of South Carolina. That is correct.

Mr. HUMPHREY. Surely this is a well-deserved part of the proposed legislation. It is a part of the general amendment which we considered Friday evening. We divided the amendment, to let the enrichment provision stand on its own, and it certainly ought to be agreed to.

Mr. CARLSON. Mr. President, will the Senator from South Carolina yield to me for a few minutes?

Mr. JOHNSON of South Carolina. I yield to the Senator from Kansas.

Mr. CARLSON. Mr. President, I do not rise particularly to participate in the debate regarding the amendments, but I should like to make some remarks regarding the extension of Public Law 480.

Mr. President, the American farmer is the world's largest exporter of food and fiber and for that reason plays an important part in our economic program.

I cannot stress too strongly the importance of extending Public Law 480, and I approve the 3-year extension recommended by the Senate Committee on Agriculture and Forestry.

It occurs to me that this must be more than a program on an annual basis, and



I can see real advantage in having it on an extended basis. In other words, the disposal of surplus food and fiber is important to agriculture not only now, but also, in my opinion, will be important to agriculture for years to come.

The export of farm commodities means not only dollars for farmers, but it has been and will continue to be an important part of a program of bringing closer relationships with countries that do not have an abundant food supply.

"Food for Peace" must be more than just a slogan, it can and must be a reality. It is for that reason that I supported the proposal of the Senator from Minnesota [Mr. HUMPHREY] when the bill was before the Senate Foreign Relations Committee.

Last year we exported crops from 50 million acres of cropland. Our Nation must continue to expand its export market of these farm products.

I do not like to delve into statistics, but it is interesting to note that slightly less than 20 percent of the total volume of all farm products similar to those produced in the United States entered into world trade.

We exported about one-half of our cotton produced, two-fifths of our wheat and rice, one-third of our soy beans and tobacco, one-third of the tallow produced in this country, and one-sixth of our lard output.

At the present time we have a number of surplus disposal programs. Under Public Law 480, the Agriculture Trade Development and Assistance Act, we have had programs under which we could sell our surpluses for foreign currency, donate them to foreign countries for emergency relief, distribute them to private agencies, to hungry people at home and abroad and barter them for strategic materials.

Thirty-eight countries have participated in the Public Law 480 programs. Under title I, which allows surplus sales for local currencies, India has received \$544 million, Yugoslavia \$341 million, Spain \$276 million, Pakistan \$240 million and Brazil \$155 million from U.S. surplus stocks.

Through our mutual security program we are distributing our agricultural commodities at the rate of \$175 million per year. This \$175 million was continued for another year in the authorization bill which is before Congress.

Many are asking why it has not been possible to make greater use of the ever-increasing surpluses, particularly wheat. I think it should be mentioned that there are three principal reasons.

First. The most important is the problem of competition. This makes a real problem in dealing particularly with our Canadian neighbors to the north who also have great surpluses of wheat.

Recently the Canadian Chamber of Commerce complained that the United States was using subsidized flour as an economic weapon to displace Canada from second place as a supplier to the new West Indies Federation.

Second. Another problem we have in moving this food to foreign countries is the inability of many of the underde-

veloped countries to handle incoming shipments.

For instance, we send a shipload of American wheat to India every day, but India's ports are so congested that it is impossible to secure immediate handling of our shipments.

Many suggestions have been made that improved unloading and handling facilities at the docks be arranged, but these suggestions have met opposition from the Indian Government because of the great surplus of labor, and therefore, the unloading is done mostly by hand.

In addition to this problem, we have the problem of inadequate storage and distribution facilities in most of the underdeveloped countries.

Third. Congress must appropriate money to reimburse the Commodity Credit Corporation for stocks that are removed and distributed for food in needy countries.

Many of us on the Senate Foreign Relations Committee had hoped that we might increase substantially the amount of money available for food through the mutual aid program, but evidence was presented to our committee which indicated that the present authorization of \$175 million was about all that could be used, based on the facilities that the underdeveloped countries had for receiving and distributing this food.

From a humanitarian standpoint, I know of nothing we can do as a Nation which will win friends faster and more permanently than getting food and fiber into the hands of the needy.

While it is essential that we maintain programs of military assistance, defense support and economic aid, it is, in my opinion, equally important that we continue to build goodwill and friendship, based on our Nation's Christian teachings and background that we are "our brother's keeper."

Our military strength, our great national production through the private enterprise system, and the humanitarian aspects of our people, by giving aid to those who are less fortunate, have placed us in an enviable position among the nations.

I thank the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. Mr. President, I yield back my time, unless there are further questions concerning the amendment.

Mr. ELLENDER. Mr. President, I yield myself 2 minutes.

Senators will recall that last Friday the Senate voted down an amendment, which included both the enrichment and food stamp programs.

I have discussed the matter with the distinguished Senator from South Carolina. As the Senator stated, the Agriculture Committee was unanimous in its approval of the enrichment program. As the Senator further stated, 80 percent of the food is already being enriched. This would complete the job.

Although I do not believe such an amendment should be attached to Public Law 480, since we are dealing with surplus agricultural commodities and since the amendment is to attach itself solely

to surplus commodities, I have no objection.

The PRESIDING OFFICER. (Mr. MUSKIE in the chair). Does the Senator yield back his remaining time?

Mr. ELLENDER. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina [Mr. JOHNSTON].

The amendment was agreed to.

Mr. HUMPHREY. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to add a new title:

#### DEMONSTRATION FOOD STAMP ALLOTMENT PROGRAMS

##### Definitions

SEC. 301. As used in this title—

(a) The term "food commodity" means any food product raised or produced in the United States on farms, including agricultural, horticultural, and dairy products, livestock, poultry, and honey.

(b) The term "State" includes the District of Columbia, Puerto Rico, and the Virgin Islands.

(c) The term "Secretary" means the Secretary of Agriculture.

(d) The term "food stamp" means a certificate, coupon, or other similar medium of exchange issued to eligible recipients.

##### Demonstration programs authorized

SEC. 302. (a) The Secretary is authorized and directed, as soon as practicable after the date of enactment of this Act, to formulate and administer in geographically dispersed areas of the United States demonstration food stamp allotment programs under which food commodities will be made available to persons with low incomes, unemployed persons, and such other persons as the Secretary determines to be in need of the type of assistance made available under such programs.

(b) Demonstration food stamp allotment programs authorized by subsection (a) shall be administered by the Secretary in not less than three nor more than six different areas of the United States, and shall, to the extent practicable, be administered in areas determined by the Secretary of Labor to be areas of surplus labor. In carrying out the provisions of this section the Secretary shall provide for at least one such program in a rural area of the United States.

##### Types of demonstration programs

SEC. 303. (a) The Secretary shall, with respect to the demonstration food stamp allotment program to be administered in any area, determine the type of program it is to be, the requirements of eligibility for participation therein, and the manner in which it is to be administered.

(b) In formulating and administering any demonstration food stamp allotment program pursuant to the provisions of this title the Secretary is authorized to consult and cooperate with appropriate State and local authorities as well as representatives of any private industry concerned with the operation of such program.

(c) The Secretary is authorized and directed in carrying out the provisions of this title to utilize such stocks of the Commodity Credit Corporation and other commodities (determined by the Secretary to be in surplus supply) as he shall deem fit.



*Rules and regulations*

SEC. 304. The Secretary is authorized to promulgate such rules and regulations as he deems necessary to effectuate the provisions of this title.

*Termination of programs—Report to Congress*

SEC. 305. (a) The demonstration food stamp allotment programs authorized by this title shall terminate prior to January 1, 1962.

(b) The Secretary shall, as soon as practicable after the termination of such programs, submit to the Congress a final report on the operation of such programs, including such recommendation as he deems appropriate. The Secretary may also from time to time make such earlier reports to the Congress as he deems appropriate.

*Appropriations*

SEC. 306. There is hereby authorized to be appropriated \$15,000,000 for carrying out the demonstration food stamp allotment programs.

*Maintenance of other assistance*

SEC. 307. Receipt by any person of benefits under this title shall not be deemed to be income or resources under the provisions of the Social Security Act or any other Federal legislation pertaining to the security of the aged, blind, disabled, dependent children, unemployed, or other similar groups. Any State or local subdivision thereof which decreases the cash or other assistance extended to any person or group as a consequence of the assistance made available under this title shall be ineligible for further participation under this title.

Mr. HUMPHREY. Mr. President, the modified amendment is the second half of the amendment which included the enrichment provisions relating to certain surplus food commodities, agreed to by the Senate as offered by the Senator from South Carolina [Mr. JOHNSTON].

This particular amendment is offered on behalf of myself, the Senator from Vermont [Mr. AIKEN], and the Senator from Missouri [Mr. SYMINGTON]. It is the food stamp allotment plan on a very modest pilot project basis providing for food stamp plans in not less than three or more than six communities geographically dispersed. It provides a maximum sum of money to be allotted for this purpose of \$15 million. It further provides that the supplies used shall be supplies in surplus, as determined by the Secretary of Agriculture.

The amendment itself is one which has been talked about, thought about, and worked on for a number of years. I have discussed the amendment this morning with a number of my colleagues. It is slightly different from the amendment which was offered as a package proposal on Friday evening. It would embrace the food stamp allotment and the food allotment plan on a modified and very limited basis, so that we could test out the feasibility of this kind of program, under the rules and regulations as prescribed by the Secretary of Agriculture, in not more than six nor less than three geographical areas.

Mr. HOLLAND. Mr. President, will the Senator yield for a question?

Mr. HUMPHREY. I yield.

Mr. HOLLAND. Do I correctly understand the proposal which the Senator from Minnesota has offered as an amendment would be permissive, to be

used in the discretion of the Department of Agriculture?

Mr. HUMPHREY. The program authorizes and directs the Secretary in regard to not less than three nor more than six communities. The supplies to be made available would be at the discretion of the Secretary.

The proposal would not be permissive, but it would authorize and direct the Secretary between now and 1962 to have a program in not less than three nor more than six areas. The supplies which would be used would have to be surplus supplies at the discretion of the Secretary.

Mr. HOLLAND. Mr. President, perhaps I misunderstood the matter, but I have discussed it in some detail with the distinguished Senator from Vermont [Mr. AIKEN]. I had understood from the Senator this was to be a permissive program only.

Mr. AIKEN. I will say that I had contemplated offering an amendment which would have been permissive. The amendment which is offered now would appear to be mandatory to the extent of three to six trial areas.

Mr. HUMPHREY. This is the provision in the bill as reported by the Senate Committee on Agriculture and Forestry to the calendar.

Mr. AIKEN. I have not offered an amendment which is permissive.

The bill which I originally introduced, of which the Senator from New Mexico [Mr. ANDERSON], the Senator from Minnesota [Mr. HUMPHREY], and the Senator from North Dakota [Mr. YOUNG] were cosponsors, would have had the effect of being permissive, and would have provided a more complete program than the one now offered. The whole thing would have been permissive.

For the last 15 years I have urged that the Congress adopt legislation which would authorize the Secretary of Agriculture to carry out a food allotment program, the extent of which would be determined by the Committee on Appropriations and the Secretary. The purposes of such a program would be threefold.

The first purpose would be to see that the 26 million people in this country whom we are told have inadequate diets would have enough to eat. Those people include those who are receiving old age assistance and survivors insurance, dependent children, permanently disabled persons, blind persons, general assistance beneficiaries, persons living in broken homes, and persons living on inadequate pensions and retirement funds.

The second purpose of the proposed legislation would be to get the Government out of competition with private industry, for while the sun is shining now, the time is coming when it will not shine so brightly—I am sure of that—and when that time comes, unless we are prepared to carry out a food allotment program in another way, we will find Government coming in wholesale in direct competition with the normal channels of trade.

The third purpose is to increase markets by increasing the quality of food which these 26 million people would use. It would increase, for instance, the use

of dairy products by about 30 percent, and of citrus fruits and green vegetables by about 30 percent, and so on.

I never intended that it should be of a scope to cover the whole country, although the proposed legislation authorizes it if the need should arise. What I had hoped was that we would enact legislation which would authorize trial runs, pilot plants, or whatever the correct word would be in this case, so that when the time came we would know how to operate a national program.

Mr. HUMPHREY. Will the Senator yield at this point?

Mr. AIKEN. I yield.

Mr. HUMPHREY. Mr. President, the point is raised here about the scope of authorization on the larger bill which the Senator from Vermont introduced and the pending bill. The amendment authorizes and directs, because it is only a pilot plant project.

Mr. AIKEN. That is true, but I did not realize that. The amendment which I would have prepared would have been permissive only. However, the pending amendment, with which I will go along, strictly limits the amount which can be spent.

Mr. HUMPHREY. That is correct.

Mr. AIKEN. It limits the period of time during which the experiment or the trial program can be operated.

Mr. HUMPHREY. It has a \$15 million limitation. It covers a minimum of three areas and a maximum of six.

Mr. AIKEN. That is correct.

Mr. HUMPHREY. There is a time limit upon it as well. These provisions have to go to conference, but if we are ever going to try out a program, we just cannot have it permissive. We ought to at least given it a trial run, and that is all we are trying to do.

Mr. AIKEN. The House bill contains a provision which was adopted by a 2-to-1 vote, which provides for a very broad program, and for expenditures up to \$1 billion a year.

Mr. HUMPHREY. That is right.

Mr. AIKEN. It seems to me that we are not ready for such a broad program at this time. That is why I am supporting this proposal, which provides for three to six trial areas where this can be worked out.

We are doing it in the rural development program in up to 50-odd counties, I believe, and I am in favor of trying it out in other areas.

Mr. HUMPHREY. It seems to me that it is a necessary trial run, and it is quite limited, compared with the provisions in the House authorization, which was adopted by a 2-to-1 vote in the House. I cannot imagine the Senate, which has already approved this very same bill in a larger amount in committee, rejecting it.

Mr. AIKEN. This amendment is not as explicit as the bill which I have been introducing in company with the Senator from North Dakota and the Senator from Minnesota over a period of years, but I would hope that if this becomes law, the Secretary would carry out in general the procedure which is laid down in the bill, and I believe that if it is enacted, he would do so, because it handles these programs through the normal



channels of trade, such as the local stores, and local banks. I should like to get away from the method whereby Government does everything, even to delivering the cornmeal and the flour and whatever else it has to the people who need it.

Mr. SCHOEPEL and Mr. HOLLAND addressed the Chair.

The PRESIDING OFFICER (Mr. MUSKIE in the chair). Does the Senator yield; and, if so, to whom?

Mr. HUMPHREY. I feel I should yield first to the Senator from Kansas.

Mr. SCHOEPEL. I should like to ask the distinguished Senator from Minnesota whether his proposal is permissive or mandatory insofar as it is being presented here.

Mr. HUMPHREY. The pending amendment is the same as the bill which was reported by the Committee on Agriculture and Forestry as a separate bill under Calendar No. 664. It was handled in the Committee on Agriculture and Forestry and reported to the Senate and is now on the calendar. It is an authorization and a direction for a minimum of three and a maximum of six pilot plants, to the limited sum of \$15 million.

Mr. AIKEN. May I add this. The trial areas selected would undoubtedly be areas where the Government is presently heavily involved in relief programs.

Mr. HUMPHREY. There is no doubt about that.

Mr. AIKEN. This will simply direct them to use another disposal method in a limited number of areas.

Mr. HUMPHREY. Exactly. The bill provides that priorities shall be given to what we call labor surplus areas, or to areas where there is a further need.

Mr. SCHOEPEL. To the extent the distinguished Senator has answered my question, it would be mandatory. Is that correct?

Mr. HUMPHREY. As to the three areas, that is correct, three to six.

Mr. HOLLAND. Will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. HOLLAND. The Senator will realize that this subject matter has been handled in a rather loose way in committee and up to now on the floor.

Mr. HUMPHREY. No. I disagree with the Senator.

Mr. HOLLAND. In committee the general principle was acquiesced in by the committee, and the matter was turned over to be drafted in the form of an amendment by counsel for the committee, the exact form to be approved by the distinguished Senator from Minnesota [Mr. HUMPHREY] and the distinguished Senator from Vermont [Mr. AIKEN]. It was drafted. It was reported. Since that time I have had discussions with both Senators and with the chairman, the distinguished Senator from Louisiana [Mr. ELLENDER] who was not present in committee when action of the type I have mentioned was taken.

This morning—and I ask particularly the attention of the Senator from Vermont to what I am about to say—in an effort to get together I discussed the matter not only with the Senator from

Minnesota, but particularly with the Senator from Vermont and the Senator from Louisiana, and my understanding from the Senator from Vermont was that the proposal was to be offered in the form of a permissive amendment, and I so repeated it to the chairman of the committee. The chairman of the committee and I—and I can speak only for ourselves, of course—had agreed to the adoption of such a permissive amendment insofar as we were concerned only, fully knowing that we had in conference a difficult problem ahead of us, and fully knowing that we had a huge program already in being.

The latest report of the Department shows that about 4¾ million citizens received food under the existing program in June of this year. Speaking only for myself, I thought that if we made available to the Department an opportunity to try out this food stamp program, preferably in an area where there was already a heavy need for such a program, there could be no great objection to it, provided it was limited in its amount and would not be regarded as a general departure from the very large program which is already underway.

If I misunderstood the Senator from Vermont, I should like him to correct me.

Mr. AIKEN. The Senator did not misunderstand me. The amendment which I would have offered would have authorized this only. However, I found that the Senator from Minnesota planned to offer this other amendment and so I did not offer any amendment myself.

Mr. HOLLAND. I understood that the Senator from Minnesota was offering this amendment in behalf of himself and the Senator from Vermont.

Mr. AIKEN. That is right.

Mr. HUMPHREY. And the Senator from Missouri [Mr. SYMINGTON].

Mr. HOLLAND. And the Senator from Missouri.

Mr. AIKEN. This will be in conference. Personally, I do not know whether it makes too much difference whether it is an authorization or a directive, because the House bill, in effect, contains a directive for a very broad, sweeping program which was adopted by the House, I believe, by a vote of 2 to 1.

Mr. HUMPHREY. Two to one.

Mr. HOLLAND. However, the House bill is permissive, in the first place; in the second place, the Senate has voted down a directive program. The Senators from Louisiana and Florida were trying to work out a program which would be in accord with the sentiment of the Senate as expressed, or at least not contrary thereto, and which would give us a chance to go into conference with an expression of the Senate that something in this field should be done.

Mr. AIKEN. I did not understand that the Senator from Florida was going to accept the proposal which I would have made had the Senator from Minnesota not offered his amendment.

Mr. HOLLAND. I think I told the Senator I would not object to it. Later I conferred with the chairman of the committee and found that he was willing,

as I was, to accept it if it were in a permissive form, and limited as the Senator indicated he proposed to limit it. I am still of that opinion. If we go into conference with an expression of the Senate differing from our expression the other day, it will indicate that we think something should be done in this field. In that case, I would be happy to accept the amendment.

Mr. HUMPHREY. Mr. President, this is an argument based upon a difference in point of view. The Senator from Florida has not been for the food stamp plan, by direction or by authorization, either in the committee or outside the committee. I feel that if we are to have a trial run we should not have it in less than three areas. We have limited the proposed program to a maximum of six areas. We have reduced the amount of funds for the use of surplus commodities to \$15 million.

The plan would operate in areas where we are currently operating a food distribution program; but, as the Senator from Vermont has said, it is not a program in which Government officials are handing out Government packages from a Government warehouse, to people who are made to feel subservient. This program will be operated through normal channels. Witnesses before the committee said they would be delighted to try it. As a matter of fact, the Commissioner of Welfare came from Detroit to outline the entire program, and said that Detroit would be one area where they would like to make a trial run.

In conference we already have a broad authorization from the House. The authorization provides that the Secretary "shall"—not "may." If the chairman will give me the bill, I will read it.

Mr. ELLENDER. Read the preceding paragraph, and the Senator will see that the language is permissive.

Mr. HUMPHREY. I read from section 306(a), on page 7 of House bill 8609:

In order to promote the general welfare, raise the levels of health and of nourishment for persons whose incomes prevent them from enjoying adequate diets \* \* \* the Secretary of Agriculture \* \* \* is hereby authorized to promulgate and put into operation as quickly as possible a program to distribute to needy persons in the United States through a food stamp system such surplus food commodities.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. HUMPHREY. My colleagues have been very generous in using my time. I ask for 5 minutes on the bill.

Mr. ELLENDER. I yield 5 minutes on the bill to the Senator from Minnesota.

Mr. HUMPHREY. Reading further:

(c) The Secretary shall issue, to each welfare department or equivalent agency of a State or political subdivision requesting the distribution of surplus food under subsection (b) (1), food stamps—

And so forth. The overriding force of that authorization is that the Secretary "shall" do these things. All we are asking for is a modest trial run. We are going to conference, and possibly we will end up with nothing but an authoriza-



tion; but make no mistake about it, when the House, on a rollcall vote, votes two to one, we had better have something to offer as a counterproposal. We have been in conference with Members of the other body on previous occasions, and they have been able to stand their ground fairly well.

I think this proposal should be voted on. If the Senate wishes to say that with \$9 billion worth of surplus food, we are not prepared to authorize a food stamp plan which has been talked about and worked upon, and with respect to which even the Department itself has made a study, if we are not prepared to authorize and direct the undertaking of at least three trial run projects, there is something wrong. I should like to see a vote on the proposal.

Mr. JORDAN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. JORDAN. As the Senator knows, I am a member of the Committee on Agriculture and Forestry.

Mr. HUMPHREY. And a very fine member.

Mr. JORDAN. This subject was discussed at great length, and there was a wide division of opinion on the subject.

If the proposed plan were put into effect, would it not be over and above the present program?

Mr. HUMPHREY. The Senator is correct.

Mr. JORDAN. We would continue to distribute the amount of food we are now distributing, and the proposed program would be in addition.

Mr. HUMPHREY. In the areas where the plan would be utilized to serve the people, we would not be serving them with other commodities than those in surplus supply.

Mr. JORDAN. The bill does not so provide.

Mr. HUMPHREY. The Secretary would have full power. The Secretary would be authorized to promulgate whatever rules and regulations he might wish to promulgate. The only limitation is that these contributions may not be deducted from social security payments, and the plan could not be operated under the present distribution system, involving large containers of food.

Mr. JORDAN. My principal objection is that the Senator is saying that we must put in operation one of these plans whether it is needed or not.

Mr. HUMPHREY. No; that is not correct.

Mr. JORDAN. Under the terms of the bill, the Secretary must find at least three areas in which to operate the plan.

Mr. HUMPHREY. He would surely have no trouble, in the United States finding three areas in which to start the plan for the distribution of \$15 million worth of food through the food-stamp system. This argument is like saying that if one looks at the sky in the evening he is likely to see stars. Certainly he is.

Everyone knows that there are vast areas in the country where these programs are needed. If we have a food distribution program to the tune of \$200

million a year—and that is what the Senator from Florida just reported—let no one tell me that there are not places in America where the food-stamp trial run program could be set in operation.

The bill provides a maximum. It does not require the expenditure of the entire \$15 million a year. The food-stamp program is much more desirable than the handout food distribution program, which makes people "reliefers."

Mr. JORDAN. I still come back to the same objection to the bill.

Mr. HUMPHREY. Mr. President, this amendment would provide for, first, demonstration food-stamp programs in from three to six areas.

It requires the Secretary of Agriculture to formulate and administer demonstration food-stamp programs in not less than three nor more than six geographically dispersed areas, at least one of which shall be a rural area. To the extent practicable, they shall be surplus labor areas. These programs would terminate by January 1, 1962. Appropriation of \$15 million is authorized to carry them out.

The Secretary of Agriculture is given very broad authority with respect to the types of food-stamp demonstration programs to be carried out. He would be expected to provide for use of the normal channels of trade to the maximum extent practicable in carrying out such programs. It is anticipated that stamps or coupons would be distributed or sold to eligible recipients to be used by them in the purchase of food or particular kinds of food at eligible food stores. Stores could in turn redeem the coupons through designated banks. The Secretary would be required to report to Congress on the operation of the demonstration programs as soon as practicable after their termination so that Congress would be prepared to provide for a large-scale program should such a program become necessary.

Section 303 of the amendment authorizes the Secretary to use surplus commodities in carrying out these demonstration programs as he sees fit.

Benefits under the food-stamp-allotment programs would not be considered income for the purposes of the Social Security Act or related legislation; and assistance under this legislation, as well as assistance from State and local governments, would not be a basis for denying eligibility for the benefits of the food-stamp-allotment programs.

Mr. ELLENDER. Mr. President, I yield myself 5 minutes.

Senators heard all of these arguments last Friday, and at that time, we rejected this proposal. This morning I had further occasion to discuss the subject with the distinguished senior Senator from Minnesota [Mr. HUMPHREY] and the distinguished senior Senator from Florida [Mr. HOLLAND]. It was my understanding at that time that the proposal which would be submitted today would be a permissive one, and not a mandatory order to the Secretary of Agriculture. With all due respect, the Senator from Minnesota is in error when he states that the program adopted by the House

is a mandatory one. It is permissive. Section 306 of the House bill makes that point very plain. It states:

The Secretary of Agriculture \* \* \* is hereby authorized to promulgate and put into operation as quickly as possible a program to distribute to needy persons in the United States through a food stamp system such surplus food commodities.

If the Secretary of Agriculture decides to promulgate such a program, he then "shall" do what the Senator from Minnesota states. But the authority in the House bill is permissive.

I wish to correct another statement made by the distinguished Senator from Minnesota. The cost of this program would not be limited to \$15 million, as the Senator said. That figure represents only the actual dollars which the Congress would have to appropriate to carry out the demonstration food stamp program.

Section 303(c) of the amendment of the Senator from Minnesota provides as follows:

The Secretary is authorized and directed in carrying out the provisions of this title to utilize such stocks of the Commodity Credit Corporation (determined by the Secretary to be in surplus supply) as he shall deem fit.

In other words, in addition to the \$15 million, the Secretary could, for all practical purposes, utilize unlimited amounts of surplus agricultural commodities on hand.

So let us not say that this is only a \$15 million program. It is not. The cost may run as high as \$100 million or \$200 million. There is no limitation.

When I, as chairman of the committee, agreed to accept this amendment in view of the fact that the House had adopted a food stamp plan provision, I accepted it with the understanding that the program would be permissive.

If the Senator from Minnesota would modify his amendment so as to make the authority given the Secretary of Agriculture permissive—

Mr. HUMPHREY. Does the Senator from Louisiana think the Secretary of Agriculture will do anything at all if it is merely permissive?

Mr. ELLENDER. I do not know. To begin with I may say, as I said Friday, that this stamp program should not be attached to Public Law 480. The pending amendment is now on the calendar in bill form. I think this program should stand or fall on its own merits. The agriculture committee reported a similar food stamp program, as the Senator knows, several weeks ago. It strikes me that instead of trying to add this program to Public Law 480, the bill now on the calendar should be called up and acted upon. If the Senate desires to give a mandate to the Secretary of Agriculture, good and well. But, as I said before, the Senate turned down this identical proposal last Friday. In discussions which we have had today, this proposal was revived. I personally agreed to accept it, on the condition that it be made a permissive program since there is a food stamp program in the House bill, so we could work on it in



conference. If the Senator will agree to a permissive program, I will urge no objection to his amendment. Of course, the proposal will have to be submitted to the Senate. However, I do not believe a program of this kind should be in the form of a directive to the Secretary of Agriculture. I call attention to the fact that millions of dollars of surplus agricultural commodities will be used for this program—and I admit this is a worthy cause in addition to the \$15 million to carry out the program.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. ELLENDER. I yield myself 2 more minutes.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. HUMPHREY. I did not seek a broad interpretation to be put on it, as the Senator from Louisiana does. I had proposed a limitation of \$15 million as a trial run. If the Senator wants to make this a broader bill—

Mr. ELLENDER. No; I do not want to make it a broader bill. I am ready to act on the pending amendment.

Section 202 of Public Law 480 authorizes the President to use such surplus stocks of the Commodity Credit Corporation to carry out administration programs as he sees fit. These commodities would be in addition to the \$20 million authorized to be appropriated to carry out this program.

Mr. HUMPHREY. We have changed the language in the modified bill.

Mr. ELLENDER. But the Senator did not strike from the bill section 303(c), which provides for surplus food.

Mr. HUMPHREY. I read from the amendment:

"The Secretary is authorized and directed in carrying out the provisions of this title to utilize such stocks of the Commodity Credit Corporation) and other commodities as determined by the Secretary to be in surplus supply) as he shall deem fit.

Section 306, in the amendment, provides:

There is hereby authorized to be appropriated \$15 million for carrying out the demonstration food stamp allotment programs.

If the Senator from Louisiana wants to change the amount to \$20 million, I will vote for it, and it would still be a good demonstration project. I admit it is a pittance. In Public Law 480, we provide for oversea distribution of foods. We have just provided for \$300 million each year for 3 years, under the amendment offered by the Senator from Vermont. I am for that. It is for famine relief and aid to the needy.

Under title I, in which provision is made for the use of soft currencies, where such currencies cannot be used anywhere else but in the countries of their origin, such as in Poland, food stamps could be used in Poland.

But I am being told today that a food stamp plan for the United States ought not to be adopted.

It is very true that a food stamp program is a better ordered program than mass distribution. It gives a person a

sense of dignity. In order to get surplus food, he can walk into a grocery store where foods are listed as being surplus. He can buy like any other customer, and he will not have to go down the street to the relief office and ask for a handout. He can walk into a store and use food stamps just as he would use currency in order to buy food.

I think it is about time that Congress treated the American people as we treat others. I will be very much surprised if we do not.

[Manifestations of applause in the galleries.]

The PRESIDING OFFICER (Mr. MUSKIE in the chair). The guests of the Senate who are in the galleries will remain in order.

Mr. ELLENDER. Mr. President, I yield myself 2 more minutes. As I stated a moment ago, this amendment was rejected last Friday. To hear the distinguished Senator from Minnesota talk now, one would assume that there is no program at all for the needy people of the United States. The Senator from Minnesota knows better than that.

The Senator from Florida [Mr. HOLLAND] clearly pointed out Friday that there is a program for the needy of this country which involves the expenditure of more than \$200 million per year.

But the proposal of the Senator from Minnesota is a brandnew one which he seeks to have attached to Public Law 480. I say it has no place in Public Law 480. The food stamp plan should be called up and considered on its own merits. As I have said, a bill to provide such a food stamp plan is now on the Calendar. It ought to be considered by itself.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. ELLENDER. Mr. President, I yield myself 1 more minute. The House has adopted a food stamp program which is permissive. I am willing, as I said to the Senator from Minnesota and other Senators, to take such a proposal to conference.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. ELLENDER. Mr. President, I yield myself 1 more minute, and I now yield to the Senator from Florida.

Mr. HOLLAND. In order that the exact facts may be shown at this point in the RECORD, the report of the Department of Agriculture covering the program of distribution of surplus foods to the needy of the United States was filed as of September 3, 1958, and continues through June of this year. It shows that for fiscal 1959, which ended with June of this year, the total value of food products given to the needy—

Mr. ELLENDER. In the United States.

Mr. HOLLAND. In the United States—was \$203.6 million; and that the total number of beneficiaries in the month of June was 4,715,349 persons.

Mr. HART. May we have similar figures for the people in foreign countries?

Mr. HOLLAND. The similar figure for the amount spent in foreign coun-

tries in fiscal 1959 is \$209.8 million. The number of beneficiaries is not shown on the report, because the commodities are channeled for distribution through the governments of the foreign countries.

Mr. HART. The other figure is the best for comparison.

Mr. HOLLAND. The other figure is the best for comparison.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. ELLENDER. I yield myself 2 more minutes, and I yield to the Senator from Florida.

Mr. HOLLAND. Furthermore, it would be a duplicate program; and certainly as a duplicate program it could not be used in any State in which the State authorities prefer to use the other program, and not to use this one.

I think the program should be permissive because, by all means, it will call for negotiations as to the areas in which it should be used, and whether should properly be used in any particular area.

To make the execution of the program mandatory upon the Secretary, regardless of the programs which the States may have, regardless of what the cities may have, and regardless of what the trade may do—because, after all, this program is something which enters into the channels of trade; to provide that the Secretary must, mandatorily, find a place to spend \$15 million in competition with other suppliers, regardless of the attitude of the public officials of the States and cities affected; that is a conclusion which I would not care to make. I do not propose to place upon the Secretary of Agriculture such a requirement. That is the reason why I do not favor a mandatory program.

Mr. ELLENDER. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Louisiana has 1 minute remaining.

Mr. ELLENDER. I point out that under the program discussed by the distinguished Senator from Florida, 4,715,349 needy people, in all the States of the Union, have received and are receiving surplus food through existing channels.

Michigan has 380,343 persons benefiting from the program. Mississippi has 179,000; Arkansas, 178,000; Kentucky, 280,000; Louisiana, 120,000.

This program has been in operation for some time. The amendment before the Senate would merely add one more program on top of these now in existence.

I point out that if the program is enacted in the form of a directive to the Secretary of Agriculture, it will cost the \$15 million in cash, plus the value of surplus commodities on hand.

I do not believe the Senate should adopt a program of that magnitude at this time.

The PRESIDING OFFICER. All time for debate on the amendment has expired.

The question is on agreeing to the amendment of the Senator from Minnesota.



Mr. CLARK. Mr. President—  
The PRESIDING OFFICER. For what purpose does the Senator from Pennsylvania address the Chair?

Mr. CLARK. For the purpose of requesting that I be allowed to speak for 3 minutes on the bill, in order to speak further on the amendment. I seek that time from either the acting majority leader or the acting minority leader. In fact, I make the request myself; I ask unanimous consent that at this time I may proceed for 3 minutes.

Mr. ELLENDER. Mr. President, I shall gladly yield 2 minutes on the bill to the Senator from Pennsylvania.

Mr. CLARK. I thank the Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for 2 minutes on the bill.

Mr. CLARK. Mr. President, I wish to ask the Senator from Minnesota whether this amendment has been approved by the Committee on Agriculture and Forestry.

Mr. HUMPHREY. That is correct.

Mr. CLARK. Has not the amendment also been approved by the Foreign Relations Committee?

Mr. HUMPHREY. No; the amendment has been approved only by the Committee on Agriculture and Forestry.

Mr. CLARK. I ask my friends on this side of the aisle to consider how much attention they think the Secretary of Agriculture will pay to a permissive amendment. It seems to me that if we want this food stamp plan put into effect, we had better follow the recommendation of the Senator from Minnesota and direct the Secretary of Agriculture to put this food stamp program into effect.

I do not have a shadow of doubt in my mind that 6 cities in Pennsylvania will be glad to direct that the food stamp plan be put into effect there, even though in Pennsylvania we have a food distribution program going on. In fact, I have no doubt that not only 6 cities in America, but 66 or 666 cities in America will be glad to use food in that way, to sustain human life in areas where private enterprise does not have sufficient funds to pay for the needed food, and will be glad to put this food plan into effect.

Mr. President, I hope the Senate will, by its action, sustain the action taken by the Committee on Agriculture and Forestry.

Mr. HART. Mr. President, will the Senator from Pennsylvania yield?

Mr. CLARK. I yield.

Mr. HART. Let me remind the Senate that the committee was advised by W. E. Fitzgerald, executive secretary of the Food Industry Committee, of Detroit, that they had a program in writing, and would welcome an opportunity to participate.

Mr. CLARK. Mr. President, I ask the Senate to support its Committee on Agriculture and Forestry.

Mr. ELLENDER. Mr. President, I suggest the absence of a quorum; and I ask unanimous consent that the time required for the quorum call not be charged to the time on the bill available to either side.

Mr. HOLLAND. First, Mr. President, will the Senator from Louisiana yield 30 seconds to me?

The PRESIDING OFFICER. All time on the amendment has expired.

Mr. HOLLAND. Will the Senator from Louisiana yield to me 30 seconds on the bill?

The PRESIDING OFFICER. The absence of a quorum has been suggested; and the clerk will call the roll.

Mr. ELLENDER. Mr. President, I withdraw my suggestion of the absence of a quorum; and at this time I yield to the Senator from Florida 30 seconds on the bill.

The PRESIDING OFFICER. The Senator from Florida is recognized for 30 seconds on the bill.

Mr. HOLLAND. Mr. President, I merely wish to advise the Senator from Pennsylvania that a report by the Department of Agriculture, dated September 3, shows that in June of this year, his own State of Pennsylvania, which professedly has the greatest need for this program, had 735,000 citizens who were receiving surplus food. Under those circumstances, someone would have to exercise judgment as to whether duplicate programs, if established, could properly serve the need, under the conditions which obtain.

Mr. CLARK. Mr. President, will the Senator from Florida yield?

Mr. HOLLAND. I yield.

The PRESIDING OFFICER. The time yielded to the Senator from Pennsylvania has expired.

Mr. CLARK. Mr. President, let me say that I am well aware of the facts which my friend, the Senator from Florida, has called to my attention. I do not need to be shown that record in order to be aware of them.

Mr. ALLOTT. Mr. President, I call for the regular order.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, on this question, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. CARROLL subsequently said: Mr. President, I ask unanimous consent to have printed in the RECORD, prior to the vote, an editorial entitled "Senate Should Take the Bold Road," from the Denver Post of August 27, 1959.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Colorado?

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### SENATE SHOULD TAKE THE BOLD ROAD

The Senate this week is expected to make its last effort of the current session at trying to further reduce surplus farm crops owned or stored by the Government's Commodity Credit Corporation.

The House has already passed and sent to the senior Chamber a 1-year extension of Public Law 480. Under this law CCC may dispose of some of the surplus at home or abroad in a number of ways at less than normal commercial crop prices.

An example of the kind of thing the House hopes for in the domestic field is a stamp plan to aid welfare cases short of food.

The Department of Agriculture is authorized, although not required, to dispose of up to \$1 billion in surplus crops next year by issuing food stamps to persons recommended by welfare agencies.

Needy people anywhere in the country would use the stamps to buy designated surplus foods at regular groceries.

The Senate has a more modest stamp plan in mind, at least in the Agriculture Committee. This would use the stamps only in a few distressed areas, would provide only \$20 million for the year's authorization, and would provide nonsurplus foods needed by the welfare cases for health reasons.

The Department of Agriculture hasn't wanted to bother with these stamp plans, both because they can't move too much of the huge surplus, and because they might interfere in some cases with regular commercial marketing.

As to foreign disposal, the Senate deliberations will be between the simple extension of Public Law 480 and the more comprehensive food for peace bill of Senator HUBERT HUMPHREY which has been approved by the Foreign Relations Committee.

The Humphrey bill would authorize a 3-year commitment of up to \$2 billion a year in surplus crops. These could be given away where needed, sold on the basis of long-term loans, or sold with the resulting foreign currencies being plowed back into foreign aid projects in the food buying country.

Besides its long-range and more comprehensive nature, the Humphrey bill would also pull our foreign food operations together under one new office within the Department of Agriculture. They are now dispersed, and sometimes neglected, in a dozen odd crannies of government.

In both cases, it would be wise for the Senate to take the boldest route offered, by adopting the full Humphrey plan and the larger stamp program.

It is easy for detractors of these programs to object to details. The Department of Agriculture at the recent hearings has been particularly notable for saying it couldn't be done.

But the overall gravity of the surplus problem calls for the most creative, vigorous push the Senate can give our farm policy.

The possible mistakes, or disruption of comfortable administrative arrangements, are small risks compared to our great need to learn as much as we can as fast as we can about moving crop surpluses into more mouths and off taxpayers' backs.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota. On this question, the yeas and nays have been ordered; and the clerk will call the roll.

Mr. ALLOTT. Mr. President, I understood that the absence of a quorum had been suggested.

Mr. MANSFIELD. That suggestion was withdrawn.

The PRESIDING OFFICER. That is correct.

The question now is on agreeing to the amendment of the Senator from Minnesota [Mr. HUMPHREY]. On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The Chief Clerk proceeded to call the roll; and Mr. AIKEN answered in the affirmative.

Mr. CARROLL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Colorado will state it.



Mr. CARROLL. I was under the impression that the Senator from Louisiana had suggested the absence of a quorum, and then requested that the time required therefor—

The PRESIDING OFFICER. Let the Chair state that the vote is in process, and the parliamentary inquiry is not in order.

The clerk will proceed with the call of the roll.

The Chief Clerk resumed and concluded the call of the roll.

Mr. MANSFIELD. I announce that the Senator from Illinois [Mr. DOUGLAS], the Senator from Missouri [Mr. HENNINGS], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Wyoming [Mr. MCGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Montana [Mr. MURRAY], the Senator from Florida [Mr. SMATHERS], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

The Senator from Idaho [Mr. CHURCH] is absent on official business attending the Interparliamentary Union Conference at Warsaw, Poland.

The Senator from Indiana [Mr. HARTKE] and the Senator from Wyoming [Mr. O'MAHONEY] are absent because of illness.

The Senator from West Virginia [Mr. RANDOLPH] is absent on official business delivering Labor Day addresses in West Virginia.

On this vote the Senator from Tennessee [Mr. KEFAUVER] is paired with the Senator from Nebraska [Mr. HRUSKA]. If present and voting, the Senator from Tennessee would vote "yea," and the Senator from Nebraska would vote "nay."

The Senator from West Virginia [Mr. RANDOLPH] is paired with the Senator from Florida [Mr. SMATHERS]. If present and voting, the Senator from West Virginia would vote "yea," and the Senator from Florida would vote "nay."

I further announce that if present and voting, the Senator from Idaho [Mr. CHURCH], the Senator from Illinois [Mr. DOUGLAS], the Senator from Missouri [Mr. HENNINGS], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Wyoming [Mr. MCGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Montana [Mr. MURRAY], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Texas [Mr. YARBOROUGH] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from South Dakota [Mr. CASE] is absent on official business attending the Interparliamentary Union Conference at Warsaw, Poland.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Illinois [Mr. DIRKSEN], the Senator from Nebraska [Mr. HRUSKA], and the Senator from New York [Mr. JAVITS] are necessarily absent.

On this vote, the Senator from South Dakota [Mr. CASE] is paired with the Senator from New Hampshire [Mr. BRIDGES]. If present and voting, the Senator from South Dakota would vote

"yea," and the Senator from New Hampshire would vote "nay."

On this vote, the Senator from Nebraska [Mr. HRUSKA] is paired with the Senator from Tennessee [Mr. KEFAUVER]. If present and voting, the Senator from Nebraska would vote "nay," and the Senator from Tennessee would vote "yea."

The result was announced—yeas 44, nays 38, as follows:

## YEAS—44

Alken	Hayden	Morse
Bible	Hill	Moss
Byrd, W. Va.	Humphrey	Mundt
Cannon	Jackson	Muskie
Carroll	Johnson, Tex.	Neuberger
Clark	Johnston, S.C.	Pastore
Cooper	Kerr	Prouty
Dodd	Langer	Proxmire
Engle	Long, Hawaii	Sparkman
Frear	Long, La.	Symington
Fulbright	McCarthy	Wiley
Gore	Magnuson	Williams, N.J.
Green	Mansfield	Young, N. Dak.
Gruening	Martin	Young, Ohio
Hart	Monroney	

## NAYS—38

Allott	Curtis	McClellan
Anderson	Dworshak	Morton
Bartlett	Eastland	Robertson
Beall	Ellender	Russell
Bennett	Ervin	Saltonstall
Bush	Fong	Schoeppel
Butler	Goldwater	Scott
Byrd, Va.	Hickenlooper	Smith
Capehart	Holland	Stennis
Carlson	Jordan	Talmadge
Case, N.J.	Keating	Thurmond
Chavez	Kuchel	Williams, Del.
Cotton	Lausche	

## NOT VOTING—18

Bridges	Hennings	McNamara
Case, S. Dak.	Hruska	Murray
Church	Javits	O'Mahoney
Dirksen	Kefauver	Randolph
Douglas	Kennedy	Smathers
Hartke	McGee	Yarborough

So Mr. HUMPHREY's amendment was agreed to.

Mr. AIKEN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MUNDT. Mr. President, on behalf of myself, the Senator from North Dakota [Mr. YOUNG], the Senator from Kansas [Mr. SCHOEPEL], and the Senator from Colorado [Mr. ALLOTT], I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. At the end of the bill, it is proposed to add the following new section:

SEC. . In lieu of the limitation on annual payment rates for 1960 conservation reserve contracts prescribed in clause (2) of the sixth proviso under the head "Conservation Reserve" in Public Law 86-80, no such annual payment rate shall be established in excess of 20 percent of the value of the land placed under contract, such value to be determined without regard to physical improvements thereon or geographical location thereof; but in no event shall such annual payment rate be established in excess of the maximum rate which the county committee determines would have been established for such land under the 1959 conservation reserve program, except that the county committee in making such determination shall not be required to ob-

tain the landowner's or operator's estimate as to value or his certificate as to production history and productivity.

Mr. MUNDT. Mr. President, the amendment I have offered on behalf of myself, the distinguished Senator from Kansas [Mr. SCHOEPEL], the distinguished Senator from North Dakota [Mr. YOUNG], and the distinguished Senator from Colorado [Mr. ALLOTT], represents an emergency matter which is required because next week, or perhaps at the end of this week, the farmers will begin to sign up for 1960 crop year rental rates for conservation reserve acreage throughout the country. This next crop year is the final year in which the soil bank program is authorized to operate, by signing up compliance acres.

We have been operating according to a rental formula of payments which has worked out rather satisfactorily in the past, especially during the current crop year. Under the original act we gave the Secretary of Agriculture certain guidelines to follow in establishing payment rates, leaving a sufficient latitude within those guidelines for him to set rates which were fair and reasonable.

However, my amendment is now necessary, Mr. President, because a new limitation was written into the Department of Agriculture appropriation bill at the insistence of the House last year, which has proved to be unworkable, which is making it impossible to carry out the objectives of Congress.

The new limitation provides:

In establishing annual rental rates for new contracts, no such rental rate shall be established in excess of the local fair rental value of the acreage offered, such fair rental value to be based upon the average annual crop production harvested from such acreage during the past 5 crop years.

In application, Mr. President, this limitation has proved to be unworkable, because of average derived from total production divided by the 5 years. We run into situations in different States, or even within counties, where there have been crop failures, grasshopper plagues, droughts, or floods. In some instances this would mean that the farmer, in order to put his land into the conservation reserve, would have to accept less than 50 percent of what was the figure for the preceding year. That was never the intention of the committee at the time the limitation was written, but that is the way it has operated.

My amendment has the support of the Department of Agriculture.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a letter from the Acting Secretary, Marvin L. McLain, supporting the proposed legislation, together with a statement which I made before the Senate Committee on Appropriations in this connection.

There being no objection, the letter and statement were ordered to be printed in the RECORD, as follows:

AUGUST 28, 1959.

HON. CARL HAYDEN,  
Chairman, Committee on Appropriations,  
U.S. Senate.

DEAR SENATOR HAYDEN: This is in reply to the request of Senator MUNDT during the



hearings before your committee, on August 26, 1959, for an example of how the "local fair rental value" limitation on conservation reserve payments in the Agricultural Appropriation Act will apply in the case of a landlord-tenant operated farm.

The "local fair rental value" limitation leaves the county committee no discretion except to take the production on the farm for the last 5 years and divide it by five to get the average annual production. In areas where cash rental rates are not available, the landlord's customary share of the production must be taken to establish the local rental value.

If we take as an example a farm on which the average return per acre for the last 5 years has been \$40, in an area where the landlord's customary share of the crop is one-fourth, the rent would be established at \$10 per acre. Even if we add \$2 per acre to cover the cost of controlling weeds, repair of fences, maintaining cover, and other special obligations which the producer assumes under the conservation reserve contract, the maximum rate per acre which may be paid on the farm under the limitation, is \$12 per acre. This \$12 per acre does not all go to the owner, but must be shared by the owner with the tenant.

In areas where drought or other disaster conditions have prevented a normal crop in any 1 or more of the 5 years, the rate of payment will be even lower.

Under this limitation, the 1960 rates are considerably less than the rates in effect for 1959, and it is obvious that such rates are not sufficient to attract participation by landlord-tenant operated farms.

Under the amendment proposed by Senators MUNDT, YOUNG, and SCHOEPPPEL, the rates for 1960 would be comparable to the rates in 1959.

Sincerely yours,

MARVIN L. McLAIN,  
Acting Secretary.

STATEMENT BY SENATOR MUNDT BEFORE SENATE  
APPROPRIATION COMMITTEE

Mr. Chairman, I wish to submit an amendment, to be inserted at the proper place in the bill, having to do with the soil bank. This amendment is necessary to make the program workable.

At the insistence of the other branch of the Congress, a new limitation was written into the Agricultural Appropriation Act this year providing a new formula for determining the rate of annual payments for land put in the conservation reserve.

Under the original Soil Bank Act, we gave the Secretary of Agriculture certain guidelines to follow in establishing payment rates and left him sufficient latitude within those guidelines to set rates which were fair and reasonable. We said there that "The rate or rates of the annual payment to be provided for in the contracts shall be established on such basis as the Secretary determines will provide producers with a fair and reasonable annual return on the land \* \* \* taking into consideration the value of the land for the production of commodities customarily grown on such kind of land in the county or area, the prevailing rates for cash rentals for similar land in the county or area, the incentive necessary to obtain contracts covering sufficient acreage for the substantial accomplishment of the purposes of the Conservation Reserve Program, and such other factors as he deems appropriate."

You will notice that we stated that the aim should be to provide producers with a "fair and reasonable" return on their land. Under another provision in the Soil Bank Act, we directed the Secretary to provide adequate safeguards to protect the interests of tenants and sharecroppers including provision for sharing on a fair and equitable basis in the payments.

The new limitation on payments which was written into the Agricultural Appropriation Act this year has proved to be unworkable and makes it impossible to carry out those objectives.

The new limitation contained in the Appropriation Act provides that "in establishing annual rental rates for new contracts, no such rental rate shall be established in excess of the local fair rental value of the acreage offered, such fair rental value to be based upon the average annual crop production harvested from such acreage during the past 5 crop years."

Under this new limitation, county committees are left with no discretion in determining the rates of payment other than to take the farmer's production for the last 5 years, divide it by five to get the average annual production, and then take a landlord's fourth of that to determine the rental value. A small amount may be added to reimburse the farmer for the special obligations which he assumes under the conservation reserve contract such as the cost of controlling weeds, building fences, and maintaining the cover.

If we take as an example land which has an average gross return of \$40 per acre, a landlord's one-fourth or whatever it might be of that. If we add \$2 to cover the cost of weed control, mowing the cover, building fences, etc., the maximum annual payment which could be paid would be \$12 per acre.

The owner will not even receive all of this \$12 since it must be divided between him and his tenant. What owner, who can rent his land to a private individual for \$10, is going to put his land in the Conservation Reserve for \$12 and have to share the \$12 with a tenant?

In some States, such as my own, where there have been 1 or more dry years during the last 5 years, the amount of the annual payment in many cases will be ridiculously low.

What this means is that some States will virtually be excluded from participation in the program. And in nearly all States, the 1960 rate will be much below the rates being paid under current contracts.

The amendment which I propose would substitute for the limitation in the original Appropriation Act, the provision that no annual payment shall be established in excess of 20 percent of the value of the land placed under contract but in no event shall such payment rate be established in excess of the 1959 rate.

This will give the local county committees sufficient discretion to set rates which are fair and reasonable and at the same time will afford adequate safeguards against the rates being too high.

Mr. YOUNG of North Dakota. Mr. President, will the Senator yield?

Mr. MUNDT. I am happy to yield to the Senator from North Dakota.

Mr. YOUNG of North Dakota. Will the Senator yield me 3 minutes?

Mr. MUNDT. Mr. President, I am about to yield to the Senator from North Dakota, but before I do so I wish to state that we appeared before the Committee on Appropriations, because originally we thought this provision could be added to the supplemental appropriation bill, if one came along, or to the mutual security appropriation bill. Because of the urgency of the matter, since it is necessary that the State and county committeemen know the rules, we are offering this proposal at this time, since it seems to be the first place it can be done realistically, to get the guidelines out to our farmers and their committeemen so

signups can proceed effectively for the crop year of 1960.

Mr. President, I am happy to yield 3 minutes to the Senator from North Dakota, reserving the balance of my time for later discourse.

Mr. YOUNG of North Dakota. Mr. President, I am happy to support the amendment.

The purpose of the amendment is to correct the effects of a rider which was placed on an appropriation bill for the Agriculture Department, without hearing. The intent of the rider was well meant, well intentioned; it would have based the payments on rental values, rather than on the land production history of all the farms. That procedure will work all right in certain areas of the United States, but in probably over two-thirds of the United States the payments would be very unfair, particularly as between the renter and the landlord. If there were no renter at all, the payments would not be too bad in certain instances.

In no event under the amendment we are offering could the payments be higher than those of last year. In fact, Mr. President, because there is only about half as much money available for the program in 1960 as was available for the program in 1959, there will be a sharp bidding among the farmers to put their land under the program. As a result, the payments will be far less per farm in 1960 than they will be this year.

If the present law is not changed, there will be a grave injustice done to farmers in many areas of the United States. North Dakota is one of those areas.

The Department of Agriculture has recognized that the provisions of the rider which was written into the previous appropriation bill are unfair and unworkable. The Department of Agriculture is supporting the amendment.

Mr. President, we face an urgent situation. We have the "signup" all over the Nation for the soil bank program for next year on September 10. Unless Congress takes action immediately, there will be a very unfair situation and an unworkable situation throughout practically all the United States.

Mr. MUNDT. Mr. President, I yield 2 minutes to the Senator from Kansas [Mr. SCHOEPPPEL], a cosponsor of the amendment.

Mr. SCHOEPPPEL. Mr. President, I join with my colleagues, as indicated, in support of the amendment. As pointed out, an emergency situation confronts the areas which will be affected by the measure due to the fact that we are up against a deadline. It has been freely admitted that the rider placed on the appropriation bill heretofore places an entirely different criteria on the payment than was intended by the Congress. This is the only opportunity we shall have before the deadline to get corrective legislation, to eliminate a lot of inequities among the landlords and the tenants as well.

There is one other thing which we who sponsored this amendment believe should be taken into consideration. That is, no consideration was given to the



criteria that would have to be followed in carrying out the rider in the appropriation measure, which was heretofore placed on the measure in the event of crop failures.

Various sections in the United States have had one or two crop failures in a period of 5 years. It would absolutely be an inequitable situation, and this type of amendment, we believe, equitably and fairly eliminates inequities which would result.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. MUNDT. I am happy to yield 2 minutes to the Senator from Colorado.

Mr. ALLOTT. Mr. President, I feel very strongly about this amendment. I know that in many conversations, as well as communications from my own area of the country, I have found that the present provisions of the law result in very great injustices and inequities. Under the present 5-year average of the present law, this would result in my own State, and, in fact, in most of the Great Plains area, in rentals of \$2 to perhaps \$3 being paid under the conservation reserve. Of course, that means that the people in that area could not avail themselves of the conservation reserve in any respect.

It seems to me that this inequity should be corrected, and should be corrected now, because this is probably the only opportunity we will have to correct it. For that reason I have joined my colleagues in the submission of the amendment. I hope it will be agreed to.

Mr. MUNDT. Mr. President, I have discussed this amendment with the distinguished chairman of our Agriculture Committee, the Senator from Louisiana [Mr. ELLENDER], and I believe he is willing to accept it. In the event there is no further discussion, I am willing to yield back the remainder of my time.

In short, what the amendment does is to provide that in the last year in which the soil bank is authorized to operate, the rental payments and allocations will be commensurate and related to those which obtained for 1959, and that the language which has caused so much concern throughout the country will be set aside insofar as it was not in accord with the appropriations bill of last year.

Mr. ELLENDER. Mr. President, I yield myself 3 minutes.

As the distinguished Senator from South Dakota has stated, hearings were held a few years ago in an attempt to pinpoint the evils about which he complains. It is by belief that there is a great deal of merit in the proposal he is making, but it is also my judgment that an amendment of this kind should not be attached to legislation extending Public Law 480, but since this bill has already had the food stamp plan and other provisions added to it, I urge no objection to the amendment.

I yield back the remainder of my time.

Mr. MUNDT. I yield back the remainder of my time.

Mr. ELLENDER. I ask unanimous consent that a further explanation of the amendment prepared by the staff of the Agriculture Committee be placed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

In essence, this amendment reinstates the limitation on annual rental payments under the conservation reserve program which was in effect in 1959 under the 1959 Appropriation Act, and supersedes the limitation prescribed by Public Law 86-80, the 1960 Appropriation Act.

The limitation which was prescribed by the 1959 Appropriation Act was 20 percent of the value of the land placed under contract.

The limitation prescribed by the 1960 Appropriation Act for new contracts entered into in 1960 is the local fair rental value of the land placed under the contract, determined upon the basis of the average annual crop production during the past five crop years. A number of problems have arisen with respect to the limitation prescribed by the 1960 Appropriation Act. Since the law provides for sharing by the landlord and tenant of the payment, the 1960 Appropriation Act limitation would require that the landlord receive less than the fair rental value as his share of the payment. Further, since the purpose of the program is to take land out of production, it requires something more than the fair rental value to accomplish this purpose. Still further, the 5-year production basis causes problems where the land is summer fallowed in some years or has been subject to drought for some period of the five years.

The amendment is designed to correct these difficulties by returning to the limitation prescribed in 1959. The amendment, however, does also provide, as an additional safeguard, that the annual payment rate shall not be in excess of that which would have been established under the 1959 program. Due to the lateness of the change in the limitation which would be made by the amendment, the amendment excuses landowners and operators from estimating the value of the land or certifying as to production history or productivity.

It may be that the amendment would accomplish a good purpose, but it has no relation to the pending measure and has not been studied by the Committee on Agriculture and Forestry.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment offered by the Senator from South Dakota [Mr. MUNDT].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. COOPER. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. At the proper place in the bill it is proposed to insert the following:

( ) Title III of such Act is amended by adding at the end thereof a new section as follows:

"SEC. 306. Whenever the Secretary of Agriculture determines under section 106 of this Act that any food commodity is a surplus agricultural commodity, he shall make such commodity available for distribution to needy families and persons in the United States in such quantities as he determines are reasonably necessary before such commodity is made available for sale for foreign currencies under title I of this Act."

Mr. COOPER. Mr. President, I offer the amendment for myself and my colleagues, Senators MORTON, DOUGLAS, LANGER, YOUNG of North Dakota, HEN-

NINGS, KEATING, CLARK, SCOTT, BUSH, RANDOLPH, BYRD of West Virginia, YARBOROUGH, FONG, and JAVITS.

I have distributed copies of the amendment, and I hope that Senators will read the amendment.

Mr. President, I can explain the purpose of the amendment very briefly. Its purpose is to assure that needy persons in the United States who are designated by State agencies eligible to receive surplus agricultural food shall have the opportunity to receive what is reasonably necessary for their needs, before surplus agricultural foods are sold abroad for foreign currencies.

Let me make it clear at the outset that my amendment does not establish any new relief agencies. It does not upset the present Federal Government-State-local community relationship. It does not add to the number of recipients of surplus foods unless the States take action at the local level to enlarge the number of our people eligible to receive food. It does not interfere with dollar sales at home or abroad.

The amendment does provide that in the event the Secretary of Agriculture determines that there is a sufficient supply of surplus foods to permit their sale abroad for foreign currency, that before he makes such sales or authorizes such sales to be made abroad, he shall first make the surplus food available to the needy people and needy families of the United States. My amendment will assure that we do justice to the needy people of our own country, that we supply them needed food before we send it to other peoples throughout the world. We can satisfy the needs of our people, and still there will be plenty left, supplies running over, to send to other peoples.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. COOPER. Yes.

Mr. MORSE. Mr. President, I heartily endorse the Senator's amendment. As he knows, I took a somewhat similar position in principle earlier this year to get food to needy families in the District, to feed about 7,000 little boys and girls who do not even get one meal a day. I would consider it a great honor if the Senator from Kentucky would include my name as one of the cosponsors.

Mr. COOPER. I ask unanimous consent that the Senator from Oregon be added as a cosponsor to the amendment. He has been a great fighter for the school lunch program. This amendment will help the school-lunch program.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY. Will the Senator yield?

Mr. COOPER. I yield to the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, the amendment which the Senator from Kentucky presents is similar to an amendment he called to our attention in the Committee on Agriculture and Forestry. It is somewhat similar to the amendment which the senior Senator from Minnesota had attached to the Mutual Security Act. I believe it spells out with a little more definiteness and detail the objectives the Senator has so justly sought. What he seeks to do is



the very essence of social justice in our country. He seeks to have surplus commodities used on a basis of equality for home consumption for our own needy as for recipients of commodities abroad. In other words, what the Senator from Kentucky is asking is that we apply the old adage that charity begins at home. In that spirit he has performed a great service.

I support his amendment, as I indicated to him earlier, and I, too, should like to be associated with him as a cosponsor of the proposal.

Mr. COOPER. I thank the Senator from Minnesota. I should like very much for him to be joined in the amendment. He has worked hard on this problem for months to assure an adequate supply of food for the needy of the United States.

Mr. KUCHEL. Will the Senator yield so that I may speak on an extraneous matter?

Mr. COOPER. I shall take a few more minutes, and then I shall yield. I should like to finish explaining the amendment.

Mr. CLARK. Will the Senator yield?

Mr. COOPER. May I just take a minute? This is not an academic matter to me. It arises from experience last September, when I went into the eastern part of my State when Congress adjourned. I found that thousands of people—unemployed miners, their children, older people—were receiving surplus food. They were receiving shipments, at irregular intervals, powdered milk, rice, cornmeal, flour, and sometimes cheese. I talked to the officials of Harlan County and other counties, and immediately asked the Department of Agriculture for help. I said, "Can you send more regular shipments, and will you provide a better variety of food for the needy people of Kentucky and other States?" The Department of Agriculture did send more regular shipments. But the Department did nothing about providing a better variety of food. The Department contended that under the provisions of section 416 of the Agricultural Act of 1949, section 106 of Public Law 480, and other provisions of law, priorities had been established which placed the needy people of this country behind the people of foreign countries, if food commodities were sold or could be sold for foreign currencies.

For a year now I have been trying to get beans, cooking oils, and fruits and fresh and canned meats, when available. I found that even though they were in supply, they were being held, because it was possible that a sale for foreign currencies, might be made.

I shall not take further the time of the Senate. I have an analysis which shows that at the very time people in the United States needed beans and cooking oil and other available products, the Department of Agriculture would not send them to the needy of this country, because they thought it possible to make a sale for foreign currency. In all fairness, I repeat that the Secretary contended, and I assume with sincerity, he was following the law. My amendment will direct him to take care first of our needy—and, as I have said, there will be

plenty left for other people in the world, and I am glad that we can help them. It will have no effect on wheat, corn, rice, dried milk, and other surplus foods, for they are in tremendous supply. The amendment will provide a better variety of filling foods, beans, cooking oil for gravy, fruit, and meats when available.

I have outlined the purposes of my amendment. Today in this country—although our economy is booming, and most people in this Nation have more to eat than ever before—thousands of people are still out of work through no fault of their own and need food. This amendment would give them the same privilege we give to the people of other countries.

I would like to add that my colleague, Senator MORTON, is very interested in the amendment of which he is a cosponsor, and is supporting it fully. Also those among others, Senators BYRD and RANDOLPH, of West Virginia, representing coal-producing States, also cosponsors, have made tremendous efforts to secure more food for their peoples, as have Senators CLARK and SCOTT, of Pennsylvania. And I want to pay a special tribute and say to cosponsor Senator DOUGLAS, of Illinois, with whom I joined as a cosponsor of the depressed areas bill, and who has fought for 2 years for the people of our depressed areas.

#### RETURN OF THE PRESIDENT

Mr. KUCHEL. Mr. President, will the Senator yield to me?

Mr. COOPER. I yield.

Mr. KUCHEL. Mr. President, the President of the United States is scheduled to return to Washington in just 20 minutes. No doubt almost all Members of the Senate would be on hand to greet him at 2 o'clock at the airport were it not for the fact that we are engaged in transacting the public business.

However, I think the record should be made crystal clear that it is only for the reason that we are required to be in session devoting ourselves to highly important legislation, that we are prevented from saluting, in a body, an American Chief Executive, as our able friend from Wisconsin previously said, on a return from a thrilling, moving, and constructive sojourn abroad.

Mr. HUMPHREY. Mr. President, I wish to associate myself with the remarks of the Senator from California, and to join in the expression of good wishes and commendation for the President.

He has undertaken a very arduous tour. He has met with the leaders of the great North Atlantic Treaty alliance. I truly believe that this visit by the President to the chiefs of state of certain nations, particularly Germany, Great Britain, and France, has been a very constructive and helpful enterprise.

I am sure it is gratifying to every one of us that the President returns to us in good health and strength, and safely. As a member of the so-called opposition party, I wish to join the acting minority leader in saying that nothing would be more pleasing to me than to be able to be at the National Airport to greet

the Chief Executive as he returns to the United States of America, to his work and the call of duty.

Mr. COOPER. I too, would like to associate myself with my colleagues, in their words of appreciation, felicitations, and pride over the leadership, in the quest for peace with honor, of the President of the United States.

#### EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

The Senate resumed the consideration of the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

Mr. CLARK. Mr. President, as one of the principal cosponsors of the amendment offered by the Senator from Kentucky [Mr. COOPER] I urge its adoption on my colleagues.

Senators will note that there is almost an equal number of sponsors on both sides of the aisle for the amendment of my good friend, the Senator from Kentucky.

My friend, the junior Senator from Colorado [Mr. CARROLL], has asked unanimous consent that his name may be added as a cosponsor of this amendment. Is that satisfactory to the Senator from Kentucky?

Mr. COOPER. I am very happy to have him as an additional cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CLARK. We in Pennsylvania probably have a greater need for distribution of food products to needy persons than any other State in the Union. With the assistance of my junior colleague on the other side of the aisle [Mr. SCOTT], we have been endeavoring to the best of our ability to pry some food loose from the Department of Agriculture for those people. We have been signally unsuccessful in getting any additional products made available. The reason given by the Department representatives was that Public Law 480 sales of surplus food abroad have priority over all other domestic and foreign distribution.

Under the head of domestic and foreign distribution there are three priorities: First, the school-lunch program; second, institutional programs; third, the program for the needy.

The amendment of the Senator from Kentucky, of which I am happy to be a cosponsor, would change the order of priority. It would give food for the needy of the United States first priority. This seems to me to be just, right, and fair. I have been one of those who have supported foreign aid. I would support it again. But I see no need for taking food out of the mouths of hungry Americans in order to sell it abroad, for currencies of dubious value.

I hope the amendment will be agreed to.

Mr. KEATING. Mr. President, I am happy to be a cosponsor of the amendment of my distinguished friend from Kentucky.

It seems to me that when we are supplying machinery, equipment, technical advice, military assistance, and many



other things, including food under Public Law 480 to assist other countries, we certainly should use some of it to take care of our own people in this country. There is something very wrong, it seems to me, if we are not as willing to aid our needy as we are to aid needy people in other parts of the world.

Surely we cannot close our eyes to the suffering of many thousands of Americans in this country.

The funds involved here merely represent money being paid by the Government to the Government, in that the funds are drawn from the Treasury to the account of the Department of Agriculture or an appropriate agency in it. Not only would any additional moneys spent under this amendment be paid to the Government, but there is also important saving, in that if we get rid of the surplus food in storage, we save storage costs on our huge stock of agricultural surpluses.

Therefore, with enthusiasm I shall support the amendment of the distinguished Senator from Kentucky. I commend him for the leadership he has taken in bringing this subject to our attention at this time.

Mr. COOPER. Mr. President, I thank the Senator from New York for his steady support of this amendment now, and all during the year.

The PRESIDING OFFICER. The Senator has 2 minutes remaining.

Mr. COOPER. In closing, I point out again that the amendment I offer would not establish any new relief system. It would not upset the State-Federal relationship with respect to the distribution of surplus food or the designation of recipients. In my judgment it would not cost any more money than the program now operated. I think it would actually save money, because the transfer of food to foreign countries requires expensive ocean freight charges.

Only a relatively small amount of food is involved. Let me give one example. Early this year we were trying to get cooking oil and beans. We could get neither oil nor beans. Yet, during the 6-month period from January 1, 1959, to June 30, 1959, a total of \$2 million in dried edible beans was sent abroad, with no distribution to needy people in this country. During the past fiscal year, fiscal year 1959, a total of \$4.1 million in dried edible beans was sent abroad, but none was supplied to the domestic food distribution program.

During the fiscal years 1955 through 1959, a total of \$509.3 million in cooking oil was sent abroad, while domestic distribution to the needy people of this country during the same period amounted to only \$14.4 million.

I close by repeating that it is a matter of justice that we treat the needy of this country as well as we do those of other countries. And I make that statement as one of those who have always supported our foreign aid program. I ask the Senate to adopt the amendment.

The PRESIDING OFFICER. Does the Senator yield back the remainder of his time?

Mr. COOPER. I yield back the remainder of my time.

Mr. ELLENDER. Mr. President, I yield myself 5 minutes. I would like to point out that the Secretary of Agriculture already has the authority to do what this amendment provides. The only difference is that under section 32, which provides for funds, and under section 416 of the act of 1949, the Secretary is permitted to use quantities of our surplus commodities as he determines are reasonably necessary to assist our own people before any of the surpluses are sold under title I.

The amendment of the Senator from Kentucky makes it obligatory on the Secretary to do that which is now permissive. It is my judgment that in every case, whether it be permissive or obligatory, it still is left to the Secretary to set aside such quantities of surplus agricultural commodities as he determines are necessary to take care of our own needy people before any surplus commodities are sold abroad.

I shall be glad to take the amendment to conference.

Mr. COOPER. Mr. President, will the Senator from Louisiana yield for 1 minute?

Mr. ELLENDER. I yield.

Mr. COOPER. The Senator from Louisiana has agreed to take the amendment to conference, so I do not want to be like the lawyer who asks an additional question after the judge has ruled in his favor, and then loses the case. But a minute ago the Senator made a statement which was—as I understood him—that the Secretary has authority now to do what my amendment proposes. The Senator knows the tremendous confidence I have in him. However, the Secretary has told me that he does not have such authority. For 1 year I have asked the Department of Agriculture to send beans, cooking oil, fruit, and any other commodities available to the people of my State and other States. But he has told me that he did not have such authority if the commodities could be sold abroad for foreign currencies.

Mr. ELLENDER. The reason for that may have been that such commodities were sold for dollars and not for soft currencies.

Mr. COOPER. My amendment would not apply if the commodities could be sold for dollars.

Mr. ELLENDER. That is correct.

Mr. COOPER. I am informed that the Department of Agriculture held beans, cooking oil, and other commodities in storage in the expectation that they could be sold for foreign currency.

Mr. ELLENDER. I am advised by the counsel of the Agriculture Committee that what the Senator from Kentucky seeks to do can now be done. The only difference is that his amendment makes it obligatory. I am willing to let it go at that. Of course, even though it is made obligatory, the Secretary under this amendment could dispose of, or would be almost forced to dispose of, surpluses for dollars before he made them available to the people of this country. It is only in the event that the commodities are sold for soft currencies that the proposal is made obligatory.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. CLARK. Mr. President, I express my deep appreciation to the Senator from Louisiana for his willingness to take the amendment to conference. What the representatives of the Department of Agriculture told the Senator from Kentucky was the same as they told me, namely, that the order of priority administratively, at present, is: First, sale abroad for dollars; second, sale abroad for foreign currencies; third, the school lunch program; fourth, distribution to institutions; and fifth, the needy persons programs. That is why I am so glad the Senator from Louisiana is willing to take the amendment to conference. I commend him for his action.

Mr. ELLENDER. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Kentucky.

The amendment was agreed to.

Mr. ANDERSON. Mr. President, I call up my amendment which is at the desk.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. Section 347 (b) of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out the period at the end thereof and inserting a colon and the following: "Provided, however, That the national marketing quota for the 1960 crop of such cotton shall be not less than 90 per centum of the 1959 marketing quota for such cotton."

Mr. ANDERSON. Mr. President, I yield myself 3 minutes. The amendment relates only to the extra long staple cotton, or premium grade cotton. While it is true that the Senator from Louisiana said he preferred not to include the amendment in the bill, but to try to restrict the bill to the items germane to it, nevertheless, the inclusion of the food stamp plan has violated the rule of germaneness. Therefore, I asked the able Senator from Louisiana if I might present my amendment in opposition to his desire not to do so. The amendment provides that for the year 1960 only, the marketing quota for extra long staple cotton shall not be less than 90 percent of the current marketing quota. I hope the amendment may be adopted.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. ANDERSON. I yield.

Mr. LAUSCHE. Did I correctly understand the Senator to say that in face of the fact that there has been a departure from an agreed program with respect to another item in the bill, the Senator from New Mexico is now offering this proposal?

Mr. ANDERSON. Yes.

Mr. LAUSCHE. Which is the item on which there has been an abandonment of the agreed upon program?

Mr. ANDERSON. I do not say there was an agreement; I simply say that the



food stamp plan is covered by another bill, which I understand the Committee on Agriculture and Forestry has reported. Yet, instead of waiting for the other bill to reach the floor, the Senate in its wisdom decided to adopt the food stamp plan and place it in this bill.

Mr. ELLENDER. I may state to the Senator from Ohio that the food stamp plan proposal which was adopted over my protest is identical with a bill on the calendar of the Senate today. I do not believe the pending measure is the place for the food stamp plan. That was why I objected to it.

The proposal which the distinguished Senator from New Mexico is offering has been adopted by the House and is in the House bill.

Mr. LAUSCHE. That does not answer my question. The statement has been made that there was an agreed course of action.

Mr. ANDERSON. No; I wish to correct that impression. There was no understanding by any Senators except the Senator from Louisiana [Mr. ELLENDER], the Senator from Arizona and myself. We agreed to withhold this amendment because of the desire of the Senator from Louisiana to keep only germane items in the bill. But there has been a departure from that wish by the adoption of the food stamp plan amendment. So the agreement between the Senator from Louisiana and myself has been abandoned.

Mr. LAUSCHE. I heard the Senator from Louisiana a moment ago engage in a discussion in which he said that there was an understanding that the trial of the food stamp plan was to be made permissive. But then it was finally changed and made mandatory. That was contrary to what he understood was to be the plan.

Mr. ELLENDER. That is correct.

Mr. LAUSCHE. There was a departure from that agreed course of conduct. Is that correct?

Mr. ELLENDER. There was a misunderstanding or a disagreement about what the Senator from Vermont [Mr. AIKEN] had agreed to and what was proposed by the Senator from Minnesota [Mr. HUMPHREY]. The Senator from Vermont had agreed to offer an amendment making the food stamp plan permissive. He so stated to the distinguished Senator from Florida. But instead of the amendment being offered by the Senator from Vermont, it was offered by the Senator from Minnesota, and in that amendment the plan was made obligatory. Of course, that is why I objected to it.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. ELLENDER. I yield myself 2 more minutes. I objected to the amendment and spoke against it. But the opponents of the amendment lost.

Mr. LAUSCHE. Are we now beginning to pass bills because we are becoming physically exhausted? Are we beginning to yield on amendments because we no longer have the energy to stand up and learn about them and do what we think is right? The Senator need not reply.

Mr. ANDERSON. Mr. President, the amendment does not involve that kind of situation. It was originally to have been handled as a separate item, but this is an expeditious way to handle it. I appreciate the attitude of the Senator from Louisiana.

Mr. ELLENDER. Mr. President, I yield back the rest of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from New Mexico.

The amendment was agreed to.

The bill is open to further amendment.

Mr. BUTLER. Mr. President—

The PRESIDING OFFICER. The Senator from Maryland.

Mr. HUMPHREY. Mr. President, will the Senator from Maryland yield? I understand his amendment relates to the shipping portion of the bill. I think we have about finished with the consideration of the substantive amendments. However, I have one which I should like to offer. I do not think there will be too much controversy about it. So will the Senator from Maryland yield for the consideration of my amendment?

Mr. BUTLER. I am happy to yield. I will withhold the offering of my amendment.

The PRESIDING OFFICER (Mr. BARTLETT in the chair). The Senator from Minnesota is recognized.

Mr. HUMPHREY. Mr. President, I call up my amendment identified as "9-1-59-D."

The PRESIDING OFFICER. The amendment will be stated.

Mr. HUMPHREY. Mr. President, I ask that the printed amendment be modified, in line 4, on page 1, by striking out the word "directed" and inserting, in lieu thereof, the word "authorized."

The PRESIDING OFFICER. The amendment will be modified accordingly, and will be stated.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the amendment, as modified, be printed at this point in the RECORD, without being read.

The PRESIDING OFFICER. Is there objection?

There being no objection, the modified amendment submitted by Mr. HUMPHREY was ordered to be printed in the RECORD, as follows:

( ) Title III is further amended by adding at the end thereof a new section as follows:

"SEC. 306. Notwithstanding any other provision of law, the Commodity Credit Corporation is hereby authorized—

"(1) to dispose of its stocks of animal fats and edible oils or products thereof by donation, upon such terms and conditions as the Secretary of Agriculture deems appropriate, to nonprofit voluntary agencies registered with the Department of State, appropriate agencies of the Federal Government or international organizations, for use in the assistance of needy persons outside the United States;

"(2) to purchase for donation as provided above such quantities of animal fats and edible oils and the products thereof as the Secretary determines will maintain the support level for cottonseed and soybeans without requiring the acquisition of such commodities under the price support program.

Commodity Credit Corporation may incur such additional costs with respect to com-

modities to be donated hereunder as it is authorized to incur with respect to food commodities disposed of under section 416 of the Agricultural Act of 1949, and may pay ocean freight charges from United States ports to designated ports of entry abroad."

Mr. HUMPHREY. Mr. President, the amendment authorizes the Commodity Credit Corporation, under such terms and conditions as the Secretary of Agriculture may deem to be appropriate, to make available its stocks of animal fats and edible oils and products thereof, for donation by voluntary, nonprofit agencies registered with the State Department, and international organizations, for use in the assistance of needy persons outside the United States.

Mr. President, we need legislation of this sort, particularly in view of the potential influx of substantial quantities of lard, due to excess production of pork.

The amendment also relates to oils which are the products of cottonseed, soybeans, and linseed. It merely authorizes the Secretary to utilize these commodities and their products for the purposes of donation for relief feeding.

I think the amendment will have a very salutary effect, in light of what the market conditions might be.

Mr. President, I have a statement in regard to the amendment, and ask unanimous consent that the statement be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### STATEMENT BY SENATOR HUMPHREY

Section 306: This new section specifies that the Commodity Credit Corporation should dispose of its stocks of animal fats and edible oils or products thereof by donation to the appropriate agencies of the Federal Government, nonprofit voluntary organizations registered with the Department of State, and international organizations for use in the assistance of needy persons outside the United States. The Commodity Credit Corporation is also authorized to purchase for donations animal fats, edible oils, and products thereof to maintain the support level for cottonseed and soybeans. The executive branch already has this authority, but this section makes it specific, in order to urge the executive branch to comply with the request of the Congress in this matter. Animal fats and edible oils have been needed and requested by voluntary organizations, but have been denied by the Government.

Mr. ELLENDER. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. Of course.

Mr. ELLENDER. I understand that the amendment, as originally drafted, directed the Secretary to do these things, but that the modified amendment is permissive.

Mr. HUMPHREY. That is correct; the language of the amendment, as modified, is permissive.

Mr. ELLENDER. Mr. President, with that understanding, I agree to take the amendment to conference.

Mr. HUMPHREY. I thank the Senator from Louisiana.

Mr. ELLENDER. Mr. President, I ask unanimous consent to have included in the RECORD at this point in my remarks a summary of the amendment.



There being no objection, the following explanation was ordered printed in the RECORD:

#### FATS AND OILS DONATIONS

This provision would authorize the Commodity Credit Corporation (1) to donate its stocks of animal fats and edible oils or products thereof for the assistance of needy persons outside the United States, and (2) to purchase such quantities of such commodities for such donation as will maintain the support level for cottonseed and soybeans.

Authority for the donation of such commodities already exists under section 416 of the Agricultural Act of 1949 and other provisions of law upon the same conditions applicable to other commodities. Authority to acquire such commodities also exists. There appears to be no reason why fats and oils should be treated differently than other commodities. In its report on S. 1711, the Department of Agriculture advises that "Current market situations indicate the strong possibility that all surplus edible vegetable oils in the United States may be needed to meet demands of dollar sales or title I agreements. The continued low production of coconut oil, the flood disasters in the Argentine area, and the failure of Communist China to deliver in accordance with earlier indications may develop a tightness in the world market for edible oils which will be more than enough to absorb the indicated surplus in the United States."

The PRESIDING OFFICER. The question is on agreeing to the modified amendment of the Senator from Minnesota.

The amendment, as modified, was agreed to.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed, without amendment, the following bills and joint resolution of the Senate:

S. 825. An act to revise eligibility requirements for burial in national cemeteries, and for other purposes;

S. 1164. An act to authorize the appointment of a commissioner for Grand Canyon National Park, Ariz.;

S. 1973. An act to extend the validity of the passport to 3 years;

S. 2390. An act to authorize the exchange of certain lands in or in the vicinity of Everglades City, Fla., in furtherance of the administration and use of the Everglades National Park; and

S.J. Res. 25. Joint resolution to change the name of Roosevelt Dam, Reservoir, and Powerplant in Arizona to Theodore Roosevelt Dam, Lake and Power Plant.

The message also announced that the House had agreed to the following concurrent resolutions of the Senate:

S. Con. Res. 53. Concurrent resolution to print additional copies of hearings on "Fall-out From Nuclear Weapons Testing"; and

S. Con. Res. 72. Concurrent resolution to print additional copies of hearings on "Biological and Environmental Effects of Nuclear War."

The message further announced that the House insisted upon its amendments to the bill (S. 2181) to amend the Mineral Leasing Act of February 25, 1920, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses

thereon, and that Mr. ASPINALL, Mr. ROGERS of Texas, Mr. MORRIS of New Mexico, Mr. SAYLOR, and Mr. WHARTON were appointed managers on the part of the House at the conference.

#### EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

The Senate resumed the consideration of the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

Mr. BUTLER. Mr. President, the senior Senator from New Hampshire [Mr. BRIDGES] is necessarily absent. Therefore, at this time I call up his amendment which is designated as "8-29-59-A," and offer the amendment for him, on behalf of himself, myself, the Senator from California [Mr. KUCHEL], the Senator from Delaware [Mr. FREAR], and my colleague from Maryland [Mr. BEALL].

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. At the end of the bill, it is proposed to add the following new section:

At the end of the bill add a new section as follows:

SEC. II. The Agricultural Trade Development and Assistance Act of 1954 is further amended by adding at the end of title III a new section as follows:

"SEC. 306. Shipments of surplus agricultural commodities destined to foreign countries, exported under titles I, II, or III of this Act, shall be delivered directly to the export vessel at a United States port. For the purpose of this section 'export vessel' shall mean the ocean vessel transporting the surplus agricultural commodities from the United States port of loading to foreign port of discharge."

Mr. BUTLER. Mr. President, on the question of agreeing to this amendment, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. BUTLER. Mr. President, as I have stated, this amendment is the amendment of the senior Senator from New Hampshire [Mr. BRIDGES]; and I have joined him in offering it, as have my colleague from Maryland [Mr. BEALL], the Senator from California [Mr. KUCHEL], and the Senator from Delaware [Mr. FREAR].

Mr. President, the purpose of the amendment is quite obvious. It would require that any agricultural products shipped to a foreign country under titles I, II, or III of the act, be directly loaded at an American port for export.

Mr. President, when the Agricultural Trade Development and Assistance Act of 1954 was enacted, it was declared to be the policy of Congress to promote the economic stability of American agriculture and the national welfare. Title I of the act authorized the President to negotiate agreements with friendly nations for the sale of surplus agricultural commodities for foreign currencies.

Now that we have been called upon to extend the authority of the 1954 act, we would do well to carefully examine, in

the light of the national welfare, the promotion of which Congress has declared to be its policy, a recent action of the Department of Agriculture. I refer, Mr. President, to the decision to provide U.S. inspection and grade certification of title I grains at Canadian ports on the St. Lawrence River.

Grains moving under oversea trade contracts have heretofore required certificates of grade issued pursuant to the provisions of the U.S. Grain Standards Act. This has been, and continues to be, an altogether wise and just requirement, whereby the quality of the American export is guaranteed to the foreign countries participating in the trade contracts. It has also been heretofore required, with equal wisdom and justice, that the inspection which results in the issuance of grade certificates be carried on exclusively at points of departure in the United States. It is this second requirement which the Department of Agriculture, without legal or moral justification, and without regard for consequence, has discarded by its recent ruling; and it is the purpose of the present amendment not only to restore the agency requirement, but also to make it a permanent addition to the Agricultural Trade Development and Assistance Act.

In joining in the amendment of the Senator from New Hampshire, I would not have it thought that I am opposed to the principle of selling surplus agricultural commodities for foreign currencies. In my judgment, both the principle and the methods which have been devised for carrying the principle into effect are of indisputable value. They not only permit the disposal of the expensive and unmanageable surpluses held in stock by the Commodity Credit Corporation, but they also increase the consumption of American produce abroad and make available funds to finance needed activities and services in foreign countries. Rarely have domestic and foreign policies been advanced so generously by a single law.

Nor would I want it thought that I am opposed to adequate and improved inspection of American grain exports, for we have an undoubted responsibility to warrant the quality of our merchandise. What I am opposed to, Mr. President, is the careless disruption of many segments of the American economy which will inevitably and immediately take place now that the Department's new inspection regulation has become effective as of September 1.

In the first place, the inspection and certification of title I and other export program grains at Canadian ports are of questionable legality. What procedures have been established for procuring Federal appeal grade certificates, the extra quality assurance which is available at U.S. ports? What jurisdictional arrangements have been made in the event the U.S. Grain Standards Act, in large part a criminal statute, is violated in Canada? These are legal points upon which I do not intend to dwell, because so much more of importance is at stake. The fact that the Department of Agriculture has failed to express itself on these points, however, is a good indication of the du-



blous and uncertain legal foundation of its decision.

Now, Mr. President, let us proceed to the true crux of the problem. What has the Department of Agriculture accomplished by its arbitrary decree? In simplest terms, it has assured that the grains contractually committed to foreign countries under trade agreements be moved from the midwestern grain centers for shipment out of the nearest available outlets. It mattered not one iota that the nearest outlets happened to be Canadian. And when the Department awakened to the realization that export grains could be inspected only at American outlets, it simply waved its administrative wand and made the requirement disappear. In just such a casual manner as this, after only one public hearing, at which bitter opposition was expressed by Atlantic and gulf port representatives and by the National Grain Trade Council, the Department of Agriculture effectively rerouted the course of millions of bushels of grain every year. This diversion will leave in its wake economic devastation of gigantic dimensions. All along the Atlantic and Gulf coasts it will cause a tremendous annual loss in wages and taxes and transportation earnings. It will idle facilities which were created and manpower which was employed in anticipation of continuing shipments of surplus agricultural commodities. And all this economic distress will have been generated to satisfy the whims of a supposedly impartial agency of the Federal Government.

Mr. President, I must congratulate the Department of Agriculture on the ingenuity it has displayed in improving on that legendary financial transaction in which Peter is robbed to pay Paul. In this instance, the deepwater Atlantic and gulf ports, the skilled labor employed at these ports, and the American taxpayer generally is robbed in order to fatten up the economies of Canada and a few Midwestern States. It certainly requires no precise definition or scholarly analysis to realize that building up Canadian commerce at the expense of American commerce is not in the public welfare, but since the Department of Agriculture has proved itself such an inept interpreter of the public welfare, the grave responsibility to legislate has devolved upon the Senate.

As the situation stands, now that the inspection and certification of grains is available at Canadian ports, the surplus grain commodities earmarked for foreign countries will be loaded into barges at midwestern lake ports, carried to the large Canadian seaway ports, and there transferred to the final export vessel. By this arrangement, all the seaway operators and all the foreign shippers who handle the bulk of seaway exports will prosper and multiply. But let me emphasize, Mr. President, that for every dollar of new Canadian prosperity there will be a dollar less in the pockets of American labor and industry. And let me emphasize that this reallocation of economic resources to promote Canadian welfare has been ordered at the expense of the American taxpayer, with whose

dollars the Commodity Credit Corporation purchases the surplus agricultural commodities for export.

It is argued that the present amendment deals a fatal blow to the great Midwest, that its enactment will cripple useful operations on the St. Lawrence Seaway. The argument is made that, since the seaway project was constructed at great public expense, it should now be utilized to the greatest possible extent. This very line of reasoning was taken in a letter pertaining to the export grain situation which I recently received from the Department of Agriculture:

It is assumed that with substantial expenditures by the United States for development of the seaway it should be used to the extent practical in exporting U.S. grain.

Mr. President, I ask unanimous consent that the letter in which this sentiment was conveyed be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,  
Washington, D.C., August 4, 1959.  
Hon. JOHN MARSHALL BUTLER,  
U.S. Senate.

DEAR SENATOR BUTLER: This is in reply to your letters of July 22 and August 3, 1959, in further reference to U.S. inspection at the Canadian port of U.S. grain transshipped through Canadian ports.

Prior to the meeting on July 21, we considered making U.S. grain transshipped through Canadian ports on the St. Lawrence Seaway eligible for financing under title I, Public Law 480, both on the basis of U.S. inspection at the U.S. lake port at which the grain was loaded and on the basis of U.S. inspection at the Canadian port. In discussing the situation with representatives of the Canadian Government we learned that it now requires the inspection of grain loaded to ocean vessels at St. Lawrence ports even though such grain was inspected at the time it was loaded to lake boats at Fort William and Port Arthur. This is a recent change with a view to providing high-quality grain for export.

The Department in 1933 discontinued the use of so-called split certificates in connection with grain loaded at the upper Lakes sold in Eastern States. Complaints have been received from foreign buyers concerning the quality of U.S. grains transshipped through Canada. It appears proper to require U.S. inspection of all U.S. grains exported under U.S. subsidy programs through Canadian ports. Inspection at Canadian ports of such grain provides information concerning the kind and quality of U.S. grain loaded to ocean vessels at Canadian ports and information with which to review the price paid by the foreign country, particularly with reference to grain obtained under title I, Public Law 480, for which the United States receives foreign currency in payment.

It is assumed that with substantial expenditures by the United States for development of the seaway it should be used to the extent practical in exporting U.S. grain. We do not believe it can be determined at this time whether or not requiring U.S. inspection of U.S. grain transshipped through Canadian ports of itself will be or will not be detrimental to the port of Baltimore and other Atlantic ports.

Our current policy of a common subsidy for each grain exported from the gulf, the Atlantic coast, and the St. Lawrence Seaway permits the flow of grain the same as it would if there was no subsidy.

Enclosed is a copy of the Department's press release of July 23, which states that

U.S. inspection at Canadian ports on the St. Lawrence Seaway will be required under all grain port programs if an export subsidy is paid including sales under title I of Public Law 480. The Public Law 480 title I regulations and other export program terms and conditions are in the process of being amended to require U.S. inspection of grain transshipped through Canadian ports on the St. Lawrence River. Copies of these amended regulations and terms and conditions will be furnished as soon as they are available.

The requirement that U.S. grain transshipped through Canadian ports on the St. Lawrence River be U.S. inspected at the Canadian port is an administrative requirement. The authority for such a requirement is in the Commodity Credit Corporation Charter and in Public Law 480, 83d Congress.

Recent freight rate reductions on grain shipped from the Midwest to the Atlantic coast have been of some assistance to the Atlantic coast. We understand that reduced freight rates on ex-lake grains from Buffalo to Atlantic coast ports are under consideration. We are not unmindful of the substantial reduction in the volume of grain moving in export channels from the Atlantic coast. The previous substantial volume exporting from Atlantic ports was either because of lower costs to the Continent or because the U.S. Government paid the difference.

It appears to us that the railroad companies and others interested in the exports from the Atlantic coast will find it possible to compete with exports from the gulf and the St. Lawrence Seaway to the extent that it is possible for them to make the necessary adjustments which will provide a landed cost on the other side competitive with other ports.

Sincerely yours,

MARVIN L. McCLAIN,  
Assistant Secretary.

Mr. BUTLER. Mr. President, it is encouraging to note that the Department of Agriculture is so attentive to seaway needs and interests. A mere glance at the statistics, however, offers convincing proof that the seaway operation can look after itself. Monthly grain exports from the port of Baltimore now total 1,210,000 bushels, as compared with a maximum monthly volume of 12 million 3 years ago, the balance having already been diverted to seaway outlets. And since the American seaway ports have inadequate facilities to load full cargoes on their own, the practice of transshipment through Canadian ports has been established. In this way the full benefit of grain diversions has accrued to the Canadian economy, and the full loss has been absorbed by the American economy. A pointed illustration of this shift can be obtained by comparing the shipments of grain from North Atlantic ports versus Great Lake ports for the 3-month periods of May, June, July, 1958 and May, June, July, 1959. On page 2 of volume 7, No. 32 of the Grain Market News published by the Grain Division of the Department of Agriculture on August 14, it was shown that shipments out of North Atlantic ports have declined from 42,905,000 bushels to 25,436,000 bushels, or 42 percent during the 3-month period, while shipments from Great Lake ports have increased from 7,126,000 bushels to 72,420,000 bushels, for an increase of 916 percent over the same period.

May I now give the figures for the port of Baltimore for the months of



July and August 1959, as compared with July and August of 1958?

Mr. MORSE. Mr. President, will the Senator from Maryland yield to me for 30 seconds?

Mr. BUTLER. I am happy to yield.

Mr. MORSE. I shall ask that immediately following the remarks of the Senator from Maryland [Mr. BUTLER], in support of the Bridges-Butler-Kuchel-Frear-Beall amendment, there be printed a copy of the amendment, to be followed by a series of telegrams I have received from constituents in the State of Oregon, such as the Commission of Public Docks of Portland, Oreg., the Commission of Public Docks of Oregon, the Wheat League, the Port of Astoria, and others.

In support of the amendment, I ask unanimous consent that the telegrams and a copy of the amendment be printed following the remarks of the Senator from Maryland. I wish to say to the Senator from Maryland I shall support his amendment.

Mr. BUTLER. I thank the Senator from Oregon.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon? The Chair hears none, and it is so ordered.

(See exhibit 1.)

Mr. BUTLER. Mr. President, the figures I am about to give were published and compiled by the Baltimore Chamber of Commerce.

In July 1958 there passed through the port of Baltimore 4,688,033 bushels of grain.

In July 1959, 1 year later, we shipped but 1,210,038 bushels of grain, a decrease of over 70 percent in 1 year.

In August of 1958 there passed through the port of Baltimore 5,429,659 bushels of grain.

In August of 1959 the number has declined to 1,379,266 bushels, a decrease of approximately 70 percent.

On the basis of these figures, it would be difficult to contend that the seaway is not participating to a practical extent in the exporting of U.S. grain. These figures, Mr. President, likewise show the imperative necessity that the Bridges amendment be added to the bill.

It is now proposed to extend the practice of transshipment through Canada to the export of surplus agricultural commodities. If this proposal is allowed to stand, the business and commerce generated by transactions authorized under Public Law 480 will in large measure be turned over to Canada. Baltimore, as well as other Atlantic and gulf ports, will be permanently denied the opportunity to participate in these relief export programs. Mr. President, I ask unanimous consent to have printed in the RECORD several articles by Helen Delich, the fine maritime editor of the Baltimore Sun papers, in which is described the full devastating effect which further grain diversion will have on the metropolitan Baltimore area.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Baltimore (Md.) Sun, July 13, 1959]

#### UNITED STATES TO INSPECT GRAIN AT SEAWAY (By Helen Delich)

The Department of Agriculture intends to provide official inspectors to clear U.S. grain transshipped through Canadian ports, despite protests by Baltimore port officials and those from other Atlantic and Gulf coast ports.

The Agriculture Department announced yesterday that U.S. grain being exported under the subsidy programs can be shipped through Canadian ports on the St. Lawrence Seaway after September 1, only if U.S. inspection is obtained there.

And that inspection will be provided, Agriculture Department heads reported yesterday, to facilitate the marketing of U.S. grain in export channels.

#### FEE BASIS AVAILABLE

The service will be provided on a fee basis upon request with inspection and certification on the basis of U.S. official grade standards.

This action is expected to be seriously detrimental to the port of Baltimore, since it long was the leading grain exporting port on the east coast and has suffered other setbacks on this particular commodity in the last 2 years.

Pressure to provide U.S. grain inspectors was applied by Midwestern farmers because they felt that their grain could move cheaper through Canadian ports with the all-water transportation provided by the St. Lawrence Seaway and, therefore, they could sell more abroad.

#### PROGRAMS INVOLVED

The move to permit the transshipment through Canada will apply to exports under the feed grain and wheat payment-in-kind programs and to Commodity Credit Corporation sales, the Department said, including those under barter and the CCC credit sales programs and those made at special export pricing.

For feed grain bids accepted under the export program and registered under the wheat program after September 1, official U.S. inspection will be required on exports through Canadian ports on the seaway.

#### SAFETY DRIVE BEGUN

An on-the-job safety campaign, covering every operating location in the port of New York, was announced yesterday by the New York Shipping Association and the International Longshoremen's Association.

The program calls for the placement of 250 suitably framed messages in prominent positions on all piers. The safety messages will be changed every 2 weeks.

The two groups said each poster will point to a major cause of accidents. They hope to materially lower the accident frequency rate in that port.

The campaign is patterned after ones in other industries, but has never been tried on any waterfront in connection with longshoremen.

#### BEMBO ENDS CAREER

John D. Bembo ends his long career of service to the Federal Government today, his last day as area representative and chief of the Baltimore section of the ship repair and maintenance branch of the Maritime Administration.

He will be honored at a testimonial dinner August 10 at the Southern Hotel.

[From the Baltimore Sun]

#### WATERFRONT SIDELIGHTS

(By Helen Delich)

The port of Baltimore is indebted at this time to a man from a neighboring (and

usually competing) port on a matter that is of interest to both, but of more value to Baltimore.

The man is John H. Frazier, assistant director of port development of the Delaware River Port Authority, who has been serving as the chairman of a grain committee for the Atlantic and gulf ports, the principal purpose of which is to stop midwestern U.S. grain from being exported through Canadian ports.

Although all the ports of the Atlantic and gulf will be hurt if the Senate does not restrict to U.S. ports the shipment of Government-aid grain, Baltimore will be hurt the worst because the bulk of that midwestern grain has moved through Baltimore and Norfolk.

#### GULF HAS MORE COMEBACK

The gulf ports naturally will lose some, too, to the all-water northern route if big ships can be loaded fully with Department of Agriculture aid grain, but they will not suffer as much as Baltimore because they can offer an all-water river route for delivery from the farmlands.

Mr. Frazier, who has specialized in grain matters for nearly 30 years, has been working to get Congress to limit the movements of the grain which is being paid for indirectly by the U.S. taxpayers so at least the wages earned from these shipments will go into American pockets instead of into those in another country.

#### HOUSE BEAT PLAN BY EIGHT VOTES

The House of Representatives defeated the amendment by only eight votes last week. It is felt that a rollcall vote would have resulted in a victory for the limitation to U.S. seaports but the amendment was tied to other phases of the giveaway grain bill.

Now it will be up to the Senate to take action when S. 1748 is brought to the Senate floor this week. Already Senators BUTLER and BEALL, Republicans, of Maryland, have pledged their support to the limitation of this grain to U.S. ports.

However, Mr. Frazier feels it vital that labor unions and members make a strong drive to gain support from Senators throughout the United States in order to assure a victory in the upper House. This then would mean that the matter would go to a conference committee.

#### POSSIBLE VETO OF WHOLE BILL

Of course, there is a possibility that the bill to extend the grain program might be vetoed by the President because of a House-approved amendment adding a stamp plan for the distribution of grain to those in need. The Republicans seem opposed to the stamp method.

The loss in the House, therefore, leaves the grain issue far from decided and Mr. Frazier and his committee need support. Their success means money to the metropolitan area of Baltimore and the State of Maryland.

The fight to restrict aid shipments to U.S. ports resulted from a directive issued by the Department of Agriculture to place its own inspectors in Canadian ports after September 1 to inspect all grain transshipped through those ports.

The Great Lakes Congressmen know that right now they need the Canadian ports to top off the shipments of grain from their own areas, so they are going to support the Department policy.

#### EXPERT SEES NO SALES LOST

However, it is predicted that in 3 years, when ships can load full cargoes on their own at the lake ports, the lake ports will begin to suffer and pay for the business being pushed through Canada, which will then be well enriched.

The farm bloc claims the farms need the Canadian ports for the movement of their



agricultural products because it is slightly cheaper than shipping to the Atlantic coast and then out.

And yet, when Representative BOYKIN, Democrat, of Alabama, acting chairman of the House Merchant Marine Committee, last week asked Walter C. Berger, Executive Vice President of the Commodity Credit Corporation, how many sales would be lost by shipping only through U.S. ports, Mr. Berger replied that probably none would be.

Those who are close to the scene feel there is more to the movement by the Department of Agriculture than meets the eye. What caused this directive is a question Maryland and other interests would like to know.

[From the Baltimore Sun, Aug. 7, 1959]

#### GRAIN MOVE IS DENOUNCED—CONGRESSMEN CHARGE AID TO FOREIGN PORTS

(By Helen Delich)

WASHINGTON, August 6.—The Department of Agriculture today was accused by several Congressmen of building up foreign ports at the expense of American ports—including Baltimore—and American shipping.

In a heated informal hearing before the House Merchant Marine and Fisheries Committee—with several members of the House Agriculture Committee attending—the department was charged with deliberately injuring the United States by issuing a directive that will place U.S. grain inspectors in Canadian ports without consulting Congress or anyone else.

C. B. Palmby, in charge of the program for the Agriculture Department, told the committee under sharp questioning by east and gulf coast members that he was uncertain as to how American flag ships will be affected.

#### BOOST CONCEDED

He conceded that grain already is moving in unprecedented amounts through the St. Lawrence Seaway, that the directive would help raise the tonnage and that in 2 to 3 years the grain movements would be much higher on the seaway.

The directive is to go into effect September 1.

Representative GARMATZ (Democrat, of Maryland), a ranking member of the Merchant Marine and Fisheries Committee, called for the Department of Agriculture to rescind its order until "everyone had a chance to look into it and study every aspect and its effect."

This suggestion met with general approval of the other committee members who then decided to proceed with formal hearings. The first session will be at 2 p.m. Monday.

#### EXPORTER MENTIONED

The following statements were made at today's informal hearing:

1. That Cargill, Inc., a major U.S. grain exporter, probably was behind the directive because a 15 million-bushel elevator is being built for that firm at the mouth of the St. Lawrence River for year-round operation.

2. That foreign-flag ships now were transporting the bulk of the grain in and around the Great Lakes area and St. Lawrence Seaway.

3. That the 70th Congress had to put a stop to U.S. grain movements through Canada because American ports were being hurt at that time.

4. That there is considerable question as to whether the Department of Agriculture's move is legal under the Grain Standards Act.

5. That the Department of Agriculture opposed the 50-50 act which calls for the transportation of at least half of all Government-financed cargoes on American-flag ships if available at reasonable rates.

Representative DORN, Republican, of New York, declared the Department of Agriculture deliberately was evading the 50-50 act on a minor technicality in making U.S. grain more available for foreign-flag ship and that

it was openly recognizing a foreign port to handle giveaway grain while hurting the economy of America.

Representative BOYKIN, Democrat, of Alabama, said he was amazed to discover on a recent trip to Canada—for the official opening of the seaway—that the Canadian dollar was firmer than America's and that Canada is in much better financial shape than this country.

"America is being ruined already. We're in terrible shape," the southerner said. "We have got to look out after ourselves and not Canada."

John H. Frazier, an executive in the Delaware River Port Authority, and chairman of the Atlantic and Gulf Ports Grain Committee, said the Department of Agriculture issued its directive less than 48 hours after his group and the North Atlantic Exporters Association asked that the inspector service not be provided to Canada.

He charged that the matter had long been settled and that their appeal had not even been considered.

Capt. Andrew Crinkley, of Isbrandt Co., told the committee that he felt it a crime to punish the ports on the Atlantic by building up Canadian ones and charged that apparently a considerable amount of political pressure was applied for the Agriculture Department to act as it did.

[From the Baltimore Sun, Aug. 10, 1959]

#### WATERFRONT SIDELIGHTS

(By Helen Delich)

There is a hearing today on whether U.S. grain inspectors should be placed in Canadian ports and the importance of the hearing was emphasized last week when the chamber of commerce reported that Baltimore had exported less grain in July than in any other month since before World War II.

The St. Lawrence Seaway was cited as the principal reason for this sudden plunge to 1,210,000 bushels of export grain moving through what once was the Nation's leading grain exporting port.

#### WILL GET WORSE, OFFICIAL SAYS

A Department of Agriculture witness said the situation probably would worsen for eastern seaports rather than improve over the next 2 or 3 years.

Therefore, if it is made still easier to move U.S. grain through ports outside this Nation, Baltimore and other eastern ports are in for even more hurt than is already provided in the natural movement of grain through the ports bordering the new inland waterway.

The drop already charged to the seaway and grain movements down the Mississippi River and the port of New Orleans amounts to \$1,500,000 in revenue lost monthly to the Baltimore metropolitan area.

#### FROM 12 MILLION TO 1

And if one compared the 1,210,000 bushels to the 12 million bushels this port was exporting monthly only 3 or 4 years ago, the dollar loss to this area would run as high as \$3 million.

Various cost studies show that a ton of grain is worth about \$12 to a metropolitan area.

This embraces the longshore work, the elevator operation, the railroad haul, truck movements, the handling of the ship into and out of the port, and numerous other costs. Grain has to be trimmed, and even though automatic trimmers now are used, trained men must operate them.

#### THIRTY-MILLION-DOLLAR ANNUAL LOSS SEEN

Grain ships must be sealed, cleaned, and prepared properly to permit the grain to be loaded aboard.

When one begins to add up the effect of the loss of grain to this metropolitan area, one realizes that the dollars lost here run well above \$30 million annually.

Representative GARMATZ has suggested that the agriculture officials put off the September 1 date now set for opening inspection offices in Canadian ports until Congress has time to study the directive.

#### MAY BE ONE-BROKER PLAN

Actually, it was indicated at the preliminary hearing last week that the plan was initiated by one grain broker which does business internationally but which has headquarters in the United States.

It was testified that the Canadians are building a large elevator for Cargill, Inc., to operate near the mouth of the St. Lawrence River on a 12-month basis.

And it was said Cargill wanted U.S. grain inspectors and expected to slip through the directive from the Department of Agriculture without opposing ports even realizing what had happened.

#### SEAWAY RATE WAR SEEN

Despite its success on grain, the Seaway apparently is not producing sufficient quantities of cargo to keep all of the steamship lines operating there happy.

That is the reason the three German lines announced last week they were withdrawing from conference operation on the Great Lakes-St. Lawrence Seaway.

Their withdrawal virtually means they intend to initiate a rate war up there so they can take all the cargoes available by offering lower rates than conference lines can offer.

#### MARITIME BOARD NOTIFIED

The Federal Maritime Board was notified Friday of the lines' withdrawal officially. However, it is doubtful that the Federal agency can intervene.

What effect a rate war on the seaway might have on the east coast is anybody's guess, but it could be detrimental. If the freight rates are lowered sufficiently, more general cargo could be channeled to seaway ships even though they take a longer time to make the inland trip than those moving directly in and out of Baltimore or other Atlantic points.

The German lines can afford to lower their rates below the conference price, but American lines cannot.

#### FOREIGN COSTS ARE LESS

All foreign ship costs are cheaper than those under the U.S. flag, so that if foreign ships obtain freight rates equal to those of U.S. ships, their profits are higher than are the Americans.

Under a conference, all member lines must charge the same rate on all commodities. These rates usually are scaled to afford the highest priced operator, United States Lines, a profit on their ships. Thus it protects U.S. ships in that others cannot quote lower prices because their costs are lower.

The break in the conference is not to become effective until September 1, the same date this country is supposed to assign grain inspectors to Canada. That should be an eventful day to the port of Baltimore.

[From the Baltimore Sun, Sept. 2, 1959]

#### GRAIN-PLAN DAY PASSES—NO INSPECTORS PUT IN CANADA PORTS ON DATE SET

(By Helen Delich)

WASHINGTON, September 1.—Today was the day the Department of Agriculture was supposed to begin stationing inspectors in Canada to approve the quality of U.S. giveaway grain exported through Canadian seaports—to the detriment of Baltimore and other American ports.

But no permanent inspectors have been assigned there yet, although preliminary steps had been taken to place one man on duty in Montreal.

At the same time, the Department has been seeking support from all the various agriculture bodies of all the 49 States in



what port interests refer to as a "backdoor method of trying to gain approval of an act they are afraid of."

#### DEPARTMENT BELIEVED SHAKEN

These actions suggest that the opposition, led by Atlantic and gulf coast port interests, to the Agriculture Department's directive has shaken the Department's assurance and made it try to rally its forces in the Senate against the proposed amendment that would limit to U.S. ports the exportation of grain financed by Uncle Sam.

An Agriculture spokesman said there are inspectors on call at Boston and New York whenever they are needed.

No staff will be set up, he said, until officials are able to measure the need by the volume moving through the Canadian ports. He guaranteed that the Department is prepared to go ahead when ready.

The move by the Department of Agriculture to gain support from the States is complicated.

The request to the various agriculture divisions in the States called for approval of an amendment to permit U.S. inspection of grain at Canadian ports.

A Department spokesman explained that this was routine and that it came under the 1,200 trust fund division of the act and was simply a means of assuring that the Canadian inspection service would be self-supporting.

He further explained that all agreements in this special group were self-supporting and that the Department could not take on additional agreements with the trust fund without circularizing all the States.

#### CLAIMS SOME STATES

However, he said that only a single State's sanction was needed to permit the Department to proceed with the plan. The spokesman said that more than 24 States have given their approval and that some were Atlantic Coast States whose ports were objecting to the original directive.

Mr. BUTLER. Mr. President, is it the position of the Department of Agriculture that the American economy is not entitled to its share of the benefits accruing from Public Law 480 sales? Or is it the Department's intention to subsidize the growth and development of the Canadian economy with tax moneys collected from U.S. citizens? The American people deserve an answer to these questions. The railroadmen, the longshoremen, the grain elevator operators and the many others whose jobs and security the Department has found it convenient to forfeit deserve an answer to these questions. Yet, Mr. President, every attempt to elicit an answer on behalf of the American people has been either ignored or treated to evasion and doubletalk. Perhaps the reasonable motives which prompted the Department's action are so obscure as to be almost nonexistent.

If American vessels were expected to retain control of the diverted grain cargoes, the Department's action would at least make some sense. But every indication is that foreign-flag vessels have carved out the St. Lawrence Seaway as their own private domain. By way of illustration, I quote from an article which was published in the July 26 edition of the New York Times.

American-owned vessels are being squeezed out of the Great Lakes grain market, the Lake Carriers Association said today.

Grain shipments in June climbed to 1,691,775 net tons from 1,556,718 tons a year ago, the association reported, but only 29 of 247 cargoes were hauled by U.S. vessels. A total of 165 cargoes were moved by vessels of Canadian registry and 53 by foreign ships.

The PRESIDING OFFICER. The time of the Senator on the amendment has expired.

Mr. BUTLER. Mr. President, will the acting minority leader yield me time?

Mr. ALLOTT. May I inquire how much time the Senator desires?

Mr. BUTLER. I should like to have 5 minutes on the bill.

Mr. ALLOTT. I yield 5 minutes to the Senator from Maryland from the time on the bill.

The PRESIDING OFFICER. The Senator from Maryland is recognized for an additional 5 minutes.

Mr. BUTLER. Mr. President, these figures represent an alarming shift of traffic to vessels of an alien flag, a shift which is apparently countenanced by the Department of Agriculture. The newly ordered inspection and certification of U.S. grains at Canadian outlets will empty the holds of the American vessels presently handling the Public Law 480 cargoes. It will transfer to vessels of foreign registry the substantial tonnages which belong to the American economy.

Far from being a mere technicality or administrative requirement, the installation of grain inspection stations in Canada will touch off a sweeping reorganization in the marketing of U.S. grain. Aside from its doubtful legality, this reorganization will lay waste to segments of the American economy which heretofore have served their country with great efficiency and distinction. No such ruinous discrimination was intended by Congress when it enacted the Agricultural Trade Development and Assistance Act of 1954, and I urge that the objectives of this act be reaffirmed by the adoption of the proposed amendment. Mr. President, there is no reasonable or patriotic alternative.

There are limits to the lengths we can go in being neighborly without obscuring the national interest. We have now arrived at these limits, and if the present amendment fails, we will have arrived at a time in U.S. history when the water ties of an international seaway are stronger than the blood ties which bind together the States of our indissoluble Union.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a statement showing a comparison of charges on grain via Baltimore, Md., and via the St. Lawrence Seaway, from the Midwest to Rotterdam, Netherlands.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

State showing a comparison of charges per gross ton on grain via Baltimore, Md., and via St. Lawrence Seaway from the Midwest to Rotterdam, Netherlands

#### WHEAT FROM RAPID CITY, S. DAK.

	Via Duluth, seaway		Via Baltimore, Md.
	Ocean carrier from Duluth	Trans-ship at Montreal	
Rail to port.....	\$16.01	\$16.01	\$25.20
Water carrier beyond....	9.25	8.80	4.00
Total.....	25.26	24.81	29.20
			25.26
Difference in favor of seaway:			
Per gross ton.....			3.94
Per bushel.....			.106

#### WHEAT FROM GRAND ISLAND, NEBR.

Rail to port.....	\$14.22	\$14.22	\$19.93
Water carrier beyond....	9.25	8.80	4.00
Total.....	23.47	23.02	23.93
			23.47
Difference in favor of seaway:			
Per gross ton.....			.46
Per bushel.....			.012

#### CORN FROM CHAMPAIGN, ILL.

	Via Chicago and seaway		Via Baltimore, Md.
	Ocean carrier from Chicago	Trans-ship at Montreal	
Rail to port.....	\$3.36	\$3.36	\$8.29
Water carrier beyond....	9.25	(1)	4.00
Total.....	12.61		12.29
			12.61
Difference in favor of Baltimore, Md.:			
Per gross ton.....			.32
Per bushel.....			.008
Wheat: Difference in favor of Baltimore, Md.....			.075

<sup>1</sup> Not available.

#### EXHIBIT 1

PORTLAND, OREG., August 27, 1959.

Hon. WAYNE MORSE,  
U.S. Senate,  
Senate Office Building,  
Washington, D.C.:

Reference conversation today relative Public Law 480, specifically S. 1748. We emphatically oppose legislation permitting the loading of surplus grain to vessel at any other than U.S. ports. Earnestly ask your best efforts supporting Kuchel or other amendment restricting such export loadings to U.S. seaports only. Reasons: First, believe situation parallels in principle 50-50 law regarding use of U.S.-flag vessels which Congress continues despite heavy foreign interest pressure. Second, believe danger inherent that surplus grain loading at foreign ports can be means to avoid 50-50 law, third, believe establishment of such principle can ultimately result in diversion of our own grain volumes in whatsoever degree to Canadian west coast ports with heavy loss to the United States; example, last 2 years Portland exported 2 million and 1½ million tons, respec-



tively, grain surplus and other, while Columbia River including Portland exported 4½ million and 3 million tons same years. Consider port earnings of \$1.50 per ton conservative and even that figure demonstrates financial considerations at stake. Fourth, principle of S. 1748 without amendment inimical to heavy public investments here in particular and in all other U.S. public seaports. Fifth, we understand Kuchel amendment includes U.S. St. Lawrence Seaway and/or U.S. Great Lakes ports. Kindest personal regards same wire to Senator Neuberger tonight.

THOMAS P. GUERIN,  
General Manager, Commission of Public Docks, Portland, Oreg.

PORTLAND, OREG., September 3, 1959.  
The Honorable WAYNE MORSE,  
U.S. Senate,  
Senate Office Building,  
Washington, D.C.:

Understand S. 1748 regarding Public Law 480 pending forthwith. As per previous wires is grave concern to us and vital to entire grain trade our area. Following additional to economic points in our wire August 27. Columbia River averaged approximately 3½ million tons grain export last 2 years inclusive surplus grains. Estimating 15½ tons per longshore man-hour average hourly rate per man-hour, \$3.10, means \$700,600 total annual payroll from grain alone to longshoremen and exclusive all other earnings, such as rail and barge freights on grain to tidewater vessel earnings, etc. Add at least 10 percent for overtime, etc., and longshore payroll. This item alone approaches \$1 million annually. Aside from vicious principle in proposed diversion all economic considerations emphasize urgency your support of Kuchel amendment.

Kindest regards,  
THOMAS P. GUERIN,  
General Manager, Commission of Public Docks.

ASTORIA, OREG., August 24, 1959.  
Senator WAYNE MORSE,  
Senate Office Building,  
Washington, D.C.:

We are advised that Senator KUCHEL is introducing an amendment to S. 1748 requiring grain-distributed under Public Law 480 be shipped through American ports. Along with other Columbia River ports, we endorse this amendment. We would like to urge your studied consideration of the amendment and if possible, not only support it but jointly sponsor it along with Senator KUCHEL.

PORT OF ASTORIA,  
R. J. BETTENDORF,  
Manager.

ASTORIA, OREG., August 27, 1959.  
Senator WAYNE MORSE,  
Senate Office Building,  
Washington, D.C.:

We repeat our urging to support KUCHEL's amendment to S. 1748. We are fearful that without such a restriction, it is conceivable that grain historically moving through Columbia River and Puget Sound ports could be diverted to British Columbia ports without justification.

PORT OF ASTORIA,  
R. J. BETTENDORF,  
Manager.

PORTLAND, OREG., August 20, 1959.  
Hon. WAYNE MORSE,  
U.S. Senate,  
Senate Office Building,  
Washington, D.C.:

Re S. 1748 respectfully urge your support of amendment to this bill which will insure that all surplus agricultural commodities must be loaded at a U.S. port to vessel trans-

portation goods from U.S. port of loading to foreign port of discharge. Best regards.

R. F. WATTS,  
Commission of the Public Docks of the  
City of Portland.

WASHINGTON, D.C., September 1, 1959.  
Senator WAYNE MORSE,  
Senate Office Building,  
Washington, D.C.:

Re Public Law 480 ship operators west coast strongly support Butler amendment to curb Department Agriculture use of non-U.S. ports for loading surplus grain exports. Next step might be Agriculture desire use of Mexican ports for cotton or British Columbia for grain. Our member companies concentrate on serving U.S. ports and we don't want threat of getting squeezed out of our share of tax-financed exports when they move out of nearby foreign ports.

RALPH B. DEWEY,  
President, Pacific American Steamship  
Association.

PENDLETON, OREG., September 1, 1959.  
Hon. WAYNE MORSE,  
Senate Office Building,  
Washington, D.C.:

Urge your support of provisions to utilize St. Lawrence Seaway for U.S. grain exports in bill to extend provisions of Public Law 480.

FRANK TUBBS,  
President, Oregon Wheat Growers  
League.

PENDLETON, OREG., September 3, 1959.  
Senator WAYNE MORSE,  
Senate Office Building,  
Washington, D.C.:

Oregon Wheat League position is to support whatever encourages sound movement of U.S. wheat into export. P. & W. is penalized by USDA's programing of 480 wheat from gulf ports, hence anything that improves movement of Midwest wheat improves our position for future exports. P. & W. wheat exports down 30 percent and carryover up 73 percent in past year. Seaway battle is over. Seaway exists and should be used. Topping cargos at Canadian points necessary to movement of U.S. wheat.

OREGON WHEAT GROWERS LEAGUE.

S. 1748, 86th Congress, 1st session, in the Senate of the United States—August 28 (legislative day, August 26), 1959—Ordered to lie on the table and to be printed

Amendment intended to be proposed by Mr. BRIDGES (for himself, Mr. BUTLER, Mr. KUCHEL, Mr. FREAR, and Mr. BEALL) to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes: At the end of the bill add a new section, as follows:

"SEC. II. The Agricultural Trade Development and Assistance Act of 1954 is further amended by adding at the end of title III a new section, as follows:

"SEC. 306. Shipments of surplus agricultural commodities destined to foreign countries, exported under titles I, II, or III of this Act, shall be delivered directly to the export vessel at a United States port. For the purpose of this section "export vessel" shall mean the ocean vessel transporting the surplus agricultural commodities from the United States port of loading to foreign port of discharge."

Mr. ELLENDER. Mr. President, I yield myself 3 minutes.

Mr. President, in effect, the pending amendment, by prohibiting the movement of any surplus commodities under titles I, II, and III by transshipment through Canadian ports, would effectively deny the use of the St. Lawrence Seaway for Public Law 480 grain exports.

There is no man in the Senate who fought any harder than I to prevent construction of the St. Lawrence Seaway. I fought the issue for over 11 years. One of the main reasons I opposed the construction of the seaway was its cost—the over a billion dollars which would be assumed as an obligation by the United States.

Later, after the seaway finally had been built, the United States obligated itself to pay for that portion of the channel passing through the United States near Massena, N.Y.

Mr. President, since this seaway has been constructed I think it would be an error on our part to pass legislation to prevent the use of it, because that is exactly what the effect of the amendment would be. I know it may be difficult for the port of New Orleans, in my home State of Louisiana, to accept the transshipment of the grains through Canadian ports as a fact of life, but it is something which must be done.

I have been asked to vote for the amendment but, Mr. President, in all good conscience, I cannot see my way clear to do so. The seaway, although I opposed its creation, has been built. It exists. In my judgment, it would be the height of folly for us to deny the use of this facility. What is more, in my humble opinion, if the amendment were agreed to, it would be a direct slap in the face of our neighbor to the north, Canada.

Mr. BUTLER. Mr. President, will the Senator yield?

Mr. ELLENDER. I will yield in just a moment.

Mr. President, as I said, I regret having to take this position. I want to say further, I realize that there is the possibility that some of our ports will lose some trade because of these transshipments.

But I would like to point out that not only would the amendment prevent transshipment of the surplus commodities through the seaway, it would also deny the right of the ports of the Great Lakes to utilize their facilities to transship these surplus commodities to Canadian ports.

Mr. LAUSCHE, Mr. WILEY, and Mr. BUTLER addressed the Chair.

Mr. ELLENDER. I yield to the Senator from Ohio for a question.

Mr. LAUSCHE. Mr. President, will the Senator further explain his statement that the amendment would deny the ports of the Great Lakes their right to use their facilities?

Mr. ELLENDER. The ports of the Great Lakes are not deep enough to handle large cargo vessels. As a consequence, many smaller boats are used to transport grains to Canadian ports. From there the wheat or whatever surplus commodity is involved is loaded onto larger vessels.

Mr. BUTLER. Mr. President, will the Senator yield?

Mr. ELLENDER. I will yield in just a moment. There is no doubt that the amendment would deny ports of the Great Lakes the right and privilege to handle a good deal of this grain trade.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.



Mr. ELLENDER. Mr. President, I yield myself 1 more minute.

For the reason I have just stated, passage of this amendment would be a direct slap to our good friends to the north. That is one reason why I oppose the amendment.

Several Senators addressed the Chair.

Mr. ELLENDER. Mr. President, I have very little time. I will yield 30 seconds to the Senator from Maryland for a question.

Mr. BUTLER. I wish to say to the Senator, there is no intention to deprive the Great Lakes ports of their rightful share of the traffic. When the ports are able to handle the traffic we would expect, in normal course, that shipper would take the first available American port. However, when there is a bypassing of all the American ports, that is going too far.

The PRESIDING OFFICER. The time the Senator yielded has expired.

Mr. ELLENDER. Mr. President, I yield myself a half minute.

The shippers are sending the grain to the Canadian ports through the Great Lakes.

Mr. BUTLER. Would the Senator allow me a half minute to answer?

Mr. ELLENDER. Mr. President, I yield 4 minutes to the distinguished Senator from Wisconsin.

Mr. WILEY. Mr. President, I do not care to yield to Senators. I wish I had time to do so.

Mr. President, as we know, the bill, S. 1748, with accompanying amendments, now before the Senate, proposes to extend the Agricultural Trade Development and Assistance Act—more popularly known as Public Law 480—for 3 years.

The extension of this program, I believe, is definitely in the best interests of the American farmer, national economy, and our foreign policy.

However, I am deeply concerned with the amendment, which, as I understand it, is intended to limit the ways and means by which surplus commodities could be shipped to overseas ports. Generally, the amendment reads:

Any shipment of surplus agricultural commodities to be exported to a foreign country under this Act shall be delivered to the ocean vessel on which such commodities are to be transported to the foreign port of discharge only at a United States port.

Now, what would this amendment really do?

If adopted, it would prevent surplus commodities from being shipped by the most inexpensive method under Public Law 480 to destinations around the globe—that is, by way of the St. Lawrence Seaway.

As yet, limiting depths in channels of the Great Lakes prevent the traversing of large ocean-going vessels freely in and out of the Great Lakes through the seaway. As a result, it is sometimes necessary for commodities to be transferred from lake vessels to oceangoing ships at Montreal and other eastern Canadian ports.

The amendment, if adopted, would, first, substantially increase the costs of shipping surplus commodities from the producer to the foreign ports, thus hit-

ting the American taxpayer a blow; second, the increased costs might well prevent shipment of as large a volume of surplus commodities—thus further hurting the American farmer, already sharing too little in the national economy, by eliminating an outlet for surplus products; third, the extra costs would provide a handicap to programs of relief to needy people, as well as adversely affect sales of such produce abroad; and fourth, it would reduce traffic on the St. Lawrence Seaway in which the American people have a \$140 million investment, which is depending upon maximum volume to pay of its construction.

The attempt to serve eastern or gulf coast interests at the cost of the American taxpayer, I believe, is completely unjustified. By preventing surplus farm commodities from being shipped at the lowest possible cost, the amendment would also have the effect of being a handicap to the international program.

Unrealistic, unjustified, and unwarranted, the amendment, I believe, should be defeated.

Overall, this amendment—camouflaged in innocent sounding words—would extensively damage the Public Law 480 program. We recall that it was defeated in the House of Representatives. The Senate, I would hope, will also reject it.

Over the years, we recall that there has been a long-running battle with eastern and gulf ports, as well as the railroads, to complete the St. Lawrence Seaway. To a great many of us, it had appeared that the battle was won with the enactment of the seaway legislation in 1954; and more finally, with the completion of the project itself, in June of this year.

Unfortunately, however, we find these same interests continuing to sabotage efforts to fully utilize the traffic opportunities of the seaway.

Naturally, I can appreciate that Members wish to look out for the interests of their constituents. However, I believe that when these efforts run contrary to the interests of the American taxpayers, as well as threaten to jeopardize such an important program as Public Law 480, they certainly should be defeated.

Now here are some facts on the comparative costs of transportation. These rates are for the movement of wheat from Duluth and Minneapolis to Antwerp or Rotterdam:

First. Ocean vessels, direct from Duluth to either of above destinations, \$9.25 per long ton.

Second. Lake vessels to Montreal or lower St. Lawrence ports, then transferred to ocean vessels, to above destination, \$10.15 per long ton.

Third. Barge via Mississippi to New Orleans, then transferred to ocean vessels—plus demurrage, if any—\$11.70 per long ton.

Fourth. Lake vessel, Duluth to Oswego, N.Y., New York State Barge Canal to Albany, N.Y., then transferred to ocean vessel, \$13 per long ton.

Fifth. Lake vessel, Duluth to Buffalo, N.Y., then railed to North Atlantic port, namely, Boston, New York, Philadelphia, and Baltimore, to October 1, 1959, \$14.50

per long ton; after October 1, 1959, \$13.80 per long ton.

From these facts, it is evident that it will cost the U.S. taxpayer or foreign purchaser all the way from \$1.55 to \$3.65 more per ton, depending upon the route, to transport surplus agricultural commodities overseas under the programs of Public Law 480, if the amendment proposed by Senators BRIDGES, BUTLER, KUCHEL, FREAR, and BEALL is approved by the Senate.

The effect of the amendments will be to eliminate the transshipment of surplus commodities under this act at Canadian ports such as Montreal and Baie Comeau and will prohibit United States-Canadian lake vessels from carrying surplus grains to eastern Canadian ports as the return cargo for iron ore, brought into the lakes. As this is the most economical means of transporting both iron ore and grain in and out of the Middle West, it will thus not only impose a penalty on the Great Lakes transportation system and reduce the amount of traffic through the St. Lawrence Seaway, but, in addition, will increase the cost of transporting these surplus agricultural commodities, most of which is borne by the U.S. taxpayer, by from \$1.55 to \$3.65 per ton.

Recognizing the inequities which would be created if such an amendment is adopted, I contacted the State Department to get its views. In response I received a letter from Acting Secretary Douglas Dillon.

Mr. President, I ask unanimous consent that the letter from the Acting Secretary of State be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,  
Washington, D.C., August 28, 1959.

The Honorable ALEXANDER WILEY,  
U.S. Senate.

DEAR SENATOR WILEY: In your letter of August 27 you called my attention to the amendment to S. 1748 tabled by Senator BUTLER, requiring that the shipment of surplus agricultural commodities under Public Law 480 be from U.S. ports and asked for the Department's comments.

The amendment would discriminate against the Great Lakes ports and the St. Lawrence Seaway project, a venture which we have recently hailed as an achievement with few historic parallels. It might add substantially to the cost of the Public Law 480 disposal programs. We can anticipate that the adoption of such a restriction would attract considerable adverse comment in Canada.

Until the St. Lawrence Seaway is in condition to accommodate fully loaded oceangoing vessels, a requirement that products shipped under the authority of Public Law 480 be loaded only at U.S. ports, would virtually exclude Great Lakes ports from participation in the export trade created by that law. At present grain shipments may be made from Great Lakes ports with transshipment at Canadian ports under both titles II and III of Public Law 480. The Department of Agriculture has announced that title I exports will also be eligible for these shipping arrangements beginning September 1, when official U.S. inspection service will be available at Canadian ports of the St. Lawrence Seaway.

Since most oceangoing vessels cannot yet safely navigate parts of the St. Lawrence Seaway when fully loaded, they customarily proceed to Canadian ports to complete their



cargo after having taken on partial loads at lake ports of the United States. The grain taken on at Canadian ports has been previously carried there from U.S. lake ports by lake vessels. Regardless, therefore, of whether grain is transshipped through Canadian ports, initial loading takes place in lake ports of the United States.

As it would be uneconomic for oceangoing vessels to operate without full loads, the exclusion of Canadian ports from sharing in the handling of Public Law 480 grain would force such vessels to go to ocean ports for their full cargoes. This will clearly discriminate against our lake ports and would retard the development and the use of the St. Lawrence Seaway. It might also add substantially to the cost of the Public Law 480 surplus disposal programs. The extent of such increased costs would depend on ocean freight rates, rail rates to seaport destination of the grain shipped, and other factors.

The Department appreciates the opportunity to comment on this proposal and hopes that the amendment will not be adopted.

Sincerely yours,

DOUGLAS DILLON,  
Acting Secretary.

Mr. WILEY. Mr. President, it seems to me that a point of order could be raised against this amendment, and I raise the point of order.

Mr. BUTLER. Mr. President, I yield myself 2 minutes from the time on the bill.

The PRESIDING OFFICER. Does the Senator from Wisconsin insist upon his point of order at this time?

Mr. WILEY. I insist upon the point of order.

Mr. BUTLER. Mr. President, I yield myself 2 minutes on the bill, on the point of order.

Mr. President, I stand here as a representative of a great State. This bill is literally loaded with amendments which are not germane.

A point of order has now been made against the amendment.

I am here pleading for the vital interests of my home city and my State; I feel at least entitled to the expression of the U.S. Senate on whether Americans should be denuded of their economic rights and have them turned over to a foreign nation.

I say this to the Senate. We cannot set up an inspection system under the present ruling of the Department of Agriculture that will not bring down on the head of the United States on every shipment of grain an appeal that it is not up to grade, for the following reason: We inspect the grain when it is loaded on the barge at the Great Lakes ports. It is then transshipped. We lose control of it. It may get mixed up with other grain. It may be of grade; it may not be of grade. We do not know what it is at the actual time of export.

The foreign country, under the inspection provisions of the act, have a right to appeal that the grain is not up to standard, and the United States is helpless, because as I have said, it did not see the grain when it finally went to the ship for export and therefore will have no defense.

I say this should not happen in the national interest. When we are so willing to help other people that we are

ready to denude the great seaports of America on the western and eastern seaboards and on the gulf coast overnight, with not notice, in 1 short year, taking 70 or 75 percent of their trade away from them, I say we are being just a little too neighborly.

Mr. WILEY. I press my point of order.

Mr. BUTLER. I say the people of America do not want to be that neighborly. We should look out for America now and then.

Mr. WILLIAMS of New Jersey. Mr. President, I wish to associate myself with the forceful arguments the Senator has expressed in terms of the port of Baltimore. I believe his arguments apply equally to the other great ports of our country which now are equipped to ship grain. Only yesterday the administration announced that there was a big trade deficit, and that they are worried by the thought that we are losing the advantage in the balance of payments. Here is one of the aggravating factors, namely, the dollars that are being spent and sent abroad for shipping.

Mr. BUTLER. I completely agree with the Senator.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MANSFIELD. Mr. President, how much time remains on the amendment?

The PRESIDING OFFICER. Seven minutes remain on the amendment.

Mr. MANSFIELD. I understand that the yeas and nays have been ordered.

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. MANSFIELD. I also understand that we are limited to one-half hour of debate on each amendment.

The PRESIDING OFFICER. The Senator is correct.

The Senator from Wisconsin has indicated that he insists on his point of order. The Chair is prepared to rule on the point of order.

Mr. MANSFIELD. Mr. President, I am opposed to the Butler amendment. However, in view of the fact that the yeas and nays have been ordered, I certainly hope that we will have an opportunity to vote on the amendment, to vote it up or down.

Mr. CLARK. Mr. President, before the Chair rules on the point of order, with respect to the germaneness of the amendment, I hope the Chair will take into account the substance of the amendment. It explicitly refers to the shipment of commodities exported under titles I, II, or III of the act. It is very difficult for me to understand how an amendment which pertains directly to titles I, II, or III of the act could be ruled to be nongermane.

The PRESIDING OFFICER. The Chair will take that into consideration.

Mr. KUCHEL. Mr. President, may we have order?

The PRESIDING OFFICER (Mr. BARTLETT in the chair). The Senate will be in order. The Chair is prepared to rule on the point of order raised by the Sen-

ator from Wisconsin [Mr. WILEY]. In the opinion of the Chair, the pending amendment is not germane to any provision in the pending bill. The amendment is related to the shipment of surplus agricultural commodities, a matter not covered by any provision in the pending bill. Therefore, the point of order is sustained.

Mr. KUCHEL. Mr. President, I desire most respectfully to appeal from the ruling of the Chair.

The PRESIDING OFFICER. That is the right of the Senator from California.

Mr. CLARK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CLARK. Is the motion subject to debate?

The PRESIDING OFFICER. It is subject to debate for 30 minutes.

Mr. CLARK. I thank the Chair.

The PRESIDING OFFICER. The question is, Shall the decision of the Chair stand as the judgment of the Senate?

Mr. KUCHEL. Mr. President, I shall be very brief.

The substance of the amendment deals with American surplus grain raised by American farmers, owned by the American Government, and paid for by dollars from the American Treasury raised in taxes from the American people.

The relevant part of the amendment provides that the shipments of those surplus agricultural commodities destined to foreign countries "shall be delivered directly to the export vessel at a U.S. port."

That is all this does. It ought to be adopted. It ought to be adopted overwhelmingly. There is nothing in it which discriminates against any one section of the ports in the United States. This simply and solely says a U.S. port.

Surely, Mr. President, the Members of the Senate ought as a body to write into the legislation now before it the text of the amendment. It is for that reason, because I feel that the Chair's ruling is open to some technical question, that I have availed myself of my right to appeal, most respectfully, from the Chair's ruling.

Mr. ALLOTT. Mr. President—  
The PRESIDING OFFICER. Does the Senator from California yield?

Mr. KUCHEL. Do I have time on this amendment, Mr. President?

The PRESIDING OFFICER. The appeal is debatable for 30 minutes.

Mr. KUCHEL. I am glad to yield 1 minute to the able senior Senator from Colorado.

Mr. ALLOTT. Mr. President, I should like to make one remark to my colleagues. I do not intend to vote for the amendment, but because of the situation in which we find ourselves on the floor of the Senate, it is my hope that the Senate will give the same opportunity and consideration to the amendment which has been presented that it gave to all the other amendments presented today which are not strictly germane to the bill. While I shall not support the amendment, I certainly do intend to support the appeal from the ruling of the Chair.



Mr. KUCHEL. I now yield 5 minutes to the able Senator from South Dakota.

Mr. MUNDT. Mr. President, since it appears that the decision as to whether or not the Chair is to be upheld or overruled on this point of order will be determined largely by the attitude of individual Senators toward the amendment itself, I should like to say something, first of all, in opposition to the proposed amendment. Then I shall say something, at the end of my time, about the germaneness of the amendment and the disposition of the point of order.

I am opposed to this amendment, Mr. President, not only as a Senator and a taxpayer but I am opposed to it from the standpoint of the American farmer, who, after all, the pending bill, to extend Public Law 480, is intended to help. The proposed amendment definitely is to the disadvantage of our farmers and to all who pay taxes.

We are trying very hard to reduce the huge surpluses of grain and other crops. It is costing a great deal to dispose of those surpluses. This proposal to amend Public Law 480 would add to that cost without giving any advantage to farmers or anyone else except a few railroads and port facilities on the eastern seaboard. This amendment, by preventing surplus farm commodities destined to move to foreign countries from going to a Canadian port on the seaway and then being transshipped, would mean sharply higher shipping costs to the American farmer.

It seems to me it would be sheer folly for the U.S. Congress to adopt a measure approving a seaway and then adopt a bill providing that we cannot use the seaway after it is developed.

I am reminded of a piece of doggerel which was bounced around in South Dakota when I was a boy:

Father, father, may I go out to swim?  
O, yes, my darling daughter,  
Hang your clothes on a hickory limb,  
But don't go near the water.

Should we adopt the pending amendment we would be building this great seaway, but we would also be saying, "Do not use it. Do not let it help the farmer for whom it was intended. Do not go near the water."

Why should we spend millions of dollars to build a seaway and then take action such as that proposed by the Senator from New Hampshire [Mr. BRIDGES] and the Senator from Maryland [Mr. BUTLER]?

Some of our agricultural problems have been caused by the fact that we have not had proper legislation dealing with transportation facilities. The question of denying the export of agricultural products through the seaway should not be permitted to rise and becloud a successful program such as that proposed in Public Law 480.

The proposed amendment to Public Law 480 takes advantage of the fact that the seaway is unable to accommodate large seagoing vessels fully loaded from the lake ports. The entire seaway just will not take a full 10,000 ton cargo. Therefore, it is necessary to limit to a partial load the loading of most of our farm products that we are exporting.

If we were to adopt the Butler amendment, it would be equivalent to placing a quarantine sign against the use of this great seaway by the farmers of America for the shipment of their products.

Competition is keen in world markets for the farm commodities which we export. We are paying hundreds of millions of dollars in export subsidies in order effectively to compete in the world market.

We are already providing for taking care of the question of rates for the shipment of American commodities overseas in American ships and now an effort is being made to exclude us from using the seaway to get our grains enroute to foreign countries.

Mr. YOUNG of North Dakota. Mr. President, will the Senator yield?

Mr. MUNDT. I yield to the Senator from North Dakota.

Mr. YOUNG of North Dakota. Previous to the opening of the seaway it cost 70 cents a bushel to get wheat from Bismarck, N. Dak., to Buffalo, N.Y.

It was estimated by the Department of Agriculture that the average rate established by the various steamship companies for transportation from Buffalo, N.Y., to Rotterdam was an additional 23.6 cents a bushel. The cost of shipping a bushel of wheat was already more than 90 cents a bushel. The opening of the seaway reduced that cost by 10 to 15 cents a bushel, depending upon the place from where it was shipped.

The Canadians had enjoyed an advantage over us. They have not had a freight rate increase since 1895 on grain shipments moving from their prairie provinces.

Our farmers are attempting to compete with the farm commodities of Canada and other nations of the world, and yet it is proposed to saddle still another burden upon them.

I ask to have inserted in the RECORD at this point, a story appearing in the Washington Post of September 4, 1959, headed "Farm Exports Fell Below 1958 Imports."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### FARM EXPORTS FELL BELOW 1958 IMPORTS

In a reversal of form, the United States imported more agricultural products during the year ending July 31 than it exported.

In the previous 12-month period, the exports exceeded the imports.

Preliminary figures put exports during the year at \$3,720,450,000 in value and imports at \$4,005,258,000. In the preceding year, the exports were \$4,001,820,000 and the imports \$3,929,422,000.

Agriculture Department officials said the decline in foreign sales during the past year largely reflected a sharp drop in cotton sales. United States cotton prices were above world levels.

An upsurge in exports is expected during the 12-month period ending next July 1, largely on the basis that cotton has been returned to a competitive price basis in world markets.

Mr. YOUNG of North Dakota. For the first time in quite a while our imports exceeded our exports. If we crip-

ple the Public Law 480 program, we shall have a still worse situation, and agriculture will be in still more trouble. Agriculture really is in trouble, and before long the whole Nation will be adversely affected.

Mr. MUNDT. The Senator is exactly right. Since wheat is an international commodity, the price of wheat is always quoted as "less transportation," and the farmer consequently suffers a sharp increase in transportation costs when he has to ship by rail, because he is denied the right to ship by water.

The purpose and objective of Public Law 480, both title I and title II, is to stimulate additional exports of U.S. agricultural commodities. It would be the height of inconsistency to adopt legislation prohibiting use of the St. Lawrence Seaway in the implementation of the Government export programs.

We would be trying to go in two directions at the same time, and the Senator from Wisconsin [Mr. WILEY] is precisely correct in raising a point of order against such legislative inconsistency.

I strongly urge that the proposed amendment to Public Law 480 not be adopted.

Mr. SCHOEPPPEL. Mr. President, will the Senator yield?

Mr. MUNDT. I yield to the Senator from Kansas.

Mr. SCHOEPPPEL. I wish to associate myself with the argument made by the distinguished Senator from South Dakota as to the main issue before us. I ask the Senator from South Dakota this question: Is it not a fact that if the amendment is adopted, it will cost the American farmers around 16 or 17 cents a bushel in additional costs?

Mr. MUNDT. The Senator is entirely right, depending upon where the farmer is located. However, transportation always costs all American farmers a very substantial amount, and instead of permitting Public Law 480 to work to the advantage of the agricultural industry, it would make it work to the disadvantage of the agricultural industry.

Mr. SCHOEPPPEL. I think it has been calculated that the average cost from the Midwestern States affected would be increased by 16 or 17 cents a bushel.

Mr. MUNDT. I believe the Senator's statistics are correct.

Mr. WILEY. Mr. President, will the Senator yield for a question?

Mr. MUNDT. I yield to the Senator from Wisconsin.

Mr. WILEY. Is it not true that this amendment would not only take from the farmers what has been stated, but would also take from the economy of the Great Lakes what it has now? I say that because smaller vessels which are transporting grain to Montreal will continue in that process, until the larger vessels can get through. I know what my good friends from the East want. I do not blame them. We had to fight them until the hot spot really froze over to get the St. Lawrence Waterway through.

The PRESIDING OFFICER. The time of the Senator from South Dakota has expired.



Mr. KUCHEL. I yield 2 additional minutes to the Senator.

Mr. WILEY. If that is the case, the strong words used by my good friend from Maryland are not apt at all. He suggests that we are taking something from them. The only thing that we are claiming is that which belongs to us. The wheat is grown in the Midwest and West, and its natural channel of disposition is where it has been going continually.

Mr. MUNDT. The Senator is exactly correct. If this amendment were adopted, we would be in worse shape than we were before the passage of Public Law 480, so far as shipping is concerned; and as one who has been an early vigorous and consistent supporter of the St. Lawrence Seaway since before the time I came to Congress over 20 years ago, I believe it would be a travesty to have an amendment of this kind fastened on a piece of legislation designed to help the American economy and designed to help the American farmer, providing a market for disposal of his surplus products.

Mr. President, I wish to say a word on the point of order raised by the Senator from Wisconsin. This legislation is designed to aid the export of agricultural surpluses and to make them available, under a series of formulas, to people in foreign countries. The Butler amendment deals with something entirely remote from that. It deals with what might be described as a maritime problem. I believe the Chair has ruled precisely correctly in saying it is not germane, and I hope the Members of the Senate will sustain the ruling of the Chair if that issue is brought to a vote and the point of order is not withdrawn. However, this is an issue which sooner or later must be decided on merit, so perhaps the point of order should be withdrawn, and the amendment defeated now while all Senators have the arguments clearly in mind.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KUCHEL. I now yield 2 minutes to the able Senator from Maryland [Mr. BEALL].

Mr. BEALL. Mr. President, I should like to ask the Senator from South Dakota a question. Is it not a fact that the subsidies on grain raised in the United States are paid by all the taxpayers in the country?

Mr. MUNDT. In the first place, the Senator from South Dakota states that he denies that subsidies are paid on grain raised by the American farmer. There is a price support program, but it is not a subsidy by any means. Frequently the American Government has made money in the disposition of grain it has been required to claim for its ownership under the price support program.

Mr. BEALL. There is no difference between a subsidy and a support program.

Mr. MUNDT. If the Government is getting a profit, it is not paying a subsidy.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KUCHEL. I yield 1 minute more to the Senator from South Dakota, in order that he may yield further to the Senator from Maryland.

Mr. BEALL. Mr. President, until recently the Department of Agriculture has required that surplus agricultural commodities destined for oversea ports be shipped through U.S. ports. This requirement was implemented through regulations directing that the commodities in question must be inspected and graded by U.S. grain inspectors who were stationed only at U.S. ports.

On July 23, 1959, the Department of Agriculture announced modifications in its requirements which have become effective on September 1, 1959. Under the new regulations, the Department will establish official grain inspection services at Canadian ports.

The net effect of this change will be to divert millions of tons of commerce away from United States ports and into Canadian ports.

I rise to oppose this practice that will subsidize the development of Canadian ports with Federal funds and, at the same time, deprive our own ports of much needed commerce.

We must not forget that the commodities shipped under Public Law 480 are subsidized under programs that represent a major item in our Federal budget. It seems to me that the price supports could serve a dual purpose if we required that the commodities be shipped through American ports. In this way, we would be benefiting both the American farmer and the American port of shipment rather than the Canadian ports which will become heir to this new windfall under the Department's regulations.

It is interesting to note that the St. Lawrence Seaway was financed by all the taxpayers of the United States. The grain in question is subsidized by all the taxpayers of the United States. Yet we now find ourselves in the embarrassing position of taking from a large segment of our population their very livelihood. I refer to those people who live and work in the vicinity of those U.S. ports which will lose millions of tons of commerce if this amendment is not adopted.

I refer to the workers who service these great ports—the men who load the ships; the men who transport this grain to the ships; I refer to all those men and their families who take part in the process of delivering a bushel of grain from an American port to a foreign port. I am thinking of our merchant marine fleet which is already losing millions of tons of commerce to foreign bottoms.

I am thinking of the railroads whose plight we recognized through legislation last year.

Mr. President, the failure to adopt the Bridges' amendment will deal a severe blow to millions of Americans who will nevertheless continue to pay taxes which will benefit not the ports of Baltimore or New York, but, of all places, the port of Montreal.

The Department of Agriculture is presumed to issue regulations that are in the public interest.

I submit that any regulations which have the effect of diverting commerce

from American ports to a foreign port are not in the public interest.

Since the enactment of Public Law 480, agreements signed under its authority have represented some \$3,700 million in foreign currencies.

A report of the Senate Committee on Agriculture and Forestry dated July 15, 1959, shows the following totals of shipments which have been made or will be made under this program, as follows: 840 million bushels of wheat; 4 million bales of cotton; 33.5 million bags of rice; 210 million bushels of feed grains; and 250 million pounds of tobacco; as well as other commodities.

I repeat, Mr. President, that all the taxpayers of the United States contribute to the subsidization of these commodities. Yet, we are told that it will be necessary to establish an inspection service at Canadian ports.

I fail to see how this can possibly be in the public interest. I fail to see how any program favoring foreign ports over those of the United States can be in the public interest.

For these reasons, Mr. President, I urge the adoption of an amendment to S. 1748, which would require that shipments of surplus agricultural commodities destined to foreign countries, exported under titles I, II, or III of Public Law 480, be delivered directly to the export vessel at a U.S. port.

Mr. KUCHEL. Mr. President, I yield 2 minutes to the distinguished Senator from Massachusetts.

The PRESIDING OFFICER. The time of the Senator from California has expired.

Mr. KUCHEL. Mr. President, I yield 2 minutes on the bill to the Senator from Massachusetts.

Mr. SALTONSTALL. Mr. President, we are not arguing the merits of this question. We are arguing whether the point of order is well taken or not. That comes under the question of germaneness. I simply make this point: The grain has to go abroad in ships. It has to go abroad somehow. It cannot get to Europe or anywhere else unless it is moved in ships. To say that the port where a ship shall be loaded shall be designated seems certainly to be germane to the bill. I am not arguing the merits as expressed by the Senator from South Dakota and the Senator from North Dakota. The only question before the Senate is the point of order on the ground of germaneness.

I submit most respectfully that when grain has to be moved by ship, the port on the Atlantic seaboard where the grain must go can be designated.

Mr. KUCHEL. Mr. President, I yield 2 minutes on the bill to the junior Senator from Pennsylvania.

Mr. SCOTT. Mr. President, I agree with the statement of the distinguished Senator from Massachusetts. I support his position as to the germaneness of the amendment. I also associate myself with the general sentiments expressed by the two distinguished Senators from Maryland. I will support the amendment.

Mr. President, I ask for the yeas and nays.



Mr. JOHNSON of Texas. Mr. President, I hope the Senator will not ask for them. There will be a lot of trouble securing the withdrawal of such an order.

Mr. SCOTT. Mr. President, I withdraw my request at this time.

Mr. KUCHEL. Mr. President, I yield 2 minutes to the senior Senator from Pennsylvania.

Mr. CLARK. Mr. President, I oppose the ruling of the Chair. I shall confine my remarks at the moment to the point of order; later I shall speak briefly on the amendment.

The Chair has ruled, on the advice, of course, of the Assistant Parliamentarian, that the amendment is out of order because it is not germane to the bill. But, Mr. President, if this amendment is out of order, then all the amendments which the Senate has been voting on for the last few days have been out of order.

What does the amendment propose to do? It purports to amend section 2 of the Agricultural Trade and Assistance Act of 1954 by adding a new section, section 306. That was what the Senate did 45 minutes ago when the amendment of the Senator from Kentucky, of myself, and other Senators was agreed to and a new section, 306, was included in the bill. That is exactly what we did on Friday, when we were debating the bill, when the distinguished Senator from Minnesota was bringing up amendments. The distinguished Senator from Minnesota was bringing up amendment after amendment after amendment. This amendment does nothing more than those amendments were intended to do. It puts a new section in the bill. If this amendment is out of order, so is every amendment which has gone before.

The amendment adds a new section to the Agricultural Trade and Assistance Act. It is directly pertinent to the act. It provides that surplus food called for to be shipped to foreign countries under the act will have to be shipped from American ports. If that is not germane to the purpose of Public Law 480, I do not know what germaneness is. It seems to me that the ruling of the Chair was erroneous, and I ask the Chair to withdraw it.

Mr. JOHNSON of Texas. Mr. President, I hope Senators will indulge me for a few minutes, because I think we are about to do a number of Senators a decided injustice.

The Senate is operating under a unanimous-consent agreement. The Senate, as all Senators know, has no rule of germaneness. The only reason why a point of order would lie, if one does lie—and I do not believe it does—is that a unanimous-consent agreement is in effect. The only reason why the provision relating to germaneness is incorporated in unanimous-consent agreements is that several Senators, including the able senior Senator from Florida [Mr. HOLLAND] have insisted that when we have unanimous-consent agreements, we require that a provision relating to germaneness be included, so that controversial riders such as civil rights cannot be added from time to time without the knowledge of Senators. That has

been the only reason for the provision relating to germaneness. That was the only reason why it was included in this unanimous-consent agreement.

I doubt that many amendments which the Senate has considered thus far with respect to Public Law 480 would have been held to be germane if the majority leader or any other Senator had decided to make a point of order. I stated that the other evening to the distinguished Senator from Minnesota [Mr. HUMPHREY]. I told him that if any Senator decided to make a point of order on his amendments, they could be ruled out on the ground that they were not germane; but that if such a ruling were made, it would not be keeping faith with the Senate, and it would not be in accord with what Senators agree to when they enter into unanimous-consent agreements.

There is no Member of the Senate for whom I have greater respect or affection than the present Presiding Officer, the distinguished senior Senator from Alaska [Mr. BARTLETT], whom I have known for a number of years. He is carrying out the advice which the Assistant Parliamentarian gives him. I respect the judgment of the Assistant Parliamentarian. He knows much more about the rules than do any of us, although in this instance I think he is wrong, and in this instance I do not believe a point of order should lie.

I regret that the Chair has made the ruling he has made. I regret that the point of order has been raised.

I hope that if there is no other way to get out of this situation, so as to keep faith with all of us, the Senate will vote to override the ruling of the Chair, so that we can then vote on the merits of the amendment.

I am not prepared to discuss the relative merits of the amendment, but all Senators ought to be willing to let the amendment stand on its own bottom, without having to raise a point of order.

As the Senator who submitted the unanimous-consent agreement, and who has submitted a great many of them in the past, in an attempt to expedite the action of the Senate, I may say that I did not anticipate that a point of order would be raised. I do not think it properly lies. I think the amendment is germane. I hope the Senate will vote to override the ruling of the Chair, if that becomes necessary. I do not believe Senators should want to rely on a unanimous-consent agreement obtained for another purpose in order to withhold a vote on any amendment.

Senators can do no more than pass upon it after a few hours, because when we are not operating under a unanimous-consent agreement, as we will not be in a few minutes, the amendment can be offered to any other bill, and then a vote can be had on the merits of the question. So I do not see why we do not take a vote now on the merits of the amendment. If it is necessary to vote to override the ruling of the Chair, I am willing to vote to override, notwithstanding what I have said about my great respect for the present occupant of the chair. It was never the intent of the

unanimous-consent agreement to bar amendments such as the one offered by the Senator from Maryland [Mr. BUTLER] or the ones offered by the Senator from Minnesota [Mr. HUMPHREY].

I can imagine the furor which would have gone up in the Chamber if we had technically applied the present ruling of the Assistant Parliamentarian to each amendment which has been offered.

I believe in the Golden Rule, doing unto others as I would have them do unto me. I think in this instance the sponsors of the amendment have a right to try to "sell" it on the basis of its being good for the United States; and that the opponents have every right to oppose the amendment on the ground that it would be damaging to the country, and thus probably defeat the amendment. But I hope it will not be necessary to refuse to vote on it merely because it is held not to be germane. I think a reading of the amendment by any lay person will indicate that it is germane. He will conclude that it is germane. But if we use the yardstick of the ruling of the Chair on this amendment, I believe all the other amendments would have to be ruled out too.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. MORSE. I agree with every observation the majority leader has made in regard to the point of order.

Mr. JOHNSON of Texas. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. MORSE. I think we all know, as the Senator from Texas has pointed out, that the only reason why the language of germaneness was included in the agreement in the first place was to protect Senators who are opposed to civil rights legislation from having any civil rights riders attached to proposed legislation.

The Senator from Texas has made a statement of fact, and I assure the Senate that I will implement that statement of fact, so far as future action is concerned, in that the same amendment will be offered before this session of Congress adjourns sine die, in an appropriate place in our proceedings, because those of us who are in support of the amendment propose to have a vote on this amendment before the Senate adjourns sine die.

I am sure the senior Senator from Wisconsin knows that I do not have a dearer friend in the Senate than he, because I think it is proper to say that a very close personal relationship exists between the senior Senator from Wisconsin and the senior Senator from Oregon. Therefore, I should like to have the Senator from Wisconsin give consideration to the parliamentary situation now confronting us, because the only thing he could gain by pressing for action on his point of order would be a little time; assuming that the Chair is sustained—and I doubt that the Chair will be sustained; but let us assume that he will be sustained. As surely as the Senator from Wisconsin is on the floor of the Senate this afternoon, there will



be a vote on the amendment anyway. Therefore, I respectfully suggest that the senior Senator from Wisconsin agree to withdraw his point of order, as the Assistant Parliamentarian has said he can do, if he decides to do so, and that would clear the table, so to speak, and the Senate could proceed to a vote, and stand or fall on the best opinion of the Senate as to the merits of the amendment.

Mr. JOHNSON of Texas. Mr. President, I yield to the senior Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I may say to the distinguished majority leader and to my good friend, the distinguished Senator from Wisconsin [Mr. WILEY], that I believe exactly as does the Senator from Wisconsin [Mr. WILEY] regarding the effect of the amendment of the Senator from Maryland. I oppose the amendment; I think it would be unjust, unfair, and would work hardships upon American agriculture and upon the American economy.

But I must confess that, as the majority leader has said, there is a sort of golden rule which should apply, and that those of us who oppose the amendment would strengthen our case by proceeding on the basis of meeting the amendment head on, on its merits.

I have discussed this matter with a number of my colleagues on this side of the aisle who also oppose the amendment. They think that the ruling of the Chair on the point of order in regard to lack of germaneness is not one with which they can agree, for they believe that we should not lose the strength of our opposition to a substantive matter by agreeing that the amendment should be ruled out on a procedural point.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Minnesota yield to me?

Mr. HUMPHREY. I yield.

Mr. JOHNSON of Texas. The Senator has used the word "phony." I referred to the matter as one of procedure. I wish to state that anyone who raises such a point of order is not doing anything improper, but is perfectly within his parliamentary rights.

I have no better friend than the Senator from Wisconsin [Mr. WILEY]; and there is no more able Member of the Senate than the present occupant of the chair [Mr. BARTLETT]; and I have pointed that out. The Senator from Wisconsin is not only my friend; he is also my counselor from moment to moment and from hour to hour. I do not want anything I have said to be interpreted as a statement to the effect that the Senator from Wisconsin should not have raised the point of order.

But I wanted to point out the intent of the unanimous-consent agreement; and I believe that Senators who are opposed to the amendment would better preserve their position by voting against the amendment, rather than by refusing to permit the Senate to vote on the amendment at this time.

Mr. HOLLAND. Mr. President—

Mr. JOHNSON of Texas. I yield.

Mr. HOLLAND. I thank the majority leader for yielding to me.

Mr. President, it happens that I am not in accord with this amendment, not because I am unsympathetic with the plight of some ports whose business is going to be affected, but because ever since I voted for the St. Lawrence Seaway program, I have known that adjustments in maritime commerce, such as that now confronting us, would be made necessary by the service rendered by that great waterway.

It was my pleasure, in representing the Senate Appropriations Committee, to attend the dedication of the waterway; and I attended it because I felt all of us were proud of the fact that the waterway had been completed and would be in service to us and to the free world.

As much as I like my distinguished friend, the Senator from Maryland [Mr. BUTLER], I expect to oppose his amendment on its merits, because to take the position that we have constructed this great waterway, but will not use it, particularly when it will be of benefit to both our Government and its economy, would be wrong.

The majority leader is entirely correct in his statement that the reason for the insertion of the provision for the requirement of germaneness in all unanimous-consent agreements is the feeling of some of us, including myself—and frequently we have stated our position on the floor—that if we are going to enter into unanimous-consent agreements to lay aside the customary rules in order to do something constructive in connection with passage of legislation pertaining to other fields, we should have knowledge and assurance that we shall not be confronted with civil rights proposals under a limitation of debate.

The PRESIDING OFFICER. The time yielded to the Senator from Minnesota has expired.

Mr. HOLLAND. Mr. President, will the Senator from Texas yield further to me?

Mr. JOHNSON of Texas. Mr. President, has all time expired? If not, I ask the Senator from Louisiana to yield 3 additional minutes to me, so that I may yield to the Senator from Florida.

Mr. ELLENDER. I yield.

Mr. JOHNSON of Texas. I thank the Senator; and at this time I yield further to the Senator from Florida.

Mr. HOLLAND. Mr. President, I shall conclude my statement in just a moment.

It seems to me that the ruling of the Chair in sustaining the point of order on germaneness should be overruled by the Senate without reference to its technical correctness so that the Senate may express its sentiments in regard to the amendment itself.

I may say also that I am not entirely sure that the point of order was correctly made, because I note that since the pending unanimous-consent agreement was entered into, the Senate has voted into the bill provisions in regard to title II of the existing law; and anyone who takes time to read title II will find in it several provisions relating to "f.o.b. vessels in U.S. ports," and other provisions relative to shipment of surplus farm products, including, and I quote, "on board vessels in U.S. ports," and so forth.

I think the Senate should face this issue on its merits.

It is for that reason that I hope the Chair's ruling on the point of order will not be sustained—and let me say that I have not only respect but affection for the Presiding Officer [Mr. BARTLETT], who, I know, is relying, as he should, upon the advice of the Assistant Parliamentarian in connection with this matter.

Mr. JOHNSON of Texas. Mr. President, I yield 1 minute to the Senator from Ohio [Mr. LAUSCHE].

Mr. WILEY. Mr. President—

Mr. JOHNSON of Texas. First, Mr. President, let me yield to the Senator from Wisconsin.

Mr. WILEY. Mr. President, I have listened to my brethren; and the only admonition I can give is that when we face another situation that is similar we will likewise give it consideration.

I thought the point of order which provided opportunity, in connection with the appeal from the ruling of the Chair, for what I regarded as a very fine exposition of the merits of the issue, would solve the problem.

I have listened to the majority leader and to the other Members of the Senate who have spoken; and, of course, I realize that often legislation is a matter of give and take.

So, Mr. President, I withdraw my point of order.

Mr. JOHNSON of Texas. I thank the Senator from Wisconsin very much.

The PRESIDING OFFICER. Without objection, the point of order is withdrawn.

Mr. JOHNSON of Texas. Mr. President, have the yeas and nays been ordered on the question of agreeing to the pending amendment?

Mr. KUCHEL. Yes.

Mr. ELLENDER. Mr. President, I yield 1 minute to the Senator from Michigan [Mr. HART].

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. HART. Mr. President, I appreciate the opportunity merely to say that in the 1 minute the Senator from Louisiana has yielded to me, I desire to pay a compliment. I realize that perhaps on a nationalistic basis the Senator could take a very narrow view of this amendment. However, I believe that, instead, he views the amendment on the basis of the broad interest of the entire country when he opposes the amendment.

I believe the basic issue now before the Senate is whether we shall permit eastern ports to charge a toll of approximately 15 to 17 cents a bushel on wheat moving out of this country; or whether we shall not permit that to be done; also, whether we shall treat the St. Lawrence Seaway in the way an automobile was treated 50 years ago—in other words, that it is all right to own one, but do not use it. I believe that nothing could be more shortsighted.

Mr. LAUSCHE. Mr. President—

Mr. ELLENDER. Mr. President, I yield 2 minutes to the Senator from Ohio [Mr. LAUSCHE].

Mr. LAUSCHE. Mr. President, at the outset I should like to make a comment



about unanimous-consent agreements. I cannot subscribe to the argument that the inclusion in the unanimous-consent agreements of a provision requiring that amendments be germane to the substance of the bill to which the agreement applies is only the consequence of trying to guard against attempts to include civil rights amendments in such measures.

In my opinion, the principal purpose of the requirement of germaneness is to make certain that, in dealing with an important piece of proposed legislation, debate on such matters will not be limited to one-half an hour or to whatever other period of time is prescribed by the agreement.

The portion of unanimous-consent agreements which requires germaneness is not ad hoc civil rights. Instead, the germaneness provision of such agreements is incorporated in them on the basis of application of the principle that under no circumstances, by means of such unanimous-consent agreements, will Senate debate on so important a subject as civil rights or any other important subject be subject to the one-half hour limitation or other limitation prescribed by the agreement.

I would never subscribe to a consent agreement of that type if it had in mind only the civil rights bill.

Now, getting to the merits of the amendment of the Senator from New Hampshire [Mr. BRIDGES], the Senator from Maryland [Mr. BUTLER], and other Senators, I think we are entering into a dangerous field when the United States Congress contemplates declaring what type of transportation shall be used and what ports shall be used by a department of government in transacting the business of the world. I think it is generally conceded that this amendment contemplates making mandatory movement by water and by railroads of the grains of the interior to ports along the Atlantic and the Pacific coasts.

Mr. HUMPHREY. Mr. President, may we have order? I want to hear the very able argument of the Senator from Ohio.

The PRESIDING OFFICER. The Senate will be in order. The Senator from Ohio.

Mr. LAUSCHE. I humbly suggest a question to this Congress: By what authority of the Constitution or of ethics can be it be said that Cleveland shall be excluded as a possible port of shipment, and that Baltimore shall be chosen? By what authority can we in this Congress say that the farmers of the country shall have to pay 15 cents a bushel more in transportation to serve the ports along the Atlantic and the Pacific coast, at the expense of the interior and the American farmer?

Moreover, what answer shall we give to the arguments that the St. Lawrence Seaway should be developed, and that the farmer should be able to compete with the world in the shipment of his products, because of the creation of reasonable rates of transportation, instead of the extravagant rates that they were supposedly required to pay?

I love the Senator from Maryland, but I believe that, in solitude, if he will reflect upon his proposal, he will answer, "Probably the opponents of my measure are right."

The U.S. Congress should not start channelizing where the business shall be, but should allow it to flow on the basis of natural laws, which allow to get the business the type of transportation which is able to deliver the goods at the lowest price, whether it be railroads, transportation companies on the lakes, or those on the Atlantic or Pacific coasts.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield to the Senator from Nebraska.

Mr. CURTIS. If the Congress adopts a policy of directing the type of transportation that shall be used, does it not also follow that it should adopt a policy that directs how coal, other minerals, and any other type of commodity shall be shipped?

Mr. LAUSCHE. I subscribe completely to that declaration.

The PRESIDING OFFICER. The time of the Senator has expired.

All time on the amendment has expired.

Mr. HUMPHREY. Mr. President, I wonder if the Senator from California—

Mr. ELLENDER. Mr. President, I yield one-half minute on the bill to the distinguished Senator from Ohio [Mr. YOUNG].

Mr. KUCHEL. Mr. President, I have previously had 2 additional requests for time.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. YOUNG of Ohio. Mr. President, I desire to ask unanimous consent to have inserted in the RECORD a speech I had prepared for delivery on this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### STATEMENT BY SENATOR YOUNG OF OHIO

Although the battle for the great St. Lawrence Seaway has been fought and won, its opponents are constantly introducing legislation which would nullify this progressive achievement. The same groups who fought bitterly to prevent its construction are now trying to smother it in its infancy.

We have before us for consideration an amendment which on its face appears to be the soul of innocence, the essence of patriotism. At first glance, it appears to merely state that ships transporting surplus agricultural commodities to foreign countries shall be loaded only at a U.S. port. This sounds harmless enough.

I assert that this harmless-looking amendment is nothing more than a "wolf in sheep's clothing," which for all practical purposes would prevent the shipping of surplus farm products, especially grain, to foreign countries from Great Lakes ports, our fourth seacoast.

I maintain that it is a flagrant attempt of eastern and gulf coast shipping corporations in combination with railroad interests to stifle the flow of trade through our newly created Great Lakes seaports. It would, to their great satisfaction, erase the seaway's natural function as a commercial waterway for grain and other farm products from their great Midwest Farm Belt.

The proponents of this legislation are well aware that large oceangoing vessels cannot move through the seaway when fully loaded with grain. They know that the 27-foot channel does not permit a full ocean cargo.

They are cognizant of the fact that because of this, oceangoing vessels take advantage of as heavy a cargo as the lake route will permit and further along the seaway in Canadian territory, where there are no channel limitations, fill their remaining capacity with American grain previously shipped through the seaway and stored at Canadian ports.

This amendment fools no one. It would forbid this transshipment of U.S. wheat from Canadian ports. The effect would be that the surplus farm products of the Midwest would have to be shipped by rail to the ports of the East and the South.

A recent Department of Agriculture rate study shows that grain shipped via the seaway from 17 States is shipped at an average of 17 cents per bushel less than by other shipping routes. Loss of this saving would cost the American people millions of tax dollars.

It would adversely affect our already hard-pressed farmers. Anything that increases the cost of shipping these commodities can jeopardize this program so vital to them.

Mr. President, the American people did not pay half a billion dollars to build this seaway merely for the use of rowboat and canoe enthusiasts. It was constructed to facilitate and diminish the cost of shipping. The Department of Agriculture study shows that it fulfills both these great expectations.

Now it is proposed that the taxpayers, having paid for a seaway, now should pay extra money to limit its use. That would be like buying a new washer and dryer and then insisting that your wife use a scrub board.

This amendment will create an artificial barrier that will substantially increase the cost of shipping surplus from my own State of Ohio and the entire Midwest.

It is a fact that the proposed amendment will mean more business for railroad interests and fatter profits for shipping corporations on our Atlantic and gulf coasts.

It is also a fact that these profits will be at the expense of not only the American taxpayers and farmers but of the seaway itself. Since the financial stability of the seaway depends on the tolls received, this amendment, if passed, could result in a drastic curtailment of the seaway's income.

I, for one, do not want to see the American taxpayer forced to shell out the increased transportation cost which will result if this amendment passes. I do not like to contemplate the higher transportation costs in the future to the people of the Midwest because of selfish attitudes of certain vested interest groups.

Mr. President, these groups never seem to learn that what benefits all Americans will inevitably be of benefit to them. They never seem to realize that although progressive legislation may bring a temporary setback, in the long run it brings even greater profits.

I was privileged to be a Member of the Congress that passed the original Social Security Act and to have played a part in its passage. Later I served as a member of the Ways and Means Committee of the House of Representatives during which time important amendments to the Social Security Act were considered and passed.

Each time the insurance companies screamed "socialism" and let up a howl of protest that social security meant the ruination of the insurance industry. They repeatedly tried to nullify this great social legislation and oppose any extension of it.

Yet, today any insurance salesman will tell you that social security is his best talking



point in selling insurance and that it has been the most vital factor in making Americans more insurance conscious. It has stimulated millions of Americans into buying private insurance to supplement their social security benefits in their retirement programs.

In great part due to the social security legislation it fought so strongly, the insurance industry is more prosperous than ever and constantly growing.

The same story could be told of all progressive social legislation and the vested interest groups who opposed them—FHA, CCC, GI bills, and many others.

Not long ago I had a visit from a savings and loan executive who complained of legislation which has been introduced which would deprive his company of Federal Deposit Insurance Corporation benefits. It amused me that this same man violently objected to the FDIC and all progressive banking legislation during the days of the New Deal.

Likewise, Mr. President, the great St. Lawrence Seaway will bring progress and greater prosperity not only to the Great Lakes region but to all America. As the people of the Midwest receive the benefits of this great project they will buy more of the products manufactured in other regions. All will benefit, including the port and rail interests who are unable to see any farther ahead than next year's profit and loss statement.

they are trying now and will try again to use their "Trojan horse" tactics to deprive America of the full benefit of the seaway.

I urge that this amendment, this latest attempt to covertly destroy the usefulness of the St. Lawrence Seaway, be defeated if Americans are to benefit from the fruits of this forward-looking achievement.

Mr. ELLENDER. Mr. President, I yield one-half minute on the bill to the Senator from North Dakota [Mr. YOUNG].

Mr. YOUNG of North Dakota. Mr. President, I had prepared a statement on the pending amendment. Since time is short, I ask unanimous consent that there be printed in the RECORD at this point the speech I had intended to deliver.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR YOUNG OF NORTH DAKOTA

The proposed amendment to Public Law 480 would have the effect of prohibiting the transshipments of surplus U.S. grain from Canadian ports on the St. Lawrence Seaway. This proposal is just another effort by interests opposed to the St. Lawrence Seaway to keep trade from utilizing that facility. The completion of the St. Lawrence Seaway and its opening should mean freedom to utilize that facility to the maximum extent practicable for the benefit of American industry, including agriculture.

This effort to amend Public Law 480 to prohibit the transshipment of our surplus agricultural commodities moving under provisions of that law and thus from utilizing Canadian ports on the St. Lawrence Seaway would definitely be a step backward. The St. Lawrence Seaway is now in operation and the Congress should not take any steps which would restrict its use to the detriment of American agriculture. Every advantage possible is needed in order to encourage the export of our agricultural surpluses.

The proposed amendment is aimed directly toward restricting the use of the St. Lawrence Seaway to the direct benefit of certain eastern seaboard railroads and ports. Why should we restrict the use of the new

seaway for the special benefit of those certain special interests? They should be willing to compete for the trade without such protective legislation as is proposed.

At the present time surplus grain from American farms can be transported through the St. Lawrence Seaway to European countries at several cents per bushel less than the cost of moving it from the Midwest by rail to the east coast for export to Europe. Therefore, the adoption of the proposed amendment would be at the expense of the American farmer, the taxpayer, or both.

This proposed legislation would mean that we first spend millions of dollars in helping build the St. Lawrence Seaway, and then almost immediately restrict its use in moving surplus farm products and by so doing force the Government to pay higher transportation costs in order to move those surpluses abroad. It would not make much sense.

I am sure if the questions involved in this proposal were well known to members of this body, it would not be adopted. The proposal sounds simple enough but there is a great deal behind it.

It is not generally known that full ocean cargo loads cannot move through the entire seaway. In practice the loading of surplus corn, for example, at our lake ports for shipment abroad has to be limited to cargoes of as little as one-half of normal loads. Further along the seaway, at a Canadian port, it is possible for those ships to be loaded to capacity with U.S. grain stored at that Canadian port. This practice is called "topping off." The grain used in "topping off" the cargo is U.S. grain. It has been previously brought to that port, unloaded and stored at the Canadian port for this particular purpose.

The proposed amendment would prohibit the use of this system in moving surplus agricultural commodities under Public Law 480.

I cannot believe that either the American farmer or the general public would approve of any law which would prohibit this practice and thus cause a greater expense in moving our surpluses.

I urge that this proposed amendment be rejected.

Mr. HUMPHREY. Mr. President, will my beloved friend from California yield 1 minute to me?

Mr. KUCHEL. I yield 1 minute to the distinguished Senator from Minnesota.

Mr. HUMPHREY. A finer friend no man could have.

Mr. President, I oppose this amendment.

I oppose this amendment for one simple reason, and yet one that is very profound. It is unfair. It has no place in this legislation or, to my mind, any other.

The Department of Agriculture has prepared a bulletin entitled "Potential Effects of the St. Lawrence Seaway on Costs of Transporting Grains." It is Marketing Research Report No. 319.

On the third page of the report it points out the maximum potential savings as computed in cents per bushel:

On wheat, from Duluth to Rotterdam, 17.23 cents.

From Chicago to Rotterdam, 17.52 cents.

From Toledo to Rotterdam, 12.9 cents a bushel.

I say to my colleagues we cannot toss aside these kinds of savings on the basis that we want to help one port as compared to another.

I want the ports of Philadelphia, Baltimore, and all the others to go to their maximum utilization. With this country's ever-expanding economy and prosperity, I think they will.

Combined shipments from beginning of this season—at breaking of ice—up to August 1 on the Great Lakes via the St. Lawrence Seaway totaled 68,656,348 net tons, representing a large increase over last year when 48,342,041 tons moved.

Movement of ore this season up to August 1 was 35,577,842 gross tons, compared with 21,753,390 in 1958.

Movement of bituminous coal this season up to August 1 was 22,246,277 tons, compared with 18,790,458 in 1958.

In July of this year, 2,075,100 net tons of grain were shipped, compared with 1,210,646 tons in July of 1958. This was the third highest total monthly movement in history.

These figures are from a report by the Lake Carriers Association of Cleveland, reported in a release dated August 20 to the New York Times.

This data indicates how extremely important the Great Lakes are as an artery of commerce. For grain, the Lakes at last are coming into their own, and a further expansion is probable next year as problems regarding loading facilities, lake traffic patterns, and canal congestion are solved. The Lakes will afford an opportunity for grain farmers, as well as soybean producers, to participate in this more economical freight movement.

Grain moving from 17 States through Duluth to Rotterdam is shipped at an average cost of 25 cents per bushel; from 12 to 17 cents per bushel less than by other shipping routes.

Who would be hurt if this amendment were adopted?

First. The American taxpayer would be hurt because of the greater cost of shipping these commodities by other routes.

Second. The American farmers in 17 States would be hurt, since anything that increases the costs of shipping these commodities endangers the program.

Third. The people in the recipient nations, who need this food, would be hurt.

Fourth. The St. Lawrence Seaway would be hurt. It is a self-liquidating project and any lessening of the volume of traffic will make its operations more costly.

Fifth. Our friendly relations with our ally, Canada, who has shared in the cost of the seaway, would be damaged.

The question of the 50-50 shipments does not really enter here. No change has been made in this law, so 50 percent of the shipments have to move in American ships.

It must not be overlooked that many American Great Lakes carriers are involved in shipping the grain in their smaller boats from Duluth to Montreal, where it is used to top off the loads in the larger ships which were not able to load to capacity in the seaway. If these foreign oceangoing vessels are prohibited from loading American grain, they will load Canadian grain, possibly at distress space rates, so in effect the United



States would be subsidizing the shipment of Canadian grain.

Mr. KUCHEL. Mr. President, I yield one-half minute to the Senator from Kansas [Mr. CARLSON].

Mr. CARLSON. Mr. President, in the short time I have, I merely wish to say that the Congress should not try to direct to shipment of the farm products of the Middle West into certain channels. I want to mention on thing that has not been mentioned this afternoon, and that is that if the amendment prevails the American farmer in the Middle West will be put at a 13- to 17-cent a bushel disadvantage as compared with the Canadian farmer who happens to live north of the St. Lawrence Seaway. That is an important point to bear in mind.

I sympathize with the Senator from Maryland and the other Senators who are sponsoring the amendment, but let us not hang another millstone on the farmers of the Midwest.

Mr. MORSE. Mr. President, will the Senator yield for a question?

Mr. KUCHEL. I yield.

Mr. MORSE. There is one point in this discussion that has me very much puzzled. I am at a loss to understand why the grain, if this amendment is adopted, cannot be shipped from Duluth, Milwaukee, Cleveland, Chicago, or any other grain port, on the St. Lawrence Seaway. What is there about the amendment that says shipments cannot go to those ports and be loaded? If that is true, I do not see how it is a disadvantage to the wheat farmers of the Midwest.

Mr. KUCHEL. The Senator from Oregon is right. I think a cursory reading of the amendment will indicate the complete correctness of his statement.

Mr. YOUNG of North Dakota. Mr. President, will the Senator yield to me so that I may reply?

Mr. KUCHEL. I yield to the Senator from North Dakota.

Mr. YOUNG of North Dakota. It happens that the big storage facilities are on the Canadian side, where American wheat is stored. This amendment would prohibit Public Law 480 wheat from getting the cheaper freight rate made possible by loading out vessels to the maximum.

Mr. MORSE. Would not the amendment be an inducement, which I think is sorely needed, for the development of the American merchant marine and the development of facilities at Duluth, Milwaukee, Cleveland, and elsewhere, so that we could make the wheat available for American ships?

Mr. YOUNG of North Dakota. I think in time storage facilities will be and should be built on the American side, but at the present time the amendment does have the effect of raising the rates from 13 to 17 cents a bushel. Canadians now have a rate from the prairie provinces for export trade of 40 percent of ours, because of the crow's nest provision in their freight rate structure that goes back to 1895. They have not had an increase since that time.

Mr. KUCHEL. Mr. President, I yield 2 minutes to the able Senator from New York [Mr. KEATING].

Mr. KEATING. Mr. President, the point made by the distinguished Senator from Oregon is what I want to stress. Just a reading of this amendment shows all that is required here is that these shipments shall be delivered directly to the export vessel at a U.S. port.

That is what we who are interested in this matter have been trying to convince the Secretary of Agriculture of. We have exhausted every effort at the administrative level and have been unable to convince him. It is necessary to legislate on the subject if we are going to protect the U.S. ports and all the people employed in those ports. The end result of the action taken by the Secretary of Agriculture will be to significantly curtail business through our own ports, perhaps even causing some of them to shut down certain facilities and to throw many people out of work, either decreasing the already very small margin of profit under which they operate, or increasing the deficit.

The Public Law 480 program is not designed to aid foreign ports. It is designed only for the relief of hungry people in the lesser developed countries of the world.

We have, in Public Law 480, a unique foreign aid program which seeks to provide assistance on a basis which will benefit the donor nation at the same time it benefits the recipient. If we allow foreign ports to handle the Public Law 480 grain, we are in effect giving away a part of the possible domestic benefits which can accrue under Public Law 480. There certainly is nothing in the law which says domestic benefits should not accrue.

The American shipping industry has already suffered great and irreparable losses as a consequence of expanded foreign competition. This ruling of the Department of Agriculture will only serve to increase the inroads of foreign competition in the vital industry.

I was interested in the remarks of the distinguished Senator from Ohio [Mr. LAUSCHEL], when he said that he loved our friend from Maryland. I love him, too, and I am going to vote with him.

Mr. CLARK. Mr. President, will the Senator from California yield me 1 minute?

Mr. KUCHEL. Mr. President, I wish to say that the time which has been allocated in the last few minutes has come out of the time which is to be allocated on the bill by whoever occupies this desk. There are going to be some Senators on the Republican side who will wish to speak with respect to the bill. I do not want to exhaust the capacity of whoever occupies the minority leader's chair to make an allocation of time. However, I yield 1 minute to the able Senator from Pennsylvania.

Mr. CLARK. Mr. President, I am deeply touched by the interest of my fine friend, the Senator from Minnesota, in the future of the port of Philadelphia. I share that interest myself. I also have a deep interest in the port of Erie, Pa.

For that reason I shall support the amendment.

The amendment will merely provide that the vast expenditure of capital which has been put into the port of Philadelphia in my State for the purpose of taking grain shipments from railroads and shipping them overseas shall not be totally and completely lost.

I have as much interest in the Great Lakes ports as has my friend from Minnesota in the port of Philadelphia. I should like to see Duluth and every other place prosper, but we can let them wait until they can get ocean shipping into those ports, which they will in due course of time. At that time, if they can compete successfully with the port of Philadelphia for this traffic, I would be happy to have them do so. I see no reason for expediting the arrival of that perhaps unhappy event by providing our friends from Canada a whole lot of business which they would otherwise not get. I hope for that reason the pending agreement will be agreed to.

Mr. KUCHEL. Mr. President, I yield 1 minute to the able junior Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 1 minute.

Mr. MORTON. Mr. President, I think a few things ought to be pointed out. This grain originates in the United States. It comes from Toledo, Duluth, or some other area.

It so happens that in the winter the lakes freeze, and there are several months in the year when one can only transport in the salt water level in the St. Lawrence. The grain for the most part is not stored in grain elevators but is stored in oreboats which cannot be used during the winter. The grain is then transshipped during the months of the freeze from these boats to the ocean-going vessels, or the oceangoing vessels are "topped off" when they come through, because they cannot get through the present channels.

The grain starts from an American port. The grain is handled by an American elevator. The grain is loaded in an American boat. It is merely held, because of a navigational problem, the problem of the channels and the problem of the freezing.

I think the amendment should be defeated.

Mr. ELLENDER. Mr. President, I yield 2 minutes to the Senator from Rhode Island [Mr. PASTORE].

The PRESIDING OFFICER. The Senator from Rhode Island is recognized for 2 minutes.

Mr. PASTORE. Mr. President, I am very much opposed to this amendment because I think it embodies a philosophy which in the long run will do irreparable harm to our free enterprise system.

I want to caution Senators at this moment with reference to another bill which is on the calendar, S. 1789, which is more or less being supported by the wheat growers of this country, which provides, in effect, that because at harvest time the wheat country may have a shortage of wheat conveying freight cars



it is the desire of the Congress to have the people of the East, such as the people of Rhode Island, pay through their railroads an increase in per diem, use of freight cars. This is based on the false philosophy that if the Eastern railroads are compelled to pay this increase perhaps the men who are in the transportation business in regard to wheat will have more money with which to buy more wheat transporting freight cars.

The only reason why the Senator from Rhode Island rises this afternoon is to point out that this same philosophy is being proposed by the people of the Middle West, who are interested in a cheap transportation system because of their wheat production, which will impose an added burden upon the freight conveyors in the East. I repeat and experience proves that the reasoning is unsound. It is a false philosophy that if one raises the per diem on the freight cars in the East accordingly the West will have more freight cars to transport wheat at harvest time. That argument is fallacious.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. PASTORE. I hope we remain consistent, and bear this in mind when S. 1789 comes up for consideration.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. ELLENDER. Mr. President, I yield 1 minute to the Senator from Montana.

The PRESIDING OFFICER. The Senator from Montana is recognized for 1 minute.

Mr. MANSFIELD. Mr. President, I think it ought to be said about the freight car situation that all we in the West and the Middle West are trying to do is to get back the freight cars which belong to the railroads which operate in our area. It seems that when the freight cars come east of the Mississippi what is done in that part of the country is to keep them. The railroads are willing to pay the per diem rate which has been imposed by the Interstate Commerce Commission. All we want is the use of the box cars which belong to the roads which operate west of the Mississippi River.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. PASTORE. That will certainly not be done simply by raising the per diem charge.

Mr. MANSFIELD. It will be all right with us if the cars are sent back.

Mr. PASTORE. We will and we do send the cars back, but we should not have to send them back at cost beyond the rate of return that the railroads themselves have set as fair.

If we wish to be logical, we should remain consistent.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MANSFIELD. We have to find some way to get the freight cars back, because they have been used more in the East than in the West.

Mr. NEUBERGER subsequently said: Mr. President, I ask unanimous consent

that some pertinent telegrams and messages which I received bearing on the Bridges amendment, on which we voted a few moments ago, be included in the RECORD just before the yea-and-nay vote.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

ASTORIA, OREG., August 24, 1959.

Senator RICHARD NEUBERGER,  
Senate Office Building,  
Washington, D.C.:

We are advised that Senator KUCHEL is introducing an amendment to S. 1748 requiring grain distributed under Public Law 480 be shipped through American ports. Along with other Columbia River ports, we endorse this amendment. We would like to urge your studied consideration of the amendment and, if possible, not only support it but jointly sponsor it along with Senator KUCHEL.

PORT OF ASTORIA,  
R. J. BETTENDORF, Manager.

ASTORIA, OREG., August 27, 1959.

Senator RICHARD L. NEUBERGER,  
Senate Office Building,  
Washington, D.C.:

We repeat our urging to support KUCHEL's amendment to S. 1748. We are fearful that without such a restriction, it is conceivable that grain historically moving through Columbia River and Puget Sound ports could be diverted to British Columbia ports without justification.

PORT OF ASTORIA,  
R. J. BETTENDORF, Manager.

PORTLAND, OREG., August 20, 1959.

Hon. RICHARD NEUBERGER,  
U.S. Senate, Senate Office Building,  
Washington, D.C.:

Re S. 1748, respectfully urge your support of amendment to this bill which will insure that all surplus agricultural commodities must be loaded at a U.S. port to vessel transporting goods from U.S. port of loading to foreign port of discharge. Best regards.

R. F. WATTS,  
Commission of Public Docks of the  
City of Portland.

PORTLAND, OREG., August 21, 1959.

Senator RICHARD NEUBERGER,  
Senate Office Building,  
Washington, D.C.:

Port of Portland informed amendment being offered S. 1748 Monday strengthening position of U.S. ports and American-flag steamship lines in export of Government surplus agricultural commodities. Strongly urge your support of this and any other measures intended to keep American ports and ships active. Representatives Green and Norblad informed re similar legislation in House.

JOHN J. WINN, Jr.,  
Port of Portland.

WASHINGTON, D.C., September 1, 1959.

Senator RICHARD L. NEUBERGER,  
Senate Office Building,  
Washington, D.C.:

Re Public Law 480, ship operators west coast strongly support Butler amendment to curb Department of Agriculture use of non-U.S. ports for loading surplus grain exports. Next step might be agriculture desire use of Mexican ports for cotton or British Columbia for grain. Our member companies concentrate on serving U.S. ports and we don't want threat of getting squeezed out of our share of tax financed exports when they move out of nearby foreign ports.

RALPH B. DEWEY,  
President, Pacific American Steamship  
Association.

PORTLAND, OREG., August 27, 1959.

Hon. RICHARD L. NEUBERGER,  
U.S. Senate,  
Senate Office Building,  
Washington, D.C.:

Reference conversation today relative Public Law 480, specifically S. 1748. We emphatically oppose legislation permitting the loading of surplus grain to vessel at any other than U.S. ports. Earnestly ask your best efforts supporting Kuchel or other amendment restricting such export loading to U.S. seaports only. Reasons: First, believe situation parallels in principle 50-50 law regarding use of U.S.-flag vessels which Congress continues despite heavy foreign interest pressure. Second, believe danger inherent that surplus grain loading at foreign ports can be means to avoid 50-50 law. Third, believe establishment of such principle can ultimately result in diversion of our own grain volumes in whatever degree to Canadian west coast ports with heavy loss to us; example, last 2 years Portland exported 2 million and 1½ million tons, respectively, grain surplus and other while Columbia river including Portland exported 4¼ million and 3 million tons same years. Consider port earnings of \$1.50 per ton conservative and even that figure demonstrates financial considerations at stake. Fourth, principle of S. 1748 without amendment inimical to heavy public investments here in particular and in all other U.S. public seaports. Fifth, we understand Kuchel amendment includes U.S. St. Lawrence Seaway and/or U.S. Great Lakes ports. Kindest personal regards. Same wire to Senator MORSE tonight.

THOMAS P. GUERIN,  
General Manager, Commission of Public  
Docks.

PORTLAND, OREG., September 3, 1959.

The Honorable RICHARD L. NEUBERGER,  
U.S. Senate,  
Senate Office Building, Washington, D.C.:

Understand S. 1748, regarding Public Law 480, pending forthwith. As per previous wires, is grave concern to us and vital to entire grain trade our area. Following additional to economic points in our wire August 27. Columbia River averaged approximately 3½ million tons grain export last 2 years inclusive surplus grains. Estimating 15½ tons per longshoreman-hour average hourly rate per man-hour \$3.10 means \$700,-600 total annual payroll from grain alone to longshoremen and exclusive all other earnings, such as rail and barge freights on grain to tidewater vessel earnings, etc., add at least 10 percent for overtime, etc., and longshore payroll. This item alone approaches \$1 million annually. Aside from vicious principle in proposed diversion all economic considerations emphasize urgency your support of Kuchell amendment. Kindest regards.

THOMAS P. GUERIN,  
General Manager, Commission of Public  
Docks.

PENDLETON, OREG., September 1, 1959.

Hon. RICHARD L. NEUBERGER,  
State Office Building,  
Washington, D.C.:

Urge your support of provisions to utilize St. Lawrence Seaway for U.S. grain exports in bill to extend provisions of Public Law 480.

FRANK TUBBS,  
President, Oregon Wheat Growers'  
League.

PENDLETON, OREG., September 3, 1959.

Senator RICHARD L. NEUBERGER,  
U.S. Senate,  
Washington, D.C.:

Oregon Wheat League position is to support whatever encourages sound movement



of the U.S. wheat export. P. & W. is penalized by USDA's programing of 480 wheat from gulf ports, hence anything that improves movement of Midwest wheat improves our position for future exports. P. & W. wheat exports down 30 percent and carry-over up 73 percent in past year. Seaway battle is over. Seaway exists and should be used. Topping cargoes at Canadian points necessary to movement of U.S. wheat.

OREGON WHEAT GROWERS' LEAGUE.

Mr. ROBERTSON subsequently said: Mr. President, I ask unanimous consent to insert in the RECORD, in connection with the debate on the Bridges amendment, a letter and telegram which I received pertaining to that provision.

Without objection the letter and telegram were ordered to be printed in the RECORD, as follows:

NORFOLK PORT AUTHORITY,

Norfolk, Va., August 24, 1959.

Hon. A. WILLIS ROBERTSON,  
U.S. Senator,  
Senate Office Building,  
Washington, D.C.

DEAR SENATOR ROBERTSON: Earlier this afternoon I sent you a telegram urging you to support an amendment to the Agricultural Trade Development and Assistance Act (Public Law 480). The proposed amendment to be inserted as a new paragraph, to follow section 2 of the act, reads as follows: "Provided, That shipments of surplus agricultural commodities destined to foreign countries, exported under title I, II, and III of this Act, shall be delivered directly to the export vessel at a United States port. For the purpose of this section 'export vessel' shall mean the ocean vessel transporting the surplus agricultural commodities from the United States port of loading to foreign port of discharge.

We and other port and transportation and grain interests have met with officials of the Department of Agriculture to protest their action of establishing official U.S. grain inspection services at Canadian points. We were not successful.

An amendment to the House bill was defeated by a vote of 142 to 134 last week. The vote was a sectional one—the grain producing States voting against the proposed amendment and the North Atlantic and Gulf States voting for it.

We believe that the establishment of a U.S. grain inspection service at Canadian ports is not warranted by law; that the Department's decision is contrary to the provisions of the U.S. Grain Standards Act; that the decision is inconsistent with the provisions of the Agricultural Marketing Act of 1946; and it is damaging to the orderly, historic marketing of U.S. grain.

We have two export grain elevators at Norfolk which have just been expanded. Grain has become an important commodity in Norfolk's port commerce and the diversion of grain from Norfolk through Canadian St. Lawrence Seaway ports would seriously affect the economy of this portion of our port business.

We would greatly appreciate your support of this amendment when it is offered.

Cordially yours,

MICHAEL M. MORA,  
General Manager.

NORFOLK, VA.

Senator A. WILLIS ROBERTSON,  
Senate Office Building,  
Washington, D.C.:

Please see my letter, June 26 regarding exports of Public Law 480 grain and proposal of Department of Agriculture place inspectors at Canadian ports thus permitting exportation this grain direct from those ports. Department issued regulations July 23 placing this arrangement in effect September 1. Advised Senate Agriculture and Forestry

Committee will hold executive session tomorrow, August 25 to further consider bill S. 1748 to extend the life of Public Law 480. Urgent that such legislation carry amendment providing that agricultural exports under Public Law 480 principally grain shall be delivered directly to the export vessel at a U.S. port. In event such amendment not added by Senate Agriculture and Forestry Committee, understand it will be offered from floor of Senate. Virginia State Ports Authority urges your support of amendment to require continued exportation direct from U.S. ports. Exports Public Law 480 grain of great importance to Hampton Roads. Figures released by Department of Agriculture indicate that total exports this grain have amounted to about 45 percent of total grain exports from all Atlantic and gulf U.S. ports. Similar telegram being sent Senator BYRD.

D. H. CLARK,

Executive State Ports Authority.

SEVERAL SENATORS. Vote! Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Maryland. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PROUTY (when his name was called). On this vote, I have a pair with the senior Senator from New Hampshire [Mr. BRIDGES]. If he were present and voting, he would vote "yea"; if I were permitted to vote, I would vote "nay." I withhold my vote.

The rollicall was concluded.

Mr. MANSFIELD. I announce that the Senator from Illinois [Mr. DOUGLAS], the Senator from Alaska [Mr. GRUENING], the Senator from Missouri [Mr. HENNINGS], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Wyoming [Mr. MCGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Montana [Mr. MURRAY], the Senator from Florida [Mr. SMATHERS], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

The Senator from Idaho [Mr. CHURCH] is absent on official business attending the Interparliamentary Union Conference at Warsaw, Poland.

The Senator from Indiana [Mr. HARTKE] and the Senator from Wyoming [Mr. O'MAHONEY] are absent because of illness.

The Senator from West Virginia [Mr. RANDOLPH] is absent on official business delivering Labor Day speeches in West Virginia.

On this vote, the Senator from Tennessee [Mr. KEFAUVER] is paired with the Senator from Massachusetts [Mr. KENNEDY]. If present and voting, the Senator from Tennessee would vote "nay," and the Senator from Massachusetts would vote "yea."

The Senator from Alaska [Mr. GRUENING] is paired with the Senator from Texas [Mr. YARBOROUGH]. If present and voting, the Senator from Alaska would vote "nay," and the Senator from Texas would vote "yea."

The Senator from Michigan [Mr. McNAMARA] is paired with the Senator from West Virginia [Mr. RANDOLPH]. If present and voting, the Senator from Mich-

igan would vote "nay," and the Senator from West Virginia would vote "yea."

I further announce if present and voting, the Senator from Illinois [Mr. DOUGLAS], the Senator from Alaska [Mr. GRUENING], the Senator from Missouri [Mr. HENNINGS], the Senators from Wyoming [Mr. MCGEE and Mr. O'MAHONEY], and the Senator from Montana [Mr. MURRAY] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from South Dakota [Mr. CASE] is absent on official business attending the Interparliamentary Union Conference at Warsaw, Poland.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Illinois [Mr. DIRKSEN], and the Senator from Nebraska [Mr. HRUSKA] are necessarily absent.

If present and voting, the Senator from South Dakota [Mr. CASE] and the Senator from Nebraska [Mr. HRUSKA] would each vote "nay."

The pair of the Senator from New Hampshire [Mr. BRIDGES] has been previously announced.

The result was announced—yeas 37, nays 44, as follows:

#### YEAS—37

Beall	Ervin	Muskie
Bennett	Pong	Neuberger
Bible	Frear	Robertson
Bush	Hill	Russell
Butler	Javits	Saltonstall
Byrd, Va.	Johnson, Tex.	Scott
Byrd, W. Va.	Johnston, S.C.	Sparkman
Cannon	Talmadge	Talmadge
Capehart	Keating	Thurmond
Clark	Kerr	Williams, N.J.
Cotton	Kuchel	Williams, Del.
Dodd	Morse	
Engle	Moss	

#### NAYS—44

Aiken	Gore	Mansfield
Allott	Green	Martin
Anderson	Hart	Monroney
Bartlett	Hayden	Morton
Carlson	Hickenlooper	Mundt
Carroll	Holland	Pastore
Case, N.J.	Humphrey	Proxmire
Chavez	Jackson	Schoeppel
Cooper	Langer	Smith
Curtis	Lausche	Stennis
Dworshak	Long, Hawaii	Symington
Eastland	Long, La.	Wiley
Ellender	McCarthy	Young, N. Dak.
Fulbright	McClellan	Young, Ohio
Goldwater	Magnuson	

#### NOT VOTING—19

Bridges	Hennings	O'Mahoney
Case, S. Dak.	Hruska	Prouty
Church	Kefauver	Randolph
Dirksen	Kennedy	Smathers
Douglas	McGee	Yarborough
Gruening	McNamara	
Hartke	Murray	

So the amendment offered by Mr. BUTLER on behalf of Mr. BRIDGES, for himself and other Senators, was rejected.

Mr. WILEY. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. HART. Mr. President, in the necessary absence of the Senator from Massachusetts [Mr. KENNEDY], on his behalf, as well as that of the Senator from Pennsylvania [Mr. CLARK], the Senator from Ohio [Mr. YOUNG], the Senator from Colorado [Mr. CARROLL], the senior Senator from Michigan [Mr.



McNAMARA], the senior Senator from West Virginia [Mr. RANDOLPH], the junior Senator from Montana [Mr. MANSFIELD], the Senator from Oregon [Mr. MORSE], the junior Senator from West Virginia [Mr. BYRD], the senior Senator from Montana [Mr. MURRAY], the junior Senator from Minnesota [Mr. McCARTHY], the Senator from Texas [Mr. YARBOROUGH], the Senator from Wyoming [Mr. McGEE], and myself, I offer the amendment which I send to the desk and ask to have stated. It is designated "9-4-59-A."

The PRESIDING OFFICER. The amendment offered by the Senator from Michigan will be stated.

The CHIEF CLERK. At the end of the bill it is proposed to insert a new title, as follows:

**TITLE IV—DIRECT FOOD DISTRIBUTION PROGRAM  
AUTHORITY OF SECRETARY**

SEC. 401. (a) To provide a more adequate and varied diet to needy persons, the Secretary of Health, Education, and Welfare is authorized and directed to receive from the Department of Agriculture surplus agricultural food products and to purchase supplementary foods in addition to surplus agricultural food products for distribution to such persons through the same channels and under the same standards and regulations as are established for the distribution of surplus agricultural food products. The Secretary shall consult with the Secretary of Agriculture regarding the purchase of such supplementary foods to the end that such purchases will have a maximum effect on increasing farm income, insofar as possible within the purposes of this title.

(b) Insofar as it does not conflict with the basic purposes of this title, the Secretary may utilize the purchasing and processing facilities of the Commodity Credit Corporation to reduce costs and prevent duplication of personnel.

(c) Annual expenditures for the purchase of supplementary foods under this section shall not exceed \$150 million in any fiscal year.

**Assistance to States**

SEC. 402. The Secretary is authorized and directed to give financial assistance to State and local governments in meeting the costs of food distribution, including provision for local storage, where such assistance is necessary to extend and expand the program for the distribution of food to needy persons as directed in this title, including the addition of other cities and counties in the program. Such assistance shall be made available in accordance with standards prescribed by the Secretary based upon a formula which shall include consideration of the per capita taxable wealth of the States and local subdivisions thereof, the per capita revenues of the governmental units from whatever source, and the extent of need as represented by the number of needy persons.

**Standards of eligibility**

SEC. 403. (a) The Secretary is authorized and directed to establish minimum standards of eligibility for participation in the program of food distribution to needy persons. Such minimum standards shall establish the lower limits in terms of income or other resources which an individual or family may have and be eligible for participation. The failure of a State or local subdivision thereof to adhere to such standards shall constitute a bar to participation in this program: *Provided*, That the right of any State or local subdivision thereof currently participating in this program to continue to do so shall not be denied under any such standards until the appropriate

legislative body of such unit of government shall have had reasonable opportunity to adjust standards to those established by the Secretary: *And provided further*, That no State or local government shall be permitted to participate in this program which denies foods made available under this title to needy persons who are ineligible for reasons of lack of legal residence only.

(b) In establishing minimum standards of eligibility for participation in the program of food distribution for needy persons, the Secretary shall specify that the receipt of income or other assistance under the Social Security or related Acts as well as assistance from State and local governments, as such, shall not be the basis for denying eligibility for surplus foods. Insofar as possible standards for participation should relate only to income currently available to needy persons on a per capita basis.

**Transfer of domestic food programs to Department of Health, Education, and Welfare**

SEC. 404. (a) Not later than ninety days after the date of enactment of this title, the administration of the direct commodity distribution programs under section 416(3) of the Agricultural Act of 1949, as amended, is hereby transferred to the Secretary of Health, Education, and Welfare, and all functions and activities carried out by the Secretary of Agriculture under such section shall be carried out by the Secretary within the Department of Health, Education, and Welfare, except as hereafter provided.

(b) Such transfer shall not apply with respect to the donation of food commodities under such section for use in nonprofit school-lunch programs and in nonprofit summer camps for children.

(c) So much of the assets, liabilities, commitments, property, records, personnel, and unexpended balances of appropriations, allocations, and other funds (including authorizations and allocations for administrative expenses), available or to be made available, for the administration of the program administered under section 416(3) of the Agricultural Act of 1949, as amended, and transferred pursuant to this section, as the Director of the Bureau of the Budget shall determine relates primarily to the administration of such program shall be transferred from the Department of Agriculture to the Department of Health, Education, and Welfare at such time or times as the Director shall direct.

**Transfers of surplus agricultural food products**

SEC. 405. (a) Upon request by the Secretary of Health, Education, and Welfare, the Secretary of Agriculture and the Commodity Credit Corporation shall make available a maximum quantity of surplus agricultural food products acquired by the Commodity Credit Corporation. The Commodity Credit Corporation shall upon the request of the Secretary arrange for the processing, enriching, packaging, and delivery to designated points of any food commodity.

(b) The Secretary shall reimburse the Commodity Credit Corporation for costs incurred by the Corporation in making commodities available under the provisions of this title from funds appropriated for the Department of Health, Education, and Welfare pursuant to section 408 of this Act. Such reimbursement shall include all costs incurred by the Corporation in processing, reprocessing, enriching, packaging, handling, and transporting food commodities pursuant to the request of the Secretary, plus the market price of such products at the time such products are requested by the Secretary.

**Priority established**

SEC. 406. Surplus agricultural food commodities available for sale for foreign cur-

rencies under title I of this Act, or for transfer on a grant basis under title II of this Act shall also be made available for distribution under the provisions of this title.

**Maintenance of other assistance**

SEC. 407. Receipt by any person of benefits under this title shall not be deemed to be income or resources under the provisions of the Social Security Act or any other Federal legislation pertaining to the security of the aged, blind, disabled, dependent children, unemployed, or other similar groups. Any State or local subdivision thereof which decreases the cash or other assistance extended to any person or group as a consequence of the assistance made available under this title shall be ineligible for further participation under such program.

**Appropriations**

SEC. 408. There is hereby authorized to be appropriated such sums as may be necessary to carry out the provisions and purposes of this title.

**Definitions**

SEC. 409. As used in this Act—

(a) The term "food commodity" means any food product raised or produced in the United States on farms, including agricultural, horticultural, and dairy products, livestock, poultry and honey.

(b) The term "surplus agricultural food product" means an agricultural commodity acquired by the Commodity Credit Corporation under the price support programs or under section 32 of the Act of August 24, 1935 (49 Stat. 77), including any food product processed or manufactured in whole or substantial part from any such commodity.

(c) The term "direct commodity distribution" means the program for the distribution of food commodities transferred to the Secretary of Health, Education, and Welfare under section 404 of this title.

(d) The term "State" includes the District of Columbia, Puerto Rico, and the Virgin Islands.

(e) The term "Secretary" means the Secretary of Health, Education, and Welfare.

Mr. HART. Mr. President, I should like to explain the amendment.

The PRESIDING OFFICER. How much time does the Senator yield himself?

Mr. HART. I yield myself 7 minutes.

The amendment would establish a domestic food program of some size.

Mr. President, I ask for the yeas and nays on the amendment, in order that we may plan our time.

The yeas and nays were ordered.

Mr. HART. I do not anticipate extending my remarks beyond the statement prepared by the Senator from Massachusetts [Mr. KENNEDY]. The committee will then have available 15 minutes.

Those of us who are sponsoring this more direct action on the domestic scene by way of an amendment to Public Law 480 have long supported and urged the continuation and expansion of our Public Law 480 program under which our agricultural surpluses can be used to raise the standard of living of our friends and allies. It is an important instrument of policy in our search for world peace and stability. But we cannot ignore our own undernourished and underprivileged citizens while we provide for our friends abroad.

It is a striking paradox that in the midst of overwhelming farm surpluses—so large that they are frequently called our No. 1 problem—there are many



areas of the country where poverty and hunger are commonplace.

At the same time we have in storage \$6 billion of farm products, we have 17 million citizens who suffer from some form of malnutrition due to insufficient food. We have authorized price support expenditures totaling in excess of \$3 billion per year but use only a small fraction of the commodities purchased—less than 3 percent—for food donations to the needy.

The Secretary of Agriculture has broad authority under section 32 of Public Law 320, 74th Congress and sections 407 and 416 of the Agricultural Act of 1949 to purchase food products and to make surplus stocks available to the needy. But this is wholly discretionary and has been sparingly utilized. Last year, despite unemployment which reached a high of 5,437,000 and a condition where the average earnings of 15 percent of our families were below \$40 per week, the Secretary used no section 32 funds in the food distribution program.

I have always believed in the concept that our farm abundance is a blessing and not a curse. The amendment I offer is designed to help us use that abundance to eliminate many of the problems of the needy and undernourished family right here at home.

It has six major purposes and effects.

First, it transfers from the Department of Agriculture to the Department of Health, Education, and Welfare the responsibility for distribution of food to the needy. Repeatedly the Department of Agriculture has asserted a reluctance to use surplus food stocks to feed the hungry. Four years ago Secretary Benson opposed the donation of wheat and corn, in the form of flour and meal, to eligible domestic recipients, on the ground that it could not be justified as an agricultural program. More recently, the Under Secretary reiterated this position when the Department was asked to expand the program for donation of food surpluses in order to alleviate hardship. The Department of Agriculture—perhaps justifiably—takes the position that it is not in the welfare business.

Second, the bill authorizes the Secretary of Health, Education, and Welfare to spend up to \$150 million in order to provide a balanced diet to American families in need of this food. The present program is inadequate, unrealistic, and ineffective because it is limited to the distribution of those commodities stored by the Commodity Credit Corporation. The present program assumes that a balanced diet can be prepared from these products.

Earlier this year the distinguished Senators from West Virginia [Mr. RANDOLPH and Mr. BYRD] served all of us who were interested a meal consisting of these surplus supplies. Not many were in attendance, and not many would have gone back for seconds.

Even if they were provided in sufficient quantities—and they are not—a diet so limited would soon produce severe malnutrition. With the funds provided by this legislation the Secretary of Health, Education, and Welfare may

purchase such necessary food items as whole milk, butter, eggs, fruits, berries, vegetables, poultry, and other meats. Purchases will be made so as to improve farm income to the fullest extent possible.

Third. The bill authorizes greater use of our farm surpluses for our needy. With the transfer of distribution to the Department of Health, Education, and Welfare goes new authority to distribute additional quantities of the farm products in storage.

Fourth. Local welfare agencies will be given limited financial assistance in transporting, storing, and distributing the food. As appears from the record, many communities cannot participate in any food distribution program because they are unable to pay these costs. It is relatively small and should not exceed \$500,000 per year, but this is given as the major reason for nonparticipation in the program by local agencies.

Fifth. All costs under this program will be allocated to the Department of Health, Education, and Welfare, where they belong. The bill deprives the Department of Agriculture of none of its responsibilities for price support or for the acquisition of commodities. Even in the distribution process it must be consulted. But the bill does place primary responsibility for the distribution program in the Health, Education, and Welfare Department, and it does charge the costs to that Department. I believe it is time we recognized that this is not an agricultural program.

The Department of Agriculture has said, in correspondence, that the primary responsibility of the Department is to encourage and carry out farm programs which will benefit the farmers. So the Department is afraid to incur costs which cannot be justified by a charge against the farm program.

Finally, the general emphasis of the program will be shifted to the consumer's side of the picture. Although it will continue to affect our agricultural policies by reducing, to some extent, our food surpluses, its primary purpose will be to eliminate hunger and malnutrition. The Commodity Credit Corporation today is primarily engaged in an effort to minimize its losses. It is, therefore, reluctant to process and donate commodities for which there is any prospective, reimbursable use. This bill would eliminate this as the sole criteria for donation of food.

I hope the Senate will adopt this amendment for it would be a significant step toward the resolution of the paradox of unused abundance in the presence of great need.

I ask unanimous consent that a brief summary of this amendment be printed at this point in my remarks.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

This amendment provides:

(1) For the distribution of both surplus and supplementary foods by the Secretary of Health, Education, and Welfare to needy persons;

(2) For the transfer of the responsibility for distributing commodities to the needy under section 416(3) of the Agricultural

Adjustment Act of 1949 from the Secretary of Agriculture to the Secretary of Health, Education, and Welfare;

(3) That the Secretary of Agriculture and the CCC shall make available a maximum quantity of surplus agricultural food products upon request by the Secretary of Health, Education, and Welfare;

(4) For the expenditure of up to \$150 million for the purchase of supplementary foods each fiscal year for distribution under the amendment;

(5) That CCC be reimbursed by Health, Education, and Welfare for any costs incurred by CCC in making surplus foods available to the Secretary of Health, Education, and Welfare, including the market price at the time of transfer;

(6) For financial assistance to States and local governments in meeting the costs of food distribution, including local storage;

(7) That the Secretary of Health, Education, and Welfare establish national eligibility standards for the program;

(8) That surplus food commodities shall not be available under titles I and II of Public Law 480 unless the Secretary of Health, Education, and Welfare shall have first made them available for distribution under this title; and

(9) For an appropriation authorization of such sums as are necessary to carry out the provisions of the amendment.

Mr. CLARK. Mr. President, will the Senator yield me 3 minutes in support of his amendment?

Mr. HART. I am glad to do so.

Mr. CLARK. Mr. President, I support the amendment for four reasons. First, I am convinced that the Department of Agriculture has not satisfactorily carried out this primarily welfare function, and that the Department of Health, Education, and Welfare should do so.

Second, I am convinced that in my own State of Pennsylvania this is a very important problem, and that the authorization of \$150 million a year is needed.

The PRESIDING OFFICER. The Senate will be in order. The Senator from Pennsylvania will not proceed until the Senate is in order.

The Senator may proceed.

Mr. CLARK. Mr. President, second, I am convinced that the authorization of \$150 million for food for the needy is needed, not only in my State but elsewhere. For example, the poultry market is glutted in the East, generally—in Pennsylvania, New Jersey, and perhaps in North Carolina, too. The egg market is in bad shape. Why should we not buy these domestic products and feed them to our needy.

The third reason I support the amendment is that it enables the establishment of national standards of eligibility. This, to my way of thinking, is as important to the question of food for the needy as it is to the question of unemployment compensation.

Finally, I am convinced from my own experience as mayor of Philadelphia; and from my knowledge of conditions in other communities of Pennsylvania, that these provisions of the bill will give communities a chance to get started with a program of feeding their needy, which is essential if the program is to be carried out correctly.

At the moment, only four products are being distributed to the needy: Corn



meal flour, butterfat, dried milk, and rice. Yet our country has abundant surpluses of many other products which, in my judgment, could well be supplied to needy families who have no adequate income.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement I made before the Committee on Agriculture and Forestry on this subject, which appears beginning on page 109 of the hearings on food distribution programs.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF HON. JOSEPH S. CLARK, A U.S. SENATOR FROM THE STATE OF PENNSYLVANIA

Mr. Chairman, I appear this morning in support of S. 1884 introduced by Senator KENNEDY and cosponsored by 14 other Senators.

This bill, as the chairman knows, includes four main points: Distribution of surplus food to the needy to be transferred from the Department of Agriculture to Health, Education, and Welfare, the welfare nature of the program to be recognized.

This seems to me to be of substantial importance, because at least in my State the experience with the Department of Agriculture has been quite unsatisfactory. This, I think, is rather natural, because the function of the Department of Agriculture is not fundamentally a welfare function. I refrain from a witticism which might be made in view of the present status of our farm program.

Essentially, this distribution of surplus food is a welfare job, it is a job of assisting local and State welfare agencies by providing not only food for the hungry, but administrative assistance for shipping it, storing it, breaking it up into appropriate lots for individual use, and seeing that it gets to the right people. This is not the function of the Department of Agriculture, and I think it is a mistake to leave the program in Agriculture.

The second page or part of S. 1884 is the authorization of \$150 million a year for supplemental purchases to broaden the types of food distributed.

First, with respect to the types of food, at the moment only five pretty dreary staples, wheat, cornmeal, rice, dried milk, and butter are being distributed. The distribution of butter, I understand, will cease at the end of June this year. No cheese has been distributed since December. And meat, vegetables, and fruit have been off the list of distribution items for many months. The type of food distributed today is in my judgment entirely inadequate to meet human needs.

And this is unnecessary, because there are available surplus foods in the categories which I have just outlined which, if added to the program, would give a balanced diet and a far better service to the needy.

Now, right now in my State and in New Jersey and elsewhere throughout the East—perhaps in North Carolina, too—the poultry market is glutted, and the egg market is in bad shape.

This, I think, would be a particularly good field in which such purchases should be made. At the moment, only surpluses obtained through price support programs are available. And this \$150 million would, if appropriated, service a double purpose. It would help the hard-pressed poultry industry and egg industry, and it would put food into the mouths of the hungry. It seems to me an incredible situation in which hundreds of millions of dollars of food, indeed—5 billions of dollars are being shipped overseas pursuant to Public Law 480, while hungry people in America are not given access

to surpluses of farm products right here in our own country.

I hasten to add that I support Public Law 480, I think it is right, just as I support mutual security and foreign aid—but it does seem to me that this administration has had a very blind spot in ignoring the needs of our American citizens while being very zealous, very alert, in feeding the hungry overseas. And I am happy they are helping to feed the hungry overseas.

Now, you may ask why \$150 million. And to some extent that figure is lowered by reason of the current "budgetitis" which inevitably, like poison ivy, has spread over most of the body politic. And yet I think we need to be practical. With the White House's present position toward the budget, some of the more extravagant bills which have been suggested to this committee, and which were so virulently attacked by the administration in the paper this morning, bills which the administration says would cost \$2½ billion, obviously would not be approved in the White House if Congress passed them.

On the other hand, if this program is to be meaningful, there has to be a sufficient appropriation, and there has to be a sufficient authorization to really put some food in the mouths of the hungry and not just to make a gesture which will look good on paper but won't cut out the hunger.

I think Senator KENNEDY and my other colleagues have come to a sensible middle ground in fixing the figure at \$150 million. There is no imagination in that figure. But in the light of the psychological condition about the budget—I might say also the psychopathic condition about the budget which now affects us—I would say that that is a figure which we could sustain and which it would be very difficult for the President in good conscience to veto.

The third main point in the Kennedy bill, S. 1884, is to empower HEW to establish minimum or maximum standards of eligibility. And that, I think, is desirable, perhaps because I am one of those who think that we live in a national economy in which it makes no difference whether a person is hungry in Arizona or North Carolina or Pennsylvania or Maine, he is still an American citizen, and that national standards of eligibility are a wise thing to set forth within very broad limits with adequate flexibility to State and local agencies to move within those standards to fulfill the needs of their particular community.

I find an analogy in this situation and that in the unemployment compensation picture, where I have been one of those with Senator KENNEDY who has long urged the establishment of national standards for unemployment compensation. I think the same arguments apply here.

The fourth major purpose in the Kennedy bill is to give assistance to local agencies in transporting, storing and distributing food. And this, I think, is of the greatest importance. When I was mayor of Philadelphia we had great trouble in establishing an adequate surplus food distribution program because we couldn't get the assistance from the Federal Government which we needed in transporting, warehousing, and distributing surplus food. This, I think, was in part due to the quite natural tendency of the Department of Agriculture to look on this program from a welfare angle on a practical basis.

There have been many counties in the Commonwealth which have had great difficulty in setting up surplus food programs which were sensible and adequate because of the inadequacies of the provisions in the Federal law dealing with transportation, storage, and distribution.

We are fortunate in having here before the committee today Mr. Fred Klunk, deputy secretary of the Department of Property and Supplies of the Commonwealth of Pennsyl-

vania, who is an expert in this field, and will call to the attention of the members of the committee the problems which confront him as a State administrator in dealing both with the Federal Government and with the local agencies.

He will make some specific suggestions as to how the Kennedy bill could perhaps be improved in dealing with this particular point. And I should like to endorse the views which he has made available to me before he presents them to the committee, at least in general. I am sure the committee will give careful consideration to Mr. Klunk's testimony.

Now, in conclusion, Mr. Chairman, I would like to state why we in Pennsylvania feel so strongly about this measure. Our Commonwealth, I think, at the moment has the largest number of surplus labor markets of any State in the country. We are affected, in fact inflicted, with chronic and persistent unemployment. Chronic and persistent unemployment inevitably brings hunger in its course. There are presently 800,000 people in Pennsylvania who are dependent on surplus food to keep alive. In some of our counties, which include these depressed areas, as many as one out of every three residents is receiving this form of assistance.

At the moment there are 914,412 persons eligible in Pennsylvania for surplus food as of the end of April.

This is a marked falloff from the winter's high figures of the month before. Well, I am hopeful that the peak of unemployment is passed and the conditions will improve. I think we ought to take out a little insurance not only for the 914,000 people presently eligible, but for the many hundreds of thousands more who have been eligible in the immediate past and many well be again.

In March, for example, there were 940,000 eligibles in Pennsylvania. In April, there were 780,770 recipients, which is 7 percent of the State's population of slightly over 11 million individuals. The figure in March was 858,000 or over 8 percent. A year ago it was far higher.

During the last steel strike—and another is threatened—almost 1,500,000 people in Pennsylvania were receiving surplus food. They may be on that surplus food program or eligible for it again within the next 30 days.

Pennsylvania receives almost twice as much under this program as any other State, and includes about 15 percent of the Nation's 5,277,000 recipients.

For these reasons, Mr. Chairman, I strongly urge that your subcommittee make a favorable report on S. 1884.

May I thank you again for your courtesy in giving me this opportunity to appear before the subcommittee.

Mr. SCOTT. Mr. President, will the Senator from Michigan yield?

Mr. HART. I yield.

Mr. SCOTT. I ask the Senator from Michigan if he will be kind enough to explain the paragraph at the end of the paragraph (a) of section 403, which reads:

*And provided further, That no State or local government shall be permitted to participate in this program which denies foods made available under this title to needy persons who are ineligible for reasons of lack of legal residence only.*

I am wondering whether under this program a person could move into one State, and on the day after his arrival participate in the program; move to another State on the following day and participate again; and keep traveling around the country and obtaining this food. This strikes me as being a rather loose provision. I have great concern



about it. I should appreciate having the Senator explain it.

Mr. HART. If I thought the cost of traveling would be less than the cost of food, I would worry about that question, too. I think this provision is merely a safeguard so that a State could not use this method alone without reference to a prior history of approval. If a State welfare director saw such a practice was growing, it might be that he would deny such participation, but not for the lack of legal residence alone.

Mr. SCOTT. How can we be certain that the allocations and quotas provided in the amendment have any true relationship to the population of a State, if it is not necessary for a person to be a legal resident of the State in order to participate under the plan proposed in the amendment?

Mr. HART. I am not familiar with the requirements of Pennsylvania law at present, but I do know that in a great many States this requirement is included. There is no directive to the welfare director that he shall say to a hungry man: "I am sorry, but you will have to go back to Tennessee." I think that is perfectly clear.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. HART. I yield.

Mr. PASTORE. Is it not true that there are many States where there is a limitation or condition as to residence operating before a person can avail himself of the benefits, for lack of a better word, under the public assistance program, and that this proposal is made in order to overcome that obstacle—that delay—with reference to the food. That is the purpose of the insertion of this provision in the bill, is it not?

Mr. HART. Yes. I thank the Senator from Rhode Island.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. HART. I yield.

Mr. MONRONEY. I have been studying the amendment. I consider it to be very laudatory in its objective. But I note with interest that only \$150 million will be permitted to be spent under the authority to be granted, while we give to all the 50 States the right to provide not only warehousing but also to assist the States in the participation of the distribution of the commodities, as well as going on the open market and buying other commodities which are not in surplus.

I ask the Senator from Michigan if this matter, which deals with the creation of rather large establishments within the Department of Health, Education, and Welfare, has ever been referred to the Committee on Labor and Public Welfare, which has jurisdiction of that Department?

Mr. HART. It is my impression that the Senator from Oklahoma has asked two questions. An assumption is implicit in the second question.

I point out that the \$150 million is to enable the Department of Health, Education, and Welfare to purchase goods not in CCC stock. This would not be the full scope of distribution. Second, this proposal, in varying form, was pre-

sented to the Committee on Agriculture and Forestry, of which the distinguished gentleman from Louisiana [Mr. ELLENDER] is the chairman, but without success, I might add. To me, the persuasiveness of the proposal is that it would take a program which basically is a welfare program and put it in the department which I think would demonstrate much more sympathy toward it than the Department of Agriculture. I think that may be our problem in the Committee on Agriculture and Forestry. We are concerned with insuring against anything being built into the farm program which would make it more difficult to sell the farm program per se. I feel that by removing it from the Department of Agriculture and placing it in the Department of Health, Education, and Welfare we will have a truer perspective of the problem.

Mr. MONRONEY. I agree with the Senator from Michigan that it should properly be placed in the Department of Health, Education, and Welfare. But what worries me is that no testimony has been taken or no consideration given to a vast new program which should be started on its way in a proper, correct, and well-studied manner. It has not been taken before the Senate body which is charged with the consideration of legislation affecting the Department of Health, Education, and Welfare. I have conferred with the chairman of the committee, the distinguished Senator from Alabama [Mr. HILL], and he tells me he is not aware of this proposal ever coming before his committee. Yet it would be his committee which would have to check on the administration of the program.

Mr. HART. The Senator from Oklahoma is correct. The matter should be referred to the Committee on Labor and Public Welfare.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HART. I yield.

Mr. CLARK. While this proposal has not formally been referred to the Committee on Labor and Public Welfare, on which I serve, and my statement may not be a complete answer to this question, if the Senator will look at the amendment, he will see that it is sponsored by the Senator from Massachusetts [Mr. KENNEDY], the chairman of the Subcommittee on Welfare of the Committee on Labor and Public Welfare; by myself, and by Senators McNAMARA, RANDOLPH, MANSFIELD, MORSE, BYRD of West Virginia, MURRAY, MCCARTHY, YARBOROUGH, and MCGEE.

Mr. MONRONEY. The point I am trying to make—

The PRESIDING OFFICER (Mr. MUSKIE in the chair). The time of the Senator from Michigan has expired.

Mr. MONRONEY. Mr. President, I ask unanimous consent that I may proceed for 2 additional minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. MONRONEY. What I should like to ask is whether any testimony about the amendment has been adduced. I have the greatest respect for the objec-

tives of the sponsors of this amendment, but it calls for a program of great magnitude.

Although I would be inclined to support the amendment if it had been properly considered, and if sufficient testimony regarding it had been taken, and if, perhaps, corrections had been made in the amendment, following such hearings, instead of having the amendment come before us without having been the subject of hearings on the part of the committee which must finally have jurisdiction of it—

Mr. CLARK. Mr. President, will the Senator from Oklahoma yield?

Mr. MONRONEY. I am happy to yield.

Mr. CLARK. A voluminous letter in opposition to the amendment was directed to the Committee on Agriculture and Forestry by the Department of Health, Education, and Welfare. So I have no doubt that that Department and the administration are opposed to the amendment.

Mr. PASTORE. Mr. President, will the Senator from Oklahoma yield to me?

The PRESIDING OFFICER. The time of the Senator from Oklahoma has expired.

Mr. PASTORE. Mr. President, I ask unanimous consent that at this time I may speak for 2 additional minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. PASTORE. Mr. President, I would assume that this amendment was drawn prior to the drafting of the amendment which provides for the food stamp plan, which a short time ago was acted on by the Senate.

Mr. HART. No, I do not think so. It is my understanding that this amendment, in bill form, was included in a series of perhaps six or eight bills on which the Committee on Agriculture and Forestry held hearings, and that this bill was not favorably reported.

Mr. PASTORE. Do I correctly understand that the chairman of the committee will explain that point?

Mr. ELLENDER. Yes.

Mr. PASTORE. Very well, I await his explanation.

Mr. ELLENDER. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 5 minutes.

Mr. ELLENDER. Mr. President, in answer to the question which was asked by the Senator from Rhode Island, I wish to state that the Committee on Agriculture and Forestry held hearings on a bill similar to the pending amendment. As a result of those hearings, the committee approved the food stamp plan which already has been adopted by the Senate. The committee objected to the proposal offered by the Senator from Michigan, but approved the food stamp plan.

Mr. PASTORE. Do I correctly understand that the objective of the food stamp plan is more or less similar to the objective of the pending amendment, with the exception of not being so broad in scale?



Mr. ELLENDER. Yes, I think so.

Mr. PASTORE. In other words, this amendment would result in a duplication, would it not?

Mr. ELLENDER. Yes; it would overlap the provision which the Senate already has included in the bill.

This amendment, Mr. President, is most far-reaching. It would vest the Secretary of Health, Education, and Welfare with authority over a broad food distribution program. Not only would surplus foods be used in order to carry out the provisions of the amendment, but the Congress would have to appropriate up to \$150 million a year in order to purchase supplementary foods to carry out the program. Such purchases would be in addition to surplus foods now on hand, which also would be utilized in order to carry out the program.

The amendment also includes authorization for funds to administer the program at the national and the State levels. The appropriation of funds would be authorized in order to store some of the commodities wherever they would be used.

I say that a measure of this character should certainly not be considered by the Senate without more hearings and study than has been given it thus far.

I sincerely hope the amendment will be rejected.

At this time I yield 3 minutes to the senior Senator from Vermont [Mr. AIKEN].

Mr. HICKENLOOPER. First, Mr. President, will the Senator from Louisiana yield for a question?

Mr. ELLENDER. I yield for 1 minute.

Mr. HICKENLOOPER. Do I correctly understand that the bill contains no limitation whatsoever on the amount which is to be expended?

Mr. ELLENDER. Yes; insofar as surplus agricultural commodities are concerned.

Mr. HICKENLOOPER. There is a \$150 million limitation on the amount for supplementary foods, is there not?

Mr. ELLENDER. Yes.

Mr. HICKENLOOPER. But not as regards surplus foods. So far as surplus foods are concerned, the bill is absolutely unlimited, and we do not know anything about what the amount would be; is that correct?

Mr. ELLENDER. That is correct.

Mr. AIKEN. Mr. President, will the Senator from Louisiana yield to me?

Mr. ELLENDER. I yield 1 minute to the distinguished Senator from Vermont.

Mr. AIKEN. Mr. President, the House bill already contains a provision for a food stamp program, with a limitation of \$1 billion. The Senate bill contains a more restricted provision for the food allotment plan, and in that connection provision is made for a maximum time and a maximum amount.

The Senate should not agree to the pending amendment, even though it contains several good provisions. We cannot afford at this time to divide the responsibility for carrying on surplus food activities. Certainly we do not want to create duplicating services; in other words, we do not want to provide

for a cotton administration, a wheat administration, and various other administrations of that sort.

In addition, the proposed period of time in which the Department of Health, Education, and Welfare would be directed to establish so elaborate a system is certainly insufficient, even if the amendment were all right otherwise.

I believe the Congress has already provided for sufficient programs of this sort—both through the action taken by the House of Representatives and the action taken by the Senate—to fulfill our needs for this year.

Mr. ELLENDER. Mr. President, unless other Senators wish me to yield time to them, I now yield back the remainder of the time under my control.

The PRESIDING OFFICER. All remaining time on the amendment has been yielded back.

Mr. MORSE subsequently said: Mr. President, as a cosponsor of the amendment just defeated, I ask unanimous consent that my testimony, with supporting letters, given before the committee at the time the proposal was before the committee, be printed in the RECORD immediately before the rollcall on the amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon? The Chair hears none, and it is so ordered.

The statement is as follows:

STATEMENT FILED BY HON. WAYNE MORSE, A U.S. SENATOR FROM THE STATE OF OREGON

Mr. Chairman, it is with great pleasure that I testify today in support of S. 1844, the Food Distribution Act of 1959. I am a cosponsor of the bill and I support it because in my judgment, it will provide for a workable plan to meet human needs here at home in a manner that is more effective than the operation at present of our surplus foods program.

Since the bill would transfer the jurisdiction over a portion of the surplus food program from the Department of Agriculture and vest it in the Department of Health, Education, and Welfare, one can expect that it will be received coolly by the Department of Agriculture. This is understandable. However, in terms of the human needs that exist, I feel we have a duty to take such action as will assure that the bountiful production of our farms is placed within reach of those low-income families who can, with profit to their health and welfare, make good use of it. Certainly members of families receiving public assistance are among the first who should be enabled to get surplus food stocks.

Recent hearings on the problems of hungry children in the District of Columbia have convinced me that need for food exists in this large city and a similar situation probably prevails in hundreds, possibly thousands of communities elsewhere in the Nation.

In the elementary grade school age group alone, according to a letter received from the Director of the Department of Public Welfare on May 27, 1959, in Washington there are estimated to be 10,500 children now receiving surplus foods consisting of cornmeal, dried milk, flour, rice, and butter. I am informed that cheese is no longer available but that it is hoped that powdered eggs will be added starting in July.

When it is realized that here in the District an estimated 10,650 families with 34,000 children exist at or below the very low public assistance standard of income, the problem

begins to assume its proper magnitude. Philip Stoddard Brown in his column in the Washington Post of May 25, 1959, revealed 70,000 men, women, and children, about one in 12 of the District residents, simply, to use his own words "do not have income to buy as much food, clothing, and other essentials as is provided relief recipients under the standards now in effect." This is a shocking situation which should be rectified. S. 1844 provides a procedure which will permit us to take the steps to correct the situation.

I have spoken about the District, but the problem is not confined to the District. I have had inquiries from the public assistance authorities in Klamath Falls, Ore., as to how they might participate in the program. With your permission Mr. Chairman, I shall incorporate at this point in my statement, copies of correspondence with the Department relative to the problem raised by Mr. Metler of Klamath Falls, Ore., and the departmental replies to him and to Miss Jeanne Jewett, State administrator of public welfare of Oregon.

The reorganization of function which would follow upon enactment of S. 1844 should prove most healthy. The U.S. Department of Agriculture would be relieved of a task to which it is not particularly adapted and the Department of Health, Education, and Welfare would be given a responsibility which falls within its scope of operation. The ultimate gainers, it appears to me of this reorganization, would be the destitute whose needs could be met more quickly, and the farmers who would be assured that their work was relieving human misery and hunger instead of being stored in sterile surplus bins.

I urge that serious consideration be given by the subcommittee to the measure and that it be reported favorably from the full committee at an early date.

KLAMATH FALLS, OREG., April 1, 1959.

Senator WAYNE MORSE,  
Senate Office Building,  
Washington, D.C.

DEAR SENATOR MORSE: I am writing you at this time with regard to surplus food items that might possibly be made available to the welfare department in our county and also other counties within our State. I am serving as a member of the Klamath County Welfare Commission and firmly believe that if we can obtain certain items for our welfare recipients that no doubt it will give them a better standard of living. We also believe that there are many of the old-age pension recipients and seasonal workers who are residents of this area who are not eligible for benefits under the welfare regulations and code and that these people need help in a like manner.

I would appreciate any information that you may be able to give us as quickly as possible that may enable us to carry out a program to bring about better living conditions for our people and your people in other counties in the State of Oregon.

Yours very truly,

METLER BROS.,  
EVERETT E. METLER.

DEPARTMENT OF AGRICULTURE  
Washington, D.C. May 7, 1959.

HON. WAYNE MORSE,  
U.S. Senate.

DEAR SENATOR MORSE: Thank you for your letter of April 24, with enclosures.

The Food Distribution Division has written directly to Mr. Everett E. Metler of Klamath Falls, as you requested, giving him information about the present availability of surplus foods for welfare distribution, and telling him how Klamath County may participate in the program.

A copy of this letter was sent to Miss Jeanne Jewett, of Portland.



We are enclosing copies of the letters to Mr. Metler and Miss Jewett, as well as the pamphlet mentioned in the correspondence.

Sincerely yours,

CLARENCE L. MILLER,  
Assistant Secretary.

U.S. DEPARTMENT OF AGRICULTURE,  
AGRICULTURAL MARKETING SERVICE,  
Washington, D.C., May 1, 1959.

Mr. EVERETT E. METLER,  
METLER BROS.,  
Klamath Falls, Oreg.

DEAR MR. METLER: The Honorable Wayne Morse, U.S. Senator from Oregon, has asked us to write you in connection with your recent inquiry about the availability of surplus foods for distribution to needy families in Klamath County.

The surplus food items now in Federal inventory and available for donation to authorized State agencies for distribution to needy families and individuals, whom State and local public welfare agencies have certified to be in need of food assistance, are butter, nonfat dry milk, rice, wheat flour and cornmeal.

As you indicated in your letter to Senator MORSE, no surplus distribution program for needy families has been authorized yet in your State. Participation in this program is voluntary, with each State having the prerogative of inaugurating a welfare distribution program, or not, according to its own desires and judgment. The Department of Finance and Administration, which now distributes federally donated foods to nonprofit charitable institutions, such as hospitals, homes for the aged, child-care centers, orphanages, and summer camps for children, recently indicated to our area office in San Francisco that the welfare distribution program will not be started any time soon, due to general economic recovery in the State.

County and other local public welfare agencies wishing to participate in the surplus food program must make appropriate arrangements with the intended or authorized State distributing agency which, in this instance, will be the Department of Finance and Administration. For current information on this situation, you may write to Mr. Wakefield B. Walker, Chief, Surplus Property Section, 1965 Taft Street, in Salem. If the State Welfare Commission or the Governor decides to inaugurate the program, and surplus foods are requested for this purpose, the U.S. Department of Agriculture will be glad to donate available surplus products and ship them free to the State distributing agency.

We are enclosing a pamphlet about the distribution of surplus foods to eligible outlets, including needy families, which will give you additional information about the Department's surplus disposal programs.

Sincerely yours,

HOWARD P. DAVIS,  
Deputy Director,  
Food Distribution Division.

U.S. DEPARTMENT OF AGRICULTURE,  
AGRICULTURAL MARKETING SERVICE,  
Washington, D.C., May 1, 1959.

Miss JEANNE JEWETT,  
State Administrator,  
Portland, Oreg.

DEAR MISS JEWETT: We are enclosing a copy of our letter to Mr. Everett E. Metler, a member of the Klamath County Welfare Commission.

The Honorable WAYNE MORSE, U.S. Senator from Oregon, requested us to write Mr. Metler in reply to his inquiry about the availability of federally donated surplus foods for distribution to needy families in Klamath County and elsewhere in your State. Senator MORSE suggested that we might wish to write you also about surplus foods, in the event that you may be interested in a similar way about this matter.

We have indicated to Mr. Metler the surplus food items which are currently available for distribution in domestic welfare programs, and explained how local public welfare agencies may receive surplus foods for that purpose.

A copy of the pamphlet, which we mentioned in the final paragraph of our letter to Mr. Metler, is enclosed for further clarification of the Department's surplus disposal programs.

Sincerely yours,

HOWARD P. DAVIS,  
Deputy Director,  
Food Distribution Division.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Michigan [Mr. HART]. On this question the yeas and nays have been ordered; and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Illinois [Mr. DOUGLAS], the Senator from Alaska [Mr. GRUENING], the Senator from Missouri [Mr. HENNING], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Wyoming [Mr. McGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Montana [Mr. MURRAY], the Senator from Florida [Mr. SMATHERS], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

The Senator from Idaho [Mr. CHURCH] is absent on official business attending the Interparliamentary Conference at Warsaw, Poland.

The Senator from Indiana [Mr. HARTKE] and the Senator from Wyoming [Mr. O'MAHONEY] are absent because of illness.

The Senator from West Virginia [Mr. RANDOLPH] is absent on official business delivering Labor Day speeches in West Virginia.

On the vote, the Senator from Tennessee [Mr. KEFAUVER] is paired with the Senator from Texas [Mr. YARBOROUGH]. If present and voting, the Senator from Tennessee would vote "nay," and the Senator from Texas would vote "yea."

I further announce that if present and voting, the Senator from Illinois [Mr. DOUGLAS], the Senator from Alaska [Mr. GRUENING], the Senator from Missouri [Mr. HENNING], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Wyoming [Mr. McGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Montana [Mr. MONRONEY], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from West Virginia [Mr. RANDOLPH] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from South Dakota [Mr. CASE] is absent on official business attending the Interparliamentary Union Conference at Warsaw, Poland.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Illinois [Mr. DIRKSEN], and the Senator from Nebraska [Mr. HRUSKA] are necessarily absent.

If present and voting, the Senator from New Hampshire [Mr. BRIDGES] and the Senator from Nebraska [Mr. HRUSKA] would each vote "nay."

The result was announced—yeas 18, nays 64, as follows:

#### YEAS—18

Byrd, W. Va.	Jackson	Mansfield
Carroll	Langer	Morse
Clark	Long, Hawaii	Neuberger
Dodd	Long, La.	Symington
Hart	McCarthy	Williams, N.J.
Humphrey	Magnuson	Young, Ohio

#### NAYS—64

Alken	Ervin	Morton
Allott	Fong	Moss
Anderson	Frear	Mundt
Bartlett	Fulbright	Muskie
Beall	Goldwater	Pastore
Bennett	Gore	Prouty
Bible	Green	Proxmire
Bush	Hayden	Robertson
Butler	Hickenlooper	Russell
Byrd, Va.	Hill	Saltonstall
Cannon	Holland	Schoeppel
Capehart	Javits	Scott
Carlson	Johnson, Tex.	Smith
Case, N.J.	Johnston, S.C.	Sparkman
Chavez	Jordan	Stennis
Cooper	Keating	Talmadge
Cotton	Kerr	Thurmond
Curtis	Kuchel	Wiley
Dworshak	Lausche	Williams, Del.
Eastland	McClellan	Young, N. Dak.
Ellender	Martin	
Engle	Monroney	

#### NOT VOTING—18

Bridges	Hartke	McNamara
Case, S. Dak.	Hennings	Murray
Church	Hruska	O'Mahoney
Dirksen	Kefauver	Randolph
Douglas	Kennedy	Smathers
Gruening	McGee	Yarborough

So the amendment offered by Mr. HART for Mr. KENNEDY and other Senators was rejected.

#### MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Hawks, one of his secretaries.

#### EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDING OFFICER (Mr. MUSKIE in the chair), laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had agreed to a concurrent resolution (H. Con. Res. 435) declaring that the Congress does hereby express its deep realization and appreciation of the basic role that labor plays in our economy and of the contributions that American working men and women have made to America's well-being, in which it requested the concurrence of the Senate.

#### EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

The Senate resumed the consideration of the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.



The **PRESIDING OFFICER**. The bill is open to further amendment.

Mr. HUMPHREY. Mr. President, I call up my amendment identified as "9-1-59-G."

The **PRESIDING OFFICER**. The amendment offered by the Senator from Minnesota will be stated.

The **CHIEF CLERK**. It is proposed, at the proper place in the bill, to insert the following:

( ) Section 104(g) (relating to loans for promotion of multilateral trade and economic development) is amended by inserting before the semicolon at the end thereof a period and the following: "Foreign currencies received in repayment of the principal or payment of interest on such loans shall be available, either through direct expenditure or through investment and use of the proceeds, for grants or loans in accordance with this section and without regard to the provisions of Public Law 213, Eighty-second Congress, to any jointly controlled nonprofit foundation established in a friendly foreign country pursuant to agreement between the United States and such country for the purpose of fostering and promoting research, education, health, and public welfare".

Mr. HUMPHREY. Mr. President, I yield to the Senator from South Dakota [Mr. MUNDT] whatever time he desires.

Mr. MUNDT. Mr. President, I was a cosponsor with the Senator from Minnesota of the amendment at the time it was discussed in the committee. It was not rejected in the committee, but we simply did not get to the amendment in the committee proceedings.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. HUMPHREY. It should be noted, with regard to the amendment, that it is cosponsored by the Senator from South Dakota.

Mr. MUNDT. I thank the Senator.

Mr. President, I suggest, on page 2, that we strike the word "and," the next to the last word on line 4, and on line 5 add the following after the word "welfare:": "and mutual good will and understanding."

I should like to state my reasons for this suggestion.

The **PRESIDING OFFICER**. Does the Senator propose that as an amendment?

Mr. HUMPHREY. I accept the modification, Mr. President.

The **PRESIDING OFFICER**. The Senator from Minnesota accepts the modification to the amendment.

Mr. MUNDT. I thank the Senator.

My reason is very ample. This amendment deals with what is known as the binational centers. Those who have traveled in other countries where there are these centers are familiar with them. In my opinion, this is one of the most constructive outgrowths of the Smith-Mundt program. In these communities a group of Americans living abroad and indigenous people living abroad meet together in a hall, a binational center. In some places, by joint effort, they have constructed little buildings. Here they study the English language or study the various educational, health, public welfare, and research aspects of the country.

To that we would add the creation of good will and mutual understanding.

During the Easter recess I visited one of these centers at Bogotá, Colombia. The Colombians have become so enhanced with this very fine concept that they have created, with the use of their own funds, little buildings for these centers. They have the flags of Colombia and of the United States crisscrossed at the entrance. They show little motion pictures about America.

There are few places in all the world where we can spend these counterpart funds more effectively than in the cementing of relationships between this country and the recipient countries.

It seems to me this is one amendment we should agree to unanimously. It would not add an iota to the cost; it would simply make available this additional end use of money received from Public Law 480 operations.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from New York.

Mr. JAVITS. I should like to express my support of the amendment, Mr. President. Food can be an extremely important item with respect to enabling countries which are not industrialized to industrialize, both by taking people off the land and, for the moment, using them as the Communists do, by reducing the standard of living in order to bring about industrialization through reduction of consumption, or, as we propose, by giving the people the margin of food which they need.

I think in the same spirit the philosophy of the people and their understanding of what they are working for, and why, would be contributed to by adoption of the amendment, which would give the ideological background for food for peace, which I like, and for which I voted. I hope very much the Senate will see fit to agree to the amendment.

Mr. HUMPHREY. I thank the Senator from New York.

Mr. President, this amendment has been concisely and accurately described and reported by the distinguished Senator from South Dakota [Mr. MUNDT]. It relates to programs which he and our distinguished former colleague from New Jersey, Mr. Smith, were able to get authorized by the Congress some years ago.

This would not add a single dime to the cost. The program is based upon the funds which are repaid from loans, either principal or interest. The argument that there is not enough of counterpart funds to go around falls of its own weight. This program would be financed from the repayment schedules, from interest repayments and principal repayments.

Furthermore, though time does not permit me to go into this matter completely, I have a study of the currencies which are going to be available under this program, and I wish to say that unless something such as the Binational Foundation is established to promote the particular enterprises we have listed, we are going to find ourselves in a very

serious and embarrassing situation in many countries.

Furthermore, Mr. President, this amendment will make possible some constructive action in Poland, for example, where one can spend the zlotys no place except in Poland, and one can do literally nothing with them except under a binational foundation.

It seems to me we have an opportunity to do as the Senator from South Dakota says, to build mutual good will and understanding, to promote a program of education, research, health and public welfare. I hope the Senate will see fit to approve the amendment as a very desirable addition to existing policies.

Mr. ELLENDER. Mr. President, I rise in opposition to the amendment.

This is an effort to spend the repayments in loans made from proceeds of sales of surplus commodities, as those repayments are collected. This money could certainly be used by the United States to pay some of our own bills within the countries where the food is sold and the currencies collected.

Mr. President, the language of the proposal is so broad "fostering and promoting research, education, health, and public welfare"—as to make the scope of operation of such foundations as are proposed to be authorized practically unlimited. To take an extreme example, it would be within the legislative language for a foundation to foster research to find ways of increasing exports of wheat, dairy products, and other surpluses into the United States.

Mr. President, my good friend from South Dakota has mentioned the binational centers. This amendment deals with those.

It was my privilege to travel throughout South and Central America last year. I found that the binational centers as now constituted there are doing a good job. What makes that success possible is the fact that they are constructed, erected and handled by local people at their own expense.

Students come to these binational centers. These students pay tuition fees to learn English or to get a business education for example. What makes these centers successful, in my humble judgment, is that they are managed and operated by the local people. They are free of any propaganda taint.

Now, simply because we may have some extra money from the proceeds of loans made after the surplus commodities are sold, ways and means are already being developed to utilize the money. To my way of thinking, such efforts will ultimately do violence to the great program of developing binational centers.

I hope that the amendment will be rejected.

Mr. President, I ask unanimous consent to have printed in the *RECORD* at this point a full explanation of the amendment.

There being no objection, the statement was ordered to be printed in the *RECORD*, as follows:

This amendment provides for the use of section 104(g) loan payments and interest to finance nonprofit foundations in foreign



countries to foster and promote research, education, health and public welfare.

The language of the proposal is so broad—"to foster and promote research, education, health, and public welfare"—as to make the field of operation of the foundations practically unlimited. To take an extreme example, it would be within the legislative language for a foundation to foster research to find ways of increasing exports of wheat, dairy products, and other surpluses into the United States.

The foundations could become permanent institutions, since there would be authority to invest the currencies made available and to use the proceeds of such investments for the authorized purposes.

The question of the various uses to be made of foreign currency loan repayments is being studied by the administration, and recommendations will be submitted to the Congress in ample time for necessary legislation to be enacted before the volume of such repayments become significant. At the present time and during the coming year such repayments do not constitute a problem either in total amount or in any individual country.

Even if it were established that the financing of foundations would be a worthy purpose for which to use loan repayments, the enactment of such authority at this time would not be desirable. Most of the repayments now being received are in countries where such funds are readily usable by the U.S. Government for purposes for which dollars have been appropriated. Use for these purposes returns the appropriated dollars to the U.S. Treasury as net savings to the taxpayer. Under these circumstances any amount of such repayments used for financing binational foundations would represent dollar cost to the U.S. Government.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. ELLENDER. I yield.

Mr. LAUSCHE. Is it not a fact that on the floor of the Senate repeatedly, in praise of Public Law 480, arguments have been made that the repayments are already in progress and that money is accumulating, inuring to the benefit of the American taxpayer?

Mr. ELLENDER. The Senator is correct.

Mr. LAUSCHE. The amendment now proposes to devise ways and means to begin to spend that money?

Mr. ELLENDER. The Senator is correct.

Mr. LAUSCHE. The amendment proposes the establishment of foundations to which these repayments will be given, which foundations will be permitted to invest the money and use the proceeds of the investments for research, education, and the promotion of public health.

Mr. ELLENDER. And public welfare.

Mr. LAUSCHE. And public welfare in foreign countries.

Mr. ELLENDER. In foreign countries. Exactly.

Mr. LAUSCHE. When foundations are established, if they are authorized to invest and use the proceeds, that means that they may become independent foundations in foreign countries to which these repayments will be made.

Mr. ELLENDER. The Senator is entirely correct, and once they are started we will be expected to keep them up.

Mr. HUMPHREY. Mr. President, I yield to the Senator from West Virginia [Mr. BYRD]. I think he has a modification to suggest.

Mr. BYRD of West Virginia. Mr. President, I wonder if the Senator from Minnesota would agree to delete the word "research" from the amendment.

Mr. HUMPHREY. It is agreeable with the Senator from Minnesota. The amendment would then read "for the purpose of fostering and promoting education, health, public welfare, mutual good will, and understanding."

Mr. MUNDT. Mr. President, the Senator from West Virginia discussed that point with me as a cosponsor. It is entirely agreeable to me. He says and perhaps with some justification, that the research might fan out and become competitive with American industry, especially in the field of mining.

Mr. HUMPHREY. Mr. President, the amendment being sponsored by the Senator from South Dakota and myself is the product not of our research alone, but is also the result of recommendations made to the President of the United States, the State Department, the ICA, and the Department of Agriculture by a very splendid task force of distinguished Americans who studied in 27 countries for several months the problems that were accruing relating to the accumulation and administration of local currencies. I have that report in my hand. It is a special report dated August 1958, and on page 39 there is a reference to binational foundations.

This report was signed by Mr. Robert L. Berenson, Director of the International Bank of Washington, and formerly with the Grace Line; Mr. William M. Bristol, director of Bristol-Myers Co., and board chairman of its international division; and Mr. Ralph I. Straus, formerly secretary of R. H. Macy & Co., Inc., and presently a member of its board of directors. He was formerly a director of the Export Promotion Division in the office of the special representative, ECA, Paris.

This group of three distinguished businessmen of this country spent months and months in making a careful study of what to do about the accumulation of currencies, many of which currencies will be worthless unless put to work in the countries of their origin, and their recommendations appear on page 39. The first thing they note is that we in the United States have established the unique investment device of the tax-free foundation for benefiting mankind, and so forth. They point out that this is one of the great contributions that our country could make. They say, "It seems very appropriate to create this same type of institution as a living reminder of the mutual security program of the United States in the underdeveloped areas. To do this, we recommend a program along the following lines." Then it lists the various portions of the amendment which the Senator from Minnesota and the Senator from South Dakota have offered, even down to the management of the foundation, on the basis that the foundation shall be managed by a group with representatives equally divided between the host country and the United States.

I ask unanimous consent to have printed at this point in the RECORD an excerpt from the report.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

#### 4. FOUNDATIONS

The United States has utilized the unique investment device of the tax-free foundation for benefiting mankind, especially in the fields of education, health, and welfare. These great eleemosynary institutions such as the Carnegie, Ford, Rockefeller, Guggenheim, and other foundations have contributed so much internationally, that they have carried the message of American generosity and friendship throughout the world. Therefore, it seems very appropriate to create this same type of institution as a living reminder of the mutual security program of the United States in the underdeveloped areas.

To do this, we recommend a program along the following lines: The United States could advantageously use its local currency holdings to establish a foundation in the foreign country to be jointly administered by the latter and the United States. For reasons of maintaining a permanent reminder of the source of the official grants, it would seem desirable that the name of the foundation include the words "United States" or "America," as well as the name of the host country; for example, the "Pakistan-American Foundation for Agricultural Research" or the "United States-India Foundation for Scientific Advancement," etc.

The actual management of the foundation should be by qualified personnel, trained in such work, and under the supervision of a board of trustees of six or eight or more members, half to be appointed by the foreign government and half by the United States, these to select an additional member as their own chairman. Probably some qualified person from the U.S. Embassy could be appointed as a trustee to insure a certain amount of continuity of interest and direction.

The investment of the local currency funds of the proposed foundations offers an interesting opportunity to support and encourage private enterprise in the host country through the medium of purchasing shares of local companies. The bylaws of the proposed foundations should permit great freedom to the management in its investment policy.<sup>4</sup>

The income from the foundations could be used for the creation and/or support of such organizations as would be permitted under its bylaws. These should be drawn to fit the peculiar needs of each country.

Mr. HUMPHREY. Mr. President, great good can come from this. We have over \$300 million worth of zlotys in Poland. How are we going to use that? There is more good will to be derived in Poland if we put it to work in binational foundations than in almost any other place in Europe.

We have in other parts of the world—in Pakistan, in Burma, in India, in country after country—currency which today is losing its value because of inflation. It is being eroded by inflation. We can put citizen groups to work on a binational foundation basis to promote good will, understanding, education, and welfare for themselves and for ourselves.

<sup>4</sup> Mr. Bristol envisages the possibility of the trustees making some of the funds available as venture capital for new and sound enterprises. He realizes this is probably unorthodox by U.S. standards, but there is a great need to spread the ownership of private industry from the few to the many.



I think it is about time that Congress faced the fact that on the one hand, as we export our grain and our fibers, as we create these tremendous resources of currencies, these currencies are being repaid; and as they are repaid, they can be reused. The Treasury of the United States has warned the committees of Congress that we must start to program the use of these currencies. We cannot use them in America. We cannot use, for example, Iranian currency in this country, or Egyptian pounds in America. We would use it in these recipient countries, and we would use it under these terms, not in a governmental agency but in an agency of private individuals, something as American as the statue of liberty, a binational foundation.

I hope that we will not reject the proposed amendment. It does not cost us a nickel. As a matter of fact, it will save us money.

Had we had a binational foundation in Spain, we might have created much good will. Already we have lost in Spain one-third of all the value of the currency that we have accumulated because of the failure of use it. Apparently some people think that if we sit on this currency long enough it will hatch. The trouble is it does not hatch; it spoils.

Mr. MUNDT. Will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MUNDT. What the Senator says about saving the American taxpayer money is exactly correct. We now operate with appropriated dollars these analogous programs as a part of the U.S. information program overseas. The part we can utilize in this fashion, in binational activities, with foreign currency, is the part we can save from appropriated dollars now doing the same kind of work. This is economy, doing a job that needs to be done with money available to us from a source from which we cannot use money effectively in this country.

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

Mr. ELLENDER. I yield 3 minutes to my colleague from Louisiana.

Mr. LONG of Louisiana. Mr. President, even though I can see some worthy purposes in the amendment, I cannot vote for it, as loosely drawn as the amendment is, because there is no assurance whatever that the United States will get the least bit of credit for it, or that people in foreign countries will know that the money is being spent for their advantage.

The same people who would handle this program are the people who handled the foreign aid fund and paid off the national debt of six foreign countries. They did that, and no one knew that that had been done. Two and a half billion dollars was used to pay off the national debt of these foreign countries. The people in the foreign countries did not know that it had been done. The American people did not know about it. Congress did not know anything about it. No one knew anything about it until years after it had happened.

It has been mentioned that if we do not give the money away quickly, and without setting up any standards or without any assurance that we will get any credit whatever for doing it, the value of money will depreciate.

Mr. President, I am one of those who believe that we should have had an agreement with the foreign countries in the way of a maintenance-of-value arrangement. We never made such an arrangement. As a result, the value of the currency was squeezed out. We ought to make them reimburse us with more funds. I think something along this line could be done, but I think we ought to know what is going to be done with this money rather than find out 3 or 4 years later how we got rid of this money without anybody in the country knowing about it.

That is the basis of this amendment, and that is the basis on which I am going to vote against it. On that basis I must vote against it.

Mr. ALLOTT. Mr. President, will the Senator from Louisiana yield to me?

Mr. ELLENDER. I yield 2 minutes to the Senator from Colorado.

Mr. ALLOTT. I must rise in opposition to this amendment. I do not stand opposed to what is said to be the purpose of the amendment. I can see that under proper circumstances it might result in good. But when I look at the amendment I wonder how foolish the Congress can get.

Here is an amendment which does not even provide how these people are to get the money. According to the amendment, as I see it, the Foundation would practically have a right to demand it. Then it could obtain American assets—I do not care whether they are zlotys or something else. For one thing, the moneys would not be appropriated by the Congress.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. ALLOTT. I yield.

Mr. HUMPHREY. The Senator does not wish to make a misstatement. This is an amendment to section 104 of Public Law 480, to insert a new section. The President must make the loan or grant, and it must go through the appropriation process. The proposed amendment is an amendment to a section. I respectfully suggest that the Senator study the law.

Mr. ALLOTT. I also would like to invite the Senator's attention to one other feature of the amendment. Can the Senator tell me anything—including research—that is not included in the language, "for the purpose of fostering and promoting education, health, public welfare, and mutual good will and understanding"? If the Senator can show me anything that is not included, I will withdraw my objection. But literally I know of almost nothing—except shining shoes; perhaps that is not included—that is not included in this definition.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. ALLOTT. It seems to me that the time has come for us to say where our money shall go, and not put it into any more of these broad-ended gifts,

grants, and loans, when we cannot keep control of it and know where it is going.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. ALLOTT. I have no doubt the Senator's purpose is lofty; but certainly neither the Congress nor the executive branch will ever be able to control the amounts appropriated, granted, or loaned under this amendment.

Mr. STENNIS. Will the Senator yield?

Mr. ALLOTT. Mr. President, will the Senator yield 1 minute for the Senator from Minnesota to answer?

Mr. ELLENDER. I yield 1 minute to the Senator from Minnesota.

Mr. HUMPHREY. First, this is an amendment to section 104 of Public Law 480. It is designated as an amendment to section 104(g), relating to loans for promotion of multilateral trade and economic development. The standards are set in section 104(g). The President himself is authorized to make whatever loans or grants he determines are necessary under the appropriation process of the Congress. So what we are really doing is providing that the Appropriations Committees of the Congress shall review the requests of the President relating to loans or grants, of funds that are paid in, including both principal and interest, to a binational foundation in which we have a 50-percent representation.

Furthermore, the recommendations provide that the President of the United States, speaking for the Government of the United States, may lay down whatever rules and regulations are required relating to the use of our funds.

Mr. ALLOTT. I have only 1 minute. Let me say this in answer to my friend. I am sure the Senator does not seriously contend that under the provisions of this amendment the U.S. Congress or the President will ever be able to keep control of the money that goes into this fund.

Mr. HUMPHREY. Congress will be able to keep better control under this amendment than it does under any provision of Public Law 480 up to date, because we would require that all these transactions go through the Appropriations Committees.

Mr. ALLOTT. We appropriate directly for it.

Mr. HUMPHREY. I am rather surprised that the Congress was not concerned about this question before.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. STENNIS. Mr. President, I desire to ask a few brief questions of the senior Senator from Louisiana.

Mr. ELLENDER. Mr. President, I yield myself 2 minutes.

Mr. STENNIS. Let me observe that it seems to me this is a very broad amendment, and a very fine one, if it could be properly handled; but it certainly has not been fully explained, although the fine points have been made.

Reference is made to agreements. As I understand, those will be agreements made between the President and the other countries.

Mr. ELLENDER. Yes.



Mr. STENNIS. Are there any guidelines or limitations upon the amount that can be agreed to, or upon the proportionate percentage we would furnish and the other country would furnish? Is there anything of that nature in the amendment?

Mr. ELLENDER. Yes. Under the law as it is now written, the proceeds from the sale of these commodities may be used in 16 or 17 different ways, aside from lending much of it to the purchasing country.

In the past 2 or 3 years, the amount of the loans, percentagewise, has been decreasing, because there is greater use of the proceeds for purposes of education and things of that kind. All of that, as I have said, must be included in the agreement.

Mr. STENNIS. Does the agreement referred to in the amendment mean a 50-50 arrangement, under which we would furnish 50 percent and the agreeing nation the other 50 percent?

Mr. ELLENDER. Oh, no.

Mr. STENNIS. What percentage will be furnished—

Mr. ELLENDER. That has nothing to do with it.

Mr. STENNIS. Then the other country will not furnish anything? We will furnish all the funds?

Mr. ELLENDER. We are lending back as much as 42 percent of the proceeds of the sale, on an average. Instead of that money being used for our purposes when it is repaid, it would be used for the purposes described in the amendment.

Mr. STENNIS. It would be a plan under which we would furnish all the financing.

Mr. ELLENDER. The Senator is correct.

Mr. STENNIS. I had not understood that.

With regard to promoting research, is there any limitation on the kind of research which would be included?

Mr. ELLENDER. That feature has been eliminated. The purposes now are to promote education, health, public welfare, and mutual good will and understanding.

Mr. LONG of Louisiana. Is there anything in this amendment to assure us that if we start spending all this money to provide for education, health, public welfare, and mutual good will and understanding, the country spending for the same purposes will not reduce its expenditures for the same purposes?

Mr. ELLENDER. There is nothing in the amendment to prevent that.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. HUMPHREY. These are binational foundations of private individuals.

Mr. ELLENDER. Let us let them remain so. That is exactly the argument I made a while ago. The Senator from Minnesota wants to take them out of the hands of those who now handle them. I repeat what I said a while ago. It has been my experience that binational centers have done a great job in South and Central America for the reason that they are owned, administered, and controlled by the local people. But some of our ad-

ministrators of ICA and USIS desire to get us into the picture and to have the United States furnish money not only to assist in administering the binational centers, but even to erect buildings. That would be very costly. Also, the buildings would be owned, not by the Government, but by these private individuals who direct the binational centers.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. HUMPHREY. I should like to ask the distinguished chairman of the committee, who is a keen student of this particular legislation, as well as other legislation, what he expects to use Polish zlotys for, since they belong to the account of the United States of America? There is more currency in Poland today than in any other country except India. What does the Senator expect to do with that currency, if we cannot put it to some use of this kind?

Mr. ELLENDER. Poland has not been asking for economic aid, but, to be perfectly frank, I would be inclined to prefer to let the Poles use some of those zlotys for economic development, in order to wean them away from their Communist rulers, rather than creating binational centers.

Mr. HUMPHREY. We do that; but when the economic loan is repaid, is there any reason why we should not permit them to use the money again for the purposes described in the binational agreement?

Mr. ELLENDER. Let us use it as a revolving fund, to do some economic expansion. The trouble is we are trying to use these funds for purposes that are now under the control of individuals in the various countries where binational centers are constructed. I can point out to the distinguished Senator many countries in Central America where there are many Americans who put up their own cash in order to construct binational centers. Then, from the fees collected from the students who attend school at the binational centers, and who use the libraries of the binational centers, all under control by local people, sufficient funds are obtained to operate the binational centers.

If we proceed to put our hand in the pie and furnish money, the local people are going to lose interest in it. That is why I want to leave it as it is.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. ELLENDER. Yes; if I have more time.

The PRESIDING OFFICER. The Senator from Louisiana has 1 minute remaining.

Mr. ELLENDER. I will yield for a question, if I can answer it in a minute.

Mr. HUMPHREY. Is it not true that the binational foundations, as the Senator says, are doing good work?

Mr. ELLENDER. Oh, yes.

Mr. HUMPHREY. Is it not true that the recommendation of those who have studied the problem of our Government is that some of the local currencies which are not of value to us, but are only of value in the countries of their origin,

should be put to work, so as to be of value to us in the programs contemplated under the amendment?

Mr. ELLENDER. I could name a group of persons who have made studies such as those to which the Senator has referred and who take an opposite view.

Mr. HUMPHREY. Two years ago the Senator from Minnesota stood on the floor of the Senate and argued for funds for the translation of scientific documents overseas with foreign currencies. I had the fight of my life. It was said, "Oh, we cannot do this; we cannot do that." But since that time we have translated hundreds of thousands of documents by using foreign currencies to pay for it.

Had we used such currencies before sputnik, we might not have come in second. We are apparently addicted to the fact that we are going to have currency accumulating in other countries.

The PRESIDING OFFICER. All time has been used.

Mr. BUSH. Mr. President, I yield myself 2 minutes on the bill. I am reluctant to voice a discordant note in this farm-happy atmosphere.

I intend to vote "nay" on the bill to extend Public Law 480, in protest against the extravagant, dangerous farm-surplus situation in the United States.

Public Law 480 was first proposed as a temporary emergency measure, with the hope that changes would be made in the basic legislation to alleviate the pressures which were creating surpluses. I favored the law for that reason.

But no such helpful changes of importance have been made. The situation has worsened. Public Law 480 now acts as a spur to further increasing surpluses.

Consider wheat. The Government now owns \$3 billion worth of wheat, costing \$1,500,000 a day in handling, storage, and interest charges. Thirty percent of the value of our surplus products lies in wheat. Yet wheat represents only 6 percent of farm income in the United States.

This situation has become intolerable and will become catastrophic unless we change our course.

Public Law 480, in the guise of helping our neighbors and reducing our surpluses, has become a spur to further surpluses. We need more production, it is said, to implement Public Law 480. So instead of being a stopgap, it has become a loophole, which is a very unpopular word.

I shall vote against the extension bill in full protest against the extravagant subsidy involved in the whole high-price farm-support program.

I yield back the remainder of my time.

Mr. COTTON. Mr. President, will the Senator from Connecticut yield to me?

Mr. BUSH. I yield to my friend, the Senator from New Hampshire.

Mr. COTTON. I wish to state that I associate myself with the statement the Senator from Connecticut [Mr. Bush] has made; and, for the reasons which he has so well stated, I shall vote against the bill.

Mr. BUSH. I thank the Senator from New Hampshire.



Mr. MUNDT. Mr. President, will the acting minority leader yield me 1 minute out of the minority's time on the bill?

Mr. BUSH. I yield 1 minute to the Senator from South Dakota.

Mr. MUNDT. Mr. President, I hope we will not reject an amendment which gives us an opportunity to achieve some really constructive results in the area of good will and international accomplishment with foreign currency which otherwise is likely to deteriorate and disappear. Not one word has been said against this by Senators in all this debate. It is only a question of how the program will be financed. Our amendment proposes to finance it with money from funds which are received under Public Law 480, instead of having to finance it entirely by profitable dollars in those areas where we have to. We have some programs operating which, as the chairman of the Committee on Agriculture and Forestry has said, are entirely financed by Americans abroad and wealthy foreigners abroad. We have some which require a little assistance from the Federal Government as they get underway. We should be extending and expanding them in other cities. The money is piling up and doing nothing, yet all we say is that they should be given an appropriation. Congress has the right to appropriate from the counterpart funds sufficient money to keep this program going and to add others, and thus create good will institutions.

Mr. LONG of Louisiana. Mr. President, I desire to offer an amendment.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. It is proposed to add at the appropriate place the following: "Provided, That prior to such grants and loans the recipient nations shall give assurance that there will be no diminution of effort and expenditures by the recipient country to care for the same educational, health, and public welfare programs."

Mr. HUMPHREY. Mr. President, I should like to accept that modification. I think it is a very constructive endeavor. I fully concur in it. The Senator from Louisiana has always expressed this attitude. I hope we will accept it. If my cosponsor, the Senator from South Dakota [Mr. MUNDT] accepts it, we are perfectly willing to accept it.

Mr. MUNDT. I am perfectly willing to do so. I think this will be the ultimate outcome of the program anyway.

Mr. LONG of Louisiana. I offer it because it seems to me that while there should be considerable assurance of closer standards with respect to this matter, it seems to me that when we start to spend money for education and welfare services in foreign nations, the foreign nations should not reduce their own expenditures for the same purpose, and, therefore, shift the burden off onto Uncle Sam for things which they are already providing themselves.

Mr. HUMPHREY. The amendment of the Senator from Louisiana is an excellent one. I hope it will be agreed to.

Mr. HUMPHREY subsequently said: Mr. President, I ask unanimous consent

to have printed just before the vote on the Binational Foundations amendment a statement I have prepared on this subject.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR HUMPHREY  
BINATIONAL FOUNDATIONS

This amendment authorizes the President to negotiate and carry out agreements to establish in friendly countries nonprofit foundations to foster and promote research, education, health, and public welfare.

This amendment specifies that such foundations should be directed by a board of trustees composed of U.S. nationals and nationals of the country in which the foundation is located.

It authorizes the President to grant or loan in accordance with the provisions of section 104, and without regard to the provisions of Public Law 218 (the Battle Act), to any foundation established under this title local currencies which accrue to the United States as repayments of principal and payment of interest on loans made under section 104g. The foundations will become increasingly important as loans made under section 104 are repaid.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana to the amendment of the Senator from Minnesota.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota, as amended. [Putting the question.]

Mr. ELLENDER. Mr. President, I ask for a division.

On a division, the amendment was agreed to.

Mr. HUMPHREY. Mr. President I move that the vote by which the amendment, as amended, was agreed to be reconsidered.

Mr. MUNDT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HUMPHREY. Mr. President, this has been a long day. If there are no other amendments, I am ready for action on the bill.

The PRESIDING OFFICER. The bill is open for further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

Mr. ELLENDER. Mr. President, I ask unanimous consent that the Committee on Agriculture and Forestry be discharged from the further consideration of H.R. 8609, and that the Senate proceed to consider H.R. 8609, which is a bill on the same subject.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 8609) to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana?

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oregon will state it.

Mr. MORSE. Do I correctly understand that what the Senator from Louisiana is really doing is asking for the substitution of the House bill?

Mr. ELLENDER. That is correct.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana?

There being no objection, the Senate proceeded to consider the bill.

Mr. ELLENDER. Mr. President, I move that all after the enacting clause of H.R. 8609 be stricken and that the language of the Senate bill be inserted in lieu thereof.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana.

The motion was agreed to.

The bill is open to further amendment. If there be no amendment to be proposed, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 8609) was passed.

The title was amended so as to read: "An act to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes."

Mr. ELLENDER. Mr. President, I ask that the bill, as amended, be printed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Strike out all after the enacting clause and insert:

TITLE I—AMENDMENTS TO THE AGRICULTURAL  
TRADE DEVELOPMENT AND ASSISTANCE ACT OF  
1954

"That the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended as follows:

"(1) Sections 109 and 204 of such Act are amended by striking out '1959' and substituting in lieu thereof '1962'.

"(2) Section 103(b) (prescribing limit on appropriations) is amended, effective January 1, 1960, to read as follows:

"(b) Agreements shall not be entered into under this title in any calendar year during the period beginning January 1, 1960, and ending December 31, 1962, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$1,500,000,000, plus any amount by which agreements entered into in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such preceding year by this Act as in effect during such preceding year."

"(3) Section 203 of such Act is amended, effective January 1, 1960, by striking out the first sentence and inserting in lieu thereof:

"Not more than \$300,000,000 (including the Corporation's investment in such commodities) plus any amount by which transfers made in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corpora-



tion in amounts less than could have been expended during such preceding year under this title as in effect during such preceding year shall be expended in any calendar year during the period January 1, 1960, and ending December 31, 1962, for all such transfers and for other costs authorized by this title.

"(4) Section 104(k) (relating to scientific activities) is amended by striking out the colon and inserting in lieu thereof a comma and the following: 'and to promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation:'.

"(5) Section 104(o) (relating to assistance to educational facilities sponsored by United States citizens) is amended by striking out so much thereof as follows the semicolon.

"(6) Section 104 (relating to uses of foreign currencies) is further amended by inserting after paragraph (o) the following new paragraphs:

"(p) For supporting workshops in American studies or American educational techniques, and supporting chairs in American studies;

"(q) For assistance to meet emergency or extraordinary relief requirements other than requirements for surplus food commodities: *Provided*, That not more than a total amount equivalent to \$2,000,000 may be made available for this purpose during any fiscal year;

"(r) For financing the preparation, distribution, and exhibiting of audiovisual informational and educational materials, including Government materials, abroad: *Provided*, That not more than a total amount equivalent to \$5,000,000 may be made available for this purpose during any fiscal year;

"(s) For financing the services of technicians, advisers, and administrators who are nationals of any friendly country, which may be needed to further economic and social development programs in other friendly countries;".

"(7) Section 104 is further amended by inserting before the period at the end thereof a colon and the following: '*Provided, however*, That foreign currencies shall be available for the purpose of subsections (p), (r), and (s), in addition to funds otherwise made available for such purposes, only in such amounts as may be specified from time to time in appropriation Acts'.

"(8) Title III of such Act is amended by adding at the end thereof a new section as follows:

"SEC. 306. Whenever the Secretary of Agriculture determines under section 106 of this Act that any food commodity is a surplus agricultural commodity, he shall make such commodity available for distribution to needy families and persons in the United States in such quantities as he determines are reasonably necessary before such commodity is made available for sale for foreign currencies under title I of this Act."

"(9) Title III is further amended by adding at the end thereof a new section as follows:

"SEC. 307. Notwithstanding any other provision of law, the Commodity Credit Corporation is hereby authorized—

"(1) to dispose of its stocks of animal fats and edible oils or products thereof by donation, upon such terms and conditions as the Secretary of Agriculture deems appropriate, to nonprofit voluntary agencies registered with the Department of State, appropriate agencies of the Federal Government or international organizations, for use in the assistance of needy persons outside the United States;

"(2) to purchase for donation as provided above such quantities of animal fats and edible oils and the products thereof as the Secretary determines will maintain the support level for cottonseed and soybeans without requiring the acquisition of such commodities under the price support program.

Commodity Credit Corporation may incur such additional costs with respect to commodities to be donated hereunder as it is authorized to incur with respect to food commodities disposed of under section 416 of the Agricultural Act of 1949, and may pay ocean freight charges from United States ports to designated ports of entry abroad."

"(10) Section 104(g) (relating to loans for promotion of multilateral trade and economic development) is amended by inserting before the semicolon at the end thereof a period and the following: 'Foreign currencies received in repayment of the principal or payment of interest on such loan shall be available, either through direct expenditure or through investment and use of the proceeds, for grants or loans in accordance with this section and without regard to the provisions of Public Law 213, Eighty-second Congress, to any jointly controlled nonprofit foundation established in a friendly foreign country pursuant to agreement between the United States and such country for the purpose of fostering and promoting education, health, public welfare, and mutual good will and understanding: *Provided*, That prior to such grants and loans the recipient nations shall give assurance that there will be no diminution of effort and expenditures by the recipient country to care for the same educational, health, and public welfare programs'.

#### "TITLE II—DEMONSTRATION FOOD STAMP ALLOTMENT PROGRAMS

##### "Definitions

"SEC. 201. As used in this title—

"(a) The term 'food commodity' means any food product raised or produced in the United States on farms, including agricultural, horticultural, and dairy products, livestock, poultry, and honey.

"(b) The term 'State' includes the District of Columbia, Puerto Rico, and the Virgin Islands.

"(c) The term 'Secretary' means the Secretary of Agriculture.

"(d) The term 'food stamp' means a certificate, coupon, or other similar medium of exchange issued to eligible recipients.

##### "Demonstration programs authorized

"SEC. 202. (a) The Secretary is authorized and directed, as soon as practicable after the date of enactment of this Act, to formulate and administer in geographically dispersed areas of the United States demonstration food stamp allotment programs under which food commodities will be made available to persons with low incomes, unemployed persons, and such other persons as the Secretary determines to be in need of the type of assistance made available under such programs.

"(b) Demonstration food stamp allotment programs authorized by subsection (a) shall be administered by the Secretary in not less than three nor more than six different areas of the United States, and shall, to the extent practicable, be administered in areas determined by the Secretary of Labor to be areas of surplus labor. In carrying out the provisions of this section the Secretary shall provide for at least one such program in a rural area of the United States.

##### "Types of demonstration programs

"SEC. 203. (a) The Secretary shall, with respect to the demonstration food stamp allotment program to be administered in any area, determine the type of program it is to be, the requirements of eligibility for participation therein, and the manner in which it is to be administered.

"(b) In formulating and administering any demonstration food stamp allotment program pursuant to the provisions of this title the Secretary is authorized to consult and cooperate with appropriate State and local authorities as well as representatives

of any private industry concerned with the operation of such program.

"(c) The Secretary is authorized and directed in carrying out the provisions of this title to utilize such stocks of the Commodity Credit Corporation and other commodities (determined by the Secretary to be in surplus supply) as he shall deem fit.

##### "Rules and regulations

"SEC. 204. The Secretary is authorized to promulgate such rules and regulations as he deems necessary to effectuate the provisions of this title.

##### "Termination of programs—Report to Congress

"SEC. 205. (a) The demonstration food stamp allotment programs authorized by this title shall terminate prior to January 1, 1962.

"(b) The Secretary shall, as soon as practicable after the termination of such programs, submit to the Congress a final report on the operation of such programs, including such recommendation as he deems appropriate. The Secretary may also from time to time make such earlier reports to the Congress as he deems appropriate.

##### "Appropriations

"SEC. 206. There is hereby authorized to be appropriated \$15,000,000 for carrying out the demonstration food stamp allotment programs.

##### "Maintenance of other assistance

"SEC. 207. Receipt by any person of benefits under this title shall not be deemed to be income or resources under the provisions of the Social Security Act or any other Federal legislation pertaining to the security of the aged, blind, disabled, dependent children, unemployed, or other similar groups. Any State or local subdivision thereof which decreases the cash or other assistance extended to any person or group as a consequence of the assistance made available under this title shall be ineligible for further participation under this title.

##### "TITLE III—MISCELLANEOUS

"SEC. 301. (a) In order to insure the nutritional value of cornmeal, grits, white rice, and white flour when such foods are made available for distribution under section 416 (3) of the Agricultural Act of 1949 or for distribution to schools under the National School Lunch Act or any other Act, such foods shall be enriched so as to meet the standards for enriched cornmeal, enriched corn grits, enriched rice, or enriched flour, as the case may be, prescribed in regulations promulgated under the Federal Food, Drug, and Cosmetic Act; and in order to protect the nutritional value and sanitary quality of such enriched foods during transportation and storage such foods shall be packaged in sanitary containers. For convenience and ease in handling, the weight of any sanitary container when filled shall not exceed fifty pounds.

"(b) The term 'sanitary container' means any container of such material and construction as (1) will not permit the infiltration of foreign matter into the contents of such container under ordinary conditions of shipping and handling, and (2) will not, for a period of at least one year, disintegrate so as to contaminate the contents of the container, necessitating the washing of the contents prior to use.

"SEC. 302. In lieu of the limitation on annual payment rates for 1960 conservation reserve contracts prescribed in clause (2) of the sixth proviso under the head 'Conversation Reserve' in Public Law 86-80, no such annual payment rate shall be established in excess of 20 per centum of the value of the land placed under contract, such value to be determined without regard to physical improvements thereon or geographical location thereof; but in no event shall such an-



nual payment rate be established in excess of the maximum rate which the county committee determines would have been established for such land under the 1959 Conservation Reserve Program, except that the county committee in making such determination shall not be required to obtain the landowner's or operator's estimate as to value or his certificate as to production history and productivity.

"SEC. 303. Section 347 (b) of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out the period at the end thereof and inserting a colon and the following: 'Provided, however, That the national marketing quota for the 1960 crop of such cotton shall be not less than 90 per centum of the 1959 marketing quota for such cotton.'"

Mr. JOHNSON of Texas. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion to reconsider was agreed to.

Mr. JOHNSON of Texas. Mr. President, I ask for the yeas and nays on the passage of the bill.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. JOHNSON of Texas. Mr. President, have the yeas and nays been ordered on the question of final passage of the bill?

The PRESIDING OFFICER. That is correct.

Mr. JOHNSON of Texas. Mr. President, I should like to make a brief statement.

Before I left the Chamber a few minutes ago, I had been asked by other Senators whether there would be a yeas-and-nays vote on the question of final passage of the bill to extend Public Law 480. I assured them that there would, inasmuch as I had asked for the yeas and nays.

However, I have been told that the bill was passed by a voice vote while I was out of the Chamber.

Therefore, I desired the vote on the question of passage to be reconsidered, and that was done; and now the yeas and nays have been ordered on the question of passage of the bill.

That is the only statement I care to make; and at this time I am glad to have the yeas-and-nays vote taken on the question of passage of the bill.

Mr. JAVITS. Mr. President, has the voice-vote vote which was taken on the question of passage of the bill been reconsidered?

The PRESIDING OFFICER. That is correct.

Mr. JAVITS. Is the Senate now about to take a yeas-and-nays vote on the question of passage of the bill?

The PRESIDING OFFICER. That is correct.

Mr. JAVITS. On this vote, a vote "yea" will be in favor of passage of the bill, will it?

The PRESIDING OFFICER. That is correct.

Mr. SCHOEPEL. Mr. President, before the vote is taken, I ask unanimous consent—in order to save time—that a statement I have prepared on this sub-

ject be printed in the body of the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### STATEMENT BY SENATOR SCHOEPEL

At the conclusion of this discussion on this important agriculture measure Public Law 480, I think it is well for us to have before us again what this important measure has done.

Let us consider just a few—important matters in this regard.

#### SUMMARY OF OPERATIONS

Agreements signed since the beginning of the program provide for the shipment of 840 million bushels of wheat, 4 million bales of cotton, 33.5 million bags of rice, 3.3 billion pounds of vegetable oil, 210 million bushels of feed grains, 250 million pounds of tobacco, 120 million pounds of meat, 180 million pounds of lard, 285 million pounds of dairy products, 175 million pounds of fruit and vegetables, as well as other commodities.

In 1955-56, the first full year of operation of title I, foreign currency shipments totaled \$427 million at export market value, or 12 percent of total U.S. agricultural exports. During 1956-57 title I shipments amounted to \$900 million, nearly 20 percent of the total; during 1957-58 about \$650 million, approximately 16 percent; and during 1958-59, \$725 million, about 20 percent.

Agreements signed to date will result in foreign currency payments of more than \$3.7 billion. About 60 percent of the total will be used for economic development purposes in importing countries, about 10 percent will be used to support the defense forces of our allies, and the remaining 30 percent is planned for meeting U.S. expenses overseas and expanding certain U.S. programs.

Title I originally provided for an authorization of \$700 million in terms of what it costs the Government to supply commodities under the program. The value of these commodities at current world prices, of course, is considerably less. This authorization has been raised four times and now is \$6.25 billion. Nearly \$5.1 billion of this limit has moved or will move under more than 150 agreements signed with 38 friendly countries. Agreements totaled about \$500 million in the year ending June 30, 1955, \$1 billion in 1959-56, \$1.5 billion in 1956-57, \$1 billion in 1957-58, and \$1.1 billion last year.

For certain commodities the program has been particularly important. For example, more than half the total U.S. wheat exports during the past fiscal year, or about 230 million bushels, moved under title I; also, about 750 million pounds of soybean oil and cottonseed oil, or about 65 percent of total edible oil exports; about one-third of rice exports; and one-fifth of cotton shipments.

#### USES OF FOREIGN CURRENCIES

Foreign currencies received in payment for commodities are deposited to the account of the United States overseas and are used for purposes authorized in section 104 of Public Law 480 and specified in the sales agreement. Several departments and agencies have responsibility for administering the expenditure of these currencies. For example, the Department of Agriculture is concerned with the use of currencies for agricultural market development purposes; the International Cooperation Administration for currencies loaned back to importing countries for economic development purposes; and the Export-Import Bank of Washington for currencies loaned to private business firms.

About \$52 million in currencies has been tentatively earmarked for agricultural market development under existing agreements. To date, about \$12 million of this is being obligated for approved projects together with contributions by private trade organizations cooperating in these projects of nearly \$6 million. Trade fair and other activities not

involving project agreements with trade groups total the equivalent of about \$6 million. Results of these promotion efforts are expanding agricultural outlets. Cotton use is up in several countries, particularly France and Japan; tobacco and wheat consumption is increasing in a number of countries; poultry sales have increased in West Germany; and sales of livestock are being made in South America. In this connection, 40 international exhibits have been held in 16 countries with emphasis on distributing samples to millions of fair visitors.

More than half the foreign currencies expected to accrue under existing agreements will be loaned back to importing countries for use in economic development projects agreed upon with the International Cooperation Administration. Considerable emphasis is placed upon coordinating plans for the use of these funds with the overall development programs of these countries. In approving loan projects for agricultural purposes care is exercised to avoid encouragement of production which would result in reduced outlets for U.S. agricultural commodities.

The extension of Public Law 480 granted in August 1957 provided for relending of foreign currencies, largely to U.S. firms and their affiliates, to assist in the development and expansion of private business in foreign countries. The equivalent of about \$225 million is being reserved for these purposes in agreements negotiated to date with 22 countries. These funds will be available to private business firms through the Export-Import Bank of Washington when commodities under these agreements are shipped and paid for and proceeds assigned to the bank.

Currencies are also being used for the payment of U.S. expenses abroad; for the procurement of military services and equipment for military assistance; for educational exchange programs; for assistance to American-sponsored schools, libraries, and community centers; for the translation, publication, and distribution of books and periodicals; and for the purchase of goods for other friendly countries.

#### TRADE DEVELOPMENT

The Agricultural Trade Development and Assistance Act of 1954, as amended, declared trade expansion as the policy of Congress. A stated objective of this policy was " . . . to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States."

Section 104(a) was listed as the first currency use "to help develop new markets for U.S. agricultural commodities on a mutually benefiting basis." This was no accident. It was and is the intention of Congress that foreign currencies be used to the maximum extent possible for agricultural market development and that first priority be given this use.

Many amendments have been offered to this important measure. In the main, I think we should be careful that we do not depart from the original intent of this legislation. To do so drastically would cause this measure to lose much of its practical use and effect.

The PRESIDING OFFICER. The question is, Shall the bill pass?

On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Illinois [Mr. DOUGLAS], the Senator from Alaska [Mr. GRUENING], the Senator from Missouri [Mr. HENNING], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Wyoming [Mr. McGEEL], the Sen-



ator from Michigan [Mr. McNAMARA], the Senator from Montana [Mr. MURRAY], the Senator from Florida [Mr. SMATHERS], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

The Senator from Idaho [Mr. CHURCH] is absent on official business attending the Interparliamentary Conference at Warsaw, Poland.

The Senator from Indiana [Mr. HARTKE] and the Senator from Wyoming [Mr. O'MAHONEY] are absent because of illness.

The Senator from West Virginia [Mr. RANDOLPH] is absent on official business delivering Labor Day speeches in West Virginia.

I further announce that, if present and voting, the Senator from Idaho [Mr. CHURCH], the Senator from Illinois [Mr. DOUGLAS], the Senator from Alaska [Mr. GRUENING], the Senator from Indiana [Mr. HARTKE], the Senator from Missouri [Mr. HENNINGS], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Massachusetts [Mr. KENNEDY], the Senators from Wyoming [Mr. McGEE and Mr. O'MAHONEY], the Senator from Michigan [Mr. McNAMARA], the Senator from Montana [Mr. MURRAY], the Senator from West Virginia [Mr. RANDOLPH], the Senator from Florida [Mr. SMATHERS], and the Senator from Texas [Mr. YARBOROUGH] would vote "yea."

Mr. KUCHEL. I announce that the Senator from South Dakota [Mr. CASE] is absent on official business attending the Interparliamentary Union Conference at Warsaw, Poland.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Illinois [Mr. DIRKSEN], and the Senator from Nebraska [Mr. HRUSKA] are necessarily absent. If present and voting, the Senator from New Hampshire [Mr. BRIDGES], the Senator from South Dakota [Mr. CASE], and the Senator from Nebraska [Mr. HRUSKA] would each vote "yea."

The result was announced—yeas 68, nays 14, as follows:

## YEAS—68

Aiken	Frear	Mansfield
Allott	Fulbright	Martin
Anderson	Gore	Monroney
Bartlett	Green	Morse
Bennett	Hartke	Morton
Bible	Hayden	Moss
Byrd, W. Va.	Hickenlooper	Mundt
Cannon	Hill	Muskie
Capehart	Holland	Neuberger
Carlson	Humphrey	Pastore
Carroll	Jackson	Prouty
Case, N.J.	Javits	Proxmire
Chavez	Johnson, Tex.	Schoeppel
Clark	Johnston, S.C.	Scott
Cooper	Jordan	Smith
Curtis	Keating	Sparkman
Dodd	Kerr	Stennis
Dworshak	Kuchel	Symington
Eastland	Langer	Wiley
Ellender	Long, Hawaii	Williams, N.J.
Engle	Long, La.	Young, N. Dak.
Ervin	McCarthy	Young, Ohio
Fong	Magnuson	

## NAYS—14

Beall	Goldwater	Saltonstall
Bush	Lausche	Talmadge
Butler	McClellan	Thurmond
Byrd, Va.	Robertson	Williams, Del.
Cotton	Russell	

## NOT VOTING—18

Bridges	Dirksen	Hart
Case, S. Dak.	Douglas	Hennings
Church	Gruening	Hruska

Kefauver	McNamara	Randolph
Kennedy	Murray	Smathers
McGee	O'Mahoney	Yarborough

So the bill (H.R. 8609) was passed.

Mr. ELLENDER. Mr. President, I move that the Senate insist upon its amendment, request a conference with the House of Representatives thereon, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. ELLENDER, Mr. JOHNSTON of South Carolina, Mr. HOLLAND, Mr. HUMPHREY, Mr. AIKEN, Mr. YOUNG of North Dakota, and Mr. HICKENLOOPER conferees on the part of the Senate.

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

## ORDER OF BUSINESS

Mr. JOHNSON of Texas. For the information of the Senate, I would not expect to have any more rollcalls this evening. At least, I hope there will not be any, and, so far as I am aware, there will not be, and so far as I can control the situation, there will not be.

I desire to have some business pending to be considered tomorrow, and to have the Senate act on the resolution that was submitted earlier today with regard to the House and the Senate expressing their deep realization and appreciation of the basic role labor plays in our economy.

## INTEREST RATES ON SERIES E AND H SAVINGS BONDS

Mr. JOHNSON of Texas. Mr. President, first, I should like to ask that Calendar No. 935, H.R. 9035, become the pending business.

The PRESIDING OFFICER. The bill will be stated by title.

The CHIEF CLERK. A bill (H.R. 9035) to permit the issuance of series E and H U.S. savings bonds at interest rates above the existing maximum to permit the Secretary of the Treasury to designate certain exchanges of Government securities to be made without recognition of gain or loss, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with amendments.

## EXPRESSION BY CONGRESS OF APPRECIATION OF THE ROLE OF LABOR

Mr. JOHNSON of Texas. Now, Mr. President, I ask that the pending business be temporarily laid aside. I want to return to it in a moment, after we consider House Concurrent Resolution 435, which I ask the clerk to state.

The PRESIDING OFFICER. The concurrent resolution will be read by the clerk.

The Chief Clerk read House Concurrent Resolution 435, as follows:

Whereas American labor has raised its standards, of productivity to heights unequalled in world history, and

Whereas the efforts of American labor have brought to this country a standard of living that has no parallel, and

Whereas American labor has served the Nation in peace and war, and

Whereas American labor has been a bulwark of freedom, and

Whereas the first Monday in September is traditionally set aside to commemorate the services of working men and women to our Nation: Therefore be it

Resolved by the House of Representatives (the Senate concurring), That the Congress does hereby express its deep realization and appreciation of the basic role that labor plays in our economy and of the contributions that American working men and women have made to America's well-being.

The PRESIDING OFFICER. Is there objection to the consideration to the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. JOHNSON of Texas. Mr. President, in view of the fact that 99 Senators cosponsored this resolution, it is very obvious it represents the sentiments of most of the Members of the Senate. I should like to have a division vote on passage of the resolution, so as to avoid a rollcall.

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oregon will state his inquiry.

Mr. MORSE. The resolution is subject to discussion?

The PRESIDING OFFICER. The resolution is debatable.

Mr. MORSE. Mr. President, I have some very brief comments I want to make on the resolution, if I may have the floor in my own right.

Mr. JOHNSON of Texas. Mr. President, I yield the floor.

Mr. MORSE. Mr. President, I intend—

Mr. ALLOTT. Mr. President, I cannot hear the Senator.

Mr. JOHNSON of Texas. May we have order in the Chamber, please, Mr. President?

The PRESIDING OFFICER. The Senate will be in order.

Mr. MORSE. I will not say to the Senator from Colorado, as was suggested to me this morning when I made the same comment, that he can come closer. I will do my best to have my voice reach the Senator's seat.

Later in the evening I shall discuss some of my views with regard to the meaning of Labor Day and the relationship of organized labor to democratic institutions. However, I am perfectly aware of the fact that there is a desire on the part of many of my colleagues to leave the Chamber, after a long and arduous day. Probably contrary to their expectations, I want to accommodate them. [Applause.]



I strongly urge your committee to take favorable action on some legislation restricting the passport privilege.

Mr. Chairman, for the same reasons as I presented to the committee I urge passage of this bill.

Mr. SELDEN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. RILEY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 9069) to provide standards for the issuance of passports, and for other purposes, had come to no resolution thereon.

#### GENERAL LEAVE TO EXTEND

Mr. SELDEN. Mr. Speaker, I ask unanimous consent that all Members may extend their remarks in the RECORD on the bill H.R. 9069.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

#### PARLIAMENTARY INQUIRY

Mr. GROSS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GROSS. Will this legislation be the first order of business tomorrow, or is the Speaker prepared to say?

The SPEAKER. No; I do not think so.

#### FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 8609. An act to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes.

The message also announced that the Senate insists on its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. ELLENDER, Mr. JOHNSTON of South Carolina, Mr. HOLLAND, Mr. HUMPHREY, Mr. AIKEN, Mr. YOUNG of North Dakota, and Mr. HICKENLOOPER to be the conferees on the part of the Senate.

#### AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

Mr. GRANT. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill H.R. 8609, "to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes," with a Senate

amendment thereto, disagree with the Senate amendment, and agree to the conference requested by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Alabama? The Chair hears none, and appoints the following conferees: Messrs. GRANT, GATHINGS, ALBERT, THOMPSON of Texas, HOEVEN, BELCHER, and MCINTIRE.

#### CORRECTION OF THE RECORD

Mr. STRATTON. Mr. Speaker, I ask unanimous consent that the remarks of mine which appear in the CONGRESSIONAL RECORD of September 4, beginning in the third column on page 16650, be corrected in the permanent RECORD with respect to the following typographical errors:

On page 16650, column 3, line 19: "Believes" should read "believe"; line 34, "these" should read "there"; line 56, after the word "activities," insert the word "of"; on line 58, "issues" should read "issue."

Page 16651, column 2, line 39: After the word "and," insert the words "in behalf of."

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### CORRECTION OF ROLL CALL

Mr. McSWEEEN. Mr. Speaker, on roll call No. 161, I am recorded as being absent. I was present and answered to my name. I ask unanimous consent that the permanent RECORD and the Journal be corrected accordingly.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### CITATION BY MISSOURI FARMERS ASSOCIATION

Mr. ALBERT. Mr. Speaker, on behalf of the gentleman from Missouri [Mr. CANNON], I ask unanimous consent that he may extend his remarks in the RECORD to include a citation by the Missouri Farmers Association for distinguished service to agriculture by Senator SYMINGTON, of Missouri, and his response.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[The matter referred to appears in the Appendix.]

#### IRRESPONSIBLE SPENDING IN OUR RIVERS AND HARBORS APPROPRIATION BILL

(Mr. BRAY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BRAY. Mr. Speaker, irresponsible spending in our Rivers and Harbors appropriations bill—often known as the pork barrel bill—can not only injure the financial stability of our country, but unless we use commonsense and restraint, this irresponsible spending will

eventually wreck the very rivers and harbors program it purports to expedite.

Every Congressman justifiably wants needed improvements in the waterways of his locality, but we must proceed in an orderly and fair manner and not proceed like a gang of kids in a candy store. We cannot commence every project at this time that may ever be worthy.

When I came to Congress about 11 years ago, Indiana was participating but sparingly in our Federal public works program.

Our State had, however, organized the Indiana Flood Control and Water Resources Commission to study and work out a sensible long-range solution of our flood control problem and the equally important problem of utilization and improvement of our water resources. We are working out a long-range coordinated plan for that solution with our State engineers in cooperation with the U.S. Corps of Engineers. I have worked closely with my State and with the Corps of Engineers on these Indiana projects. Every Indiana project in this year's public works bill had been studied and approved by the Indiana Flood Control and Water Resources Commission, by the U.S. Corps of Engineers and by the Bureau of the Budget. I believe that Indiana Senators and Congressmen are justified in asking every other State to follow the same fiscal responsibility in regard to their projects.

It is also a fact, Mr. Speaker, that Indiana has the only project in this bill in which the State is contributing more than is the Federal Government. When this bill came before the House earlier this year, I worked and voted to limit the bill to those properly engineering projects that were in the budget. We failed, however, in this worthwhile attempt and 67 unapproved projects were ultimately included. It is interesting that on the whole those States which succeeded in adding unapproved projects to the bill are also getting a lion's share of projects on which the Corps of Engineers is already working.

A certain way to wreck the entire Federal flood control program, and with it Indiana's properly engineered and approved projects, is to load the bill each year with unapproved costly projects. Fiscal irresponsibility will wreck any program, and that includes our flood control program.

One relatively small but interesting project in the bill is for \$500,000 to control water lilies in the Louisiana rivers. That project was inserted in the bill on the floor by a one-vote majority.

The cost for this 1 year on the 67 unapproved projects is not a large sum but by the time these projects are finished it will cost the American taxpayers \$800 million, which is approximately the present average personal tax paid by a million families for 1 year.

The President vetoed this bill and we sustained his veto by only one vote. The rollcall vote was 274 to override the President's veto to 138 to sustain it. It takes a two-thirds majority to override a veto. In other words, 274 voted for



these unauthorized projects and only 138 of us voted against them. Frankly, we are outnumbered about 2 to 1. I doubt that we will be able to hold the line much longer, but I insist that we must realize it is the taxpayers' money we are spending. Unless we balance the budget, this money must be paid for by our children and our children's children.

The situation reminds me of a story where a father and son were on a ship. The ship hit a rock and commenced to sink. The son ran to his father and said: "Father, father, the ship is sinking." The father smiled and said, "Why should we worry, son, we don't own the ship." However, Mr. Speaker, all America is on the ship in this case, and every American owns a share of it, to boot.

#### VISIT OF MR. NIKITA KHRUSHCHEV

(Mr. DINGELL asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. DINGELL. Mr. Speaker, I have been gravely concerned over the impending visit of Nikita Khrushchev and of the behavior of American citizens at that time.

Few if any of us approve of godless, atheistic communism or the behavior of the Government of Soviet Russia, either under Mr. Stalin, Mr. Malenkov, or Mr. Khrushchev; nevertheless, Soviet Russia is one of the most powerful governments and political forces in the world today, and on our behavior, individually and collectively, may hinge the future relationship of his nation and ours. Although I was not in favor of extending an invitation to Mr. Khrushchev to visit the United States, he is now coming as the invited head of a government recognized by the United States and with whom the United States has at least the fiction of friendly relations.

We need not delude ourselves that the millennium is upon us from either the visit of Mr. Khrushchev to the United States or that of our own President and Vice President to the Soviet Union.

However, these exchanges coupled with other changes in Soviet-American relations can result in an opportunity to establish a real peace and mean certain changes in the cold war are already accomplished. Mr. Khrushchev comes as the guest of the United States and is entitled to the traditional hospitality given to a guest in the home. It is imperative that he be received with courtesy. Although Americans need not forgo their traditional right of free speech and expression, it should be exercised without hostility and disrespect.

In view of the history of half-truth, distortion, and outright falsehood that has clouded every phase of Soviet Russia's teaching of history and dissemination of information, we can expect that Mr. Khrushchev comes to the United States with certain delusions about warmongering, suffering, and oppression of the individual, in keeping with the basic Marxist doctrine on America and a free capitalistic economy.

These delusions can be in part dispelled by his visit when he observes the number of homes and automobiles belonging to ordinary Americans, a

thing unheard of in Russia, and the prosperity and worldly possessions available to all over here. Mr. Khrushchev must be allowed every opportunity to see the freedom and historic self-determination of the American people of their city, State, and Federal Governments. If he is afforded proper opportunity, there is much else Mr. Khrushchev can and will learn which will have a beneficial effect on his future attitude. Mr. Khrushchev can learn that we are a peace-loving people, anxious to live at peace in the world, but willing and able to fight if forced to preserve our independence and freedom and our American way of life. Mr. Khrushchev can observe our strength in our industries, our wealth of raw materials, our military, technical and scientific ability as well as the will, skill and determination of our people, our richest resource.

We must also remember that World War I began with pistol shots and assassination of a head of state. A bitterly hostile press and people, even in a small local minority, causing a few isolated instances of hooliganism like egg or tomato throwing can do much to destroy any favorable impression of Mr. Khrushchev. Indeed, such a reception would send Mr. Khrushchev home bitter and alienated far beyond his present disposition towards the United States. Certainly our own Vice President received a gracious reception in the Soviet Union, and America must not be shamed in its own hospitality by comparison.

Our welcome must even be such that Mr. Khrushchev be invited to address a Joint Session of Congress, if in session, as are all other visiting heads of State.

Mr. Khrushchev's visit does not mean a termination of the cold war nor that we are embarking on an era of peace which can be a golden age for humanity. America must not let down its guard as a result of one visit. We must, at the same time, assure our allies that we are not engaging in any two-party diplomacy and negotiations to their exclusion by selling our friends and allies, as well as the people behind the Iron Curtain, down the river because, during, or as a result of, Mr. Khrushchev's visit. If America uses this visit wisely and if Americans everywhere will act with dignity and maturity this visit may yet have far reaching influences for good for all people.

#### LABOR UNIONS FORTRESS OF DEMOCRACY

(Mr. HECHLER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. HECHLER. Mr. Speaker, today is Labor Day. I rise to pay tribute to millions of loyal Americans, and to the leaders and members of the great American labor union movement. For it is only because of the persistent, imaginative efforts of labor unions that the working men and women of this country have achieved the highest standard of living of any nation in the world.

As we turn back the pages of history, we recall the dark days of exploitation and strife, the company plug-uglies and

private detective forces armed with shotguns to mow down those workingmen with the courage to ask for a living wage. That was a sorry chapter in the economic history of our land, just as the infiltration of cheap crooks and racketeers into some unions is something which shames us all.

Faced with the determined and armed opposition of shortsighted owners, labor union members stuck to their principles and succeeded in welding unions which made major contributions to the welfare of the country. I believe that one of the outstanding reasons for the success of the labor union movement has been that its leaders and members have raised their sights above mere bread and butter issues, and have worked for the betterment of the nation's welfare. Better schools, housing, health, social security, conservation, and development of natural resources—all of these issues have found the labor unions unselfishly in the forefront of the fight.

Labor unions in recent months have been going through a very difficult period. The racketeers and hoodlums who have wormed their way into high places in some unions, and then blackened the reputation of the labor union movement, should be mercilessly cleaned out. There is some evidence that businessmen, through so-called "sweetheart" contracts, have encouraged crooked elements in labor unions in order to weaken the power and reputation of the union movement in the eyes of the public. There is also some evidence that lax law enforcement has failed to net and imprison these racketeers, and honest unions have paid for this duplicity.

Mr. Speaker, I have taken a firm position from the start against these elements in the labor union movement, and it is to the high credit of the AFL-CIO that that great organization has bent every effort to clean its own house. It has cost the AFL-CIO annual dues of \$800,000 to kick out the Teamsters Union. I am proud to join with millions of honest labor union members and their leaders in denouncing these elements which have besmirched the fair name of American labor unionism.

I hasten to point out, Mr. Speaker, that those who would use this crisis in labor to try and thwart or cripple the labor union movement are making a terrible mistake. We seek to eliminate dishonesty, not to eliminate labor. Yes, I voted for the labor reform legislation, but I do not propose to be a party to having it used as a jagged sword to be plunged into labor's jugular vein. If the law is interpreted fairly, it can help protect the individual union member and wind up making the labor union movement stronger as it rids itself of corrupt elements.

West Virginia has a great labor union movement, Mr. Speaker. It was conceived in the blood and violence of the mine wars, but it has grown to maturity under wise leadership. I believe that the West Virginia Labor Federation is one of the most forthright and decent to be found anywhere. Under the leadership of its sincere and high-principled young president, Miles C. Stanley, the West Virginia Labor Fed-









# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

## CONTENTS

Issued Sept. 14, 1959  
For actions of Sept. 11, 1959  
86th-1st - No. 161

Adjournment.....	42
Air pollution.....	12
Appropriations.....	24, 33, 34
Area redevelopment.....	10
Centennial celebration...	2
Congressional procedure...	31
Conservation reserve.....	26
Contracts.....	46
Cotton.....	26
Cottonseed.....	26
Dam construction.....	23
Electrification.....	29, 39
Employment.....	25
Enriched grain foods.....	26
Farm program.....	5, 44
Fats and oils.....	26
Federal Register.....	40
Feed grains.....	44
Fish.....	14
Food surpluses.....	3, 36
Food-for-peace.....	3
Food stamps.....	4, 26
Foreign affairs.....	3
Foreign aid.....	24
Foreign markets.....	26
Foreign trade.....	26, 38
Freight cars.....	17
Health benefits.....	45
Information.....	13, 35
Interest rates.....	41
Intergovernmental relations.....	28
Lands.....	6
Leather.....	32
Life insurance.....	7
Margarine.....	21
Milk prices.....	9
Monopolies.....	43
Mutual security.....	24
Nonfood relief.....	26
Patents.....	22
Payments in lieu of taxes.....	20
Payrolling.....	7
Peanuts.....	18
Personnel.....	7, 35, 45
Plants.....	22
Public Law 313.....	7
Public Law 480.....	26
Public power.....	39
Public works.....	33
Radioactivity.....	11
Reorganization.....	15
Research.....	14
Science.....	16, 47
Small business.....	27
Soil bank.....	44
Soybeans.....	26
Surplus commodities.....	26, 36
Surplus property.....	8
Taxes.....	7
Textiles.....	37
Transportation.....	17
Watersheds.....	30
Wheat.....	1
Wildlife.....	19

HIGHLIGHTS: Page 7

## SENATE

1. WHEAT. Passed without amendment H. R. 8409, in lieu of S. 2449 (passed on Sept. 10), to extend for an additional 3 years (until July 31, 1962) the necessary implementing legislation to carry out U. S. participation in the International Wheat Agreement, 1959, ratified July 15, 1959 by the Senate (pp. 17510-1). This bill will now be sent to the President. The committee report states that this bill would extend CCC's authority to make wheat available for export and to exercise our rights and fulfill our obligations under the Agreement.
2. CENTENNIAL CELEBRATION. Passed over, at the request of Sen. Hart, H. R. 4012, to provide for the centennial celebration of the establishment of the land-grant colleges and State universities and the establishment of the Department of Agriculture. p. 17563



3. FOOD SURPLUSES; FOREIGN AFFAIRS. Passed over, at the request of Sen. Hart, S. 1711, the food-for-peace bill. p. 17563

4. FOOD STAMP. Passed over, at the request of Sen. Hart, S. 2522, to provide for the enrichment and sanitary packaging of certain donated surplus commodities and to establish experimental food stamp allotment programs. p. 17563

5. FARM PROGRAM. Sen. Langer urged this Department and the Congressional Agriculture committees to concern themselves with and to make recommendations on solving the "problem of preventing the family farm from disappearing from the American scene," and inserted an article, "Small Canadian Farmer is Big Business Victim." pp. 17494-6

6. LANDS. Both Houses received and agreed to the conference report on S. 1436, to provide that lands conveyed under the Recreation Act of 1926 for State park purposes shall not be subject to the 640 acre limitation provided in the Act (pp. 17530, 17586-7). This bill will now be sent to the President. The bill as agreed to, limits the number of sites to 3 and the acreage to 6,400 acres (although this figure can be doubled for the ensuing 3 calendar years) that can be conveyed to any one State in a year for recreational purposes and limits to 640 acres the area that can be conveyed to a nonprofit organization for public purposes.

Passed over, at the request of Sen. Hart S. 1617, to provide for the adjustment of the legislative jurisdiction exercised by the U. S. over lands in the States used for Federal purposes. p. 17563

Passed over, at the request of Sen. Hart S. 2308, to validate certain extended oil and gas leases. p. 17563

7. PERSONNEL; PAYROLLING; TAXES. Passed with amendment S. 2282, to prohibit acceptance by the Federal Government of compensation from any State for services rendered in connection with the withholding of income taxes from employees salaries (pp. 17529-30, 17538-47, 17548). Certain State laws provide for the withholding party to keep a specified portion of the tax withheld to cover costs of this service. Under this bill, the Federal Government would not receive this compensation. Agreed to an amendment by Sen. Saltonstall to eliminate a section of the bill that would prevent the Government from withholding any State's income taxes from employees who are nonresidents of the State even though they work in the taxing State, and to strike an accompanying verification of residence section (pp. 17538-48). Rejected an amendment by Sen. Cotton to change a provision allowing collection of taxes only from residents of the State to allowing the collection from persons "whose place of abode is " in the State (regardless of one's legal residence) (pp. 17541-8). (Earlier in the day this bill was passed over, at the request of Sen. Hart).

Passed with amendments H. R. 6059, to provide additional civilian employees for the Defense Department for purposes of scientific research and development (pp. 17557-8). Sen. Johnston stated that the bill authorizes the Defense Department additional Public Law 313 positions and liberalizes the Federal Employees Group Life Insurance Act (p. 17557). (See Digest 159 for a summary of the life insurance provisions of the bill)

Passed over, at the request of Sen. Hart, H. R. 4601 and S. 91, to amend the act of Sept. 1, 1954, to limit to cases involving the national security the prohibition on payment of annuities to employees of the U. S. p. 17563

8. SURPLUS PROPERTY. Sen. Keating stated that he supported S. 155, to permit the donations of surplus property to public libraries, which recently passed the Senate, but expressed his "disappointment" that the Government Operations Committee has not reported S. 1365, to permit donations of surplus property to welfare and recreation agencies. pp. 17497-8



Sept. 11, 1959

9. MILK PRICES. Sen. Proxmire stated that certain Wisconsin farmers are planning a milk strike, if necessary, "to enforce an adequate price for milk," urged this Department to take action to alleviate the situation and inserted two articles on the subject. pp. 17500-1
10. AREA REDEVELOPMENT. Sen. Douglas inserted a statement entitled, "The Ever-Present Pressing Need for an Area Redevelopment Bill." pp. 17503-6
11. RADIOACTIVITY. Passed as reported S. 2568, to amend the Atomic Energy Act of 1954, as amended, with respect to cooperation with States (pp. 17506-10). The bill provides for the transferring of certain AEC regulation of radioactive materials to the States and changes the composition of the Federal Radiation Council which advises the President on radiation matters. The House later passed this bill without amendment (pp. 17633-5). This bill will now be sent to the President.
12. AIR POLLUTION. Conferees were appointed on H. R. 7476, to extend for 2 additional years the authority of the Surgeon General of the Public Health Service with respect to air pollution. House conferees have been appointed. p. 17510
13. INFORMATION. Agreed to S. Con. Res. 75, favoring active participation by Federal agencies in the Fifth International Congress on High-Speed Photography to be held in Washington, D. C., in 1960. p. 17512
14. FISH; RESEARCH. Passed without amendment H. R. 5004, to authorize and direct the Interior Department to undertake continuing research on the biology, fluctuations, status, and statistics of the migratory marine species of game fish of the U. S. and contiguous waters (pp. 17512-3). This bill will now be sent to the President.
15. REORGANIZATION. Passed over, at the request of Sen. Hart, S. 1474, to make permanent the provisions of the Reorganization Act of 1949 and H. R. 5140, to provide that the Reorganization Act of 1949 will apply to reorganization plans transmitted to the Congress at any time before June 1, 1961. p. 17563
16. SCIENCE. Passed over, at the request of Sen. Hart, S. 1851, to establish a commission on a Department of Science and Technology. p. 17563
17. TRANSPORTATION. Passed over, at the request of Sen. Hart, S. 1508, to provide for economic regulation of the Alaska Railroad under the Interstate Commerce Act. p. 17563  
Passed over, at the request of Sen. Hart, S. 1789, to amend the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply. p. 17563  
Passed without amendment H. R. 5067, to repeal section 217 of the Merchant Marine Act of 1936, as amended (p. 17578). This bill will now be sent to the President. The bill has this purpose: During World War II the Bland Forwarding Act was enacted to keep American Freight forwarders in business (by requiring Federal agencies to use American ships); but now, since Congress feels this Act is no longer necessary, and since some forwarders now continue to construe this Act as requiring Government agencies to use their services, this bill eliminates any such provision which may restrict Federal agencies in this construed manner.
18. PEANUTS. Passed over, at the request of Sen. Hart, H. R. 4938, to amend the AAA of 1938 so as to exempt from marketing quotas green peanuts. p. 17563



19. WILDLIFE. Passed over, at the request of Sen. Hart, S. 2086, to provide for the establishment of a National Wildlife Disease Laboratory. p. 17563
20. PAYMENTS IN LIEU OF TAXES. Passed over, at the request of Sen. Keating, S. 910, to authorize the payment to local governments of sums in lieu of taxes and special assessments with respect to certain Federal real property. p. 17564
21. MARGARINE. Passed over, at the request of Sen. Keating, S. 2168, to amend the Navy ration statute so as to provide for the serving of oleomargarine or margarine. p. 17564
22. PATENTS; PLANTS. Passed over, at the request of Sen. Keating, S. 1447, to amend Sec. 161, title 35, U. S. Code, with respect to patents for plants so as to eliminate the exclusion of tuber propagated plants from being patented. p. 17564
23. DAM CONSTRUCTION. Passed over, at the request of Sens. Keating and Hart, S. 793, to amend title 23 of the USC in order to increase the amount from \$10 to \$13 million available for expenditure by the Secretary of Commerce to reimburse any agency for additional costs incurred in building Federal dams to support highways). p. 17564
24. MUTUAL SECURITY. Passed over, at the request of Sens. Keating and Morse, H. R. 8385, the mutual security appropriation bill for 1960. p. 17564
25. EMPLOYMENT. Sen. Douglas inserted unemployment figures and stated that "if matters do not improve" by January, it may be time for more "basic action". p. 17581

HOUSE

26. SURPLUS COMMODITIES; FOREIGN TRADE. Both Houses received and agreed to the conference report on H. R. 8609, to amend and extend Public Law 480 (H. Rept. 1178). This bill will now be sent to the President. (pp. 17587-92, 17530-4, ~~17545~~). As agreed to the bill includes the following provisions: Extends titles I and II for 2 years, until December 31, 1961, with an increased authorization of \$1.5 billion per year for title I and increased authorization of \$300 million per year for title II. Earmarks not less than 5 percent of foreign currencies to be used in developing foreign markets for U. S. agricultural commodities. Requires that, as far as practicable agricultural commodities donated abroad under the act be labeled in the language of the locality to which they are sent. Provides up to \$5 million per year of foreign currencies to meet emergency nonfood relief requirements (other than requirements for surplus foods) in foreign nations. Authorizes the President to enter into long-term commitments - up to 10 years - for the sale of U. S. surpluses in dollars to foreign nations. Authorizes the establishment of a permissive 2-year food stamp plan for the distribution of \$250 million worth of surplus food per year to needy people in the U. S. Authorizes the use of title I foreign currencies to purchase nonstrategic and non critical materials for the supplemental stockpile. Provides that the 1960 extra long staple cotton marketing quota cannot be less than 90 percent of the 1959 quota. Requires cornmeal, grits, and white flour distributed to schools or the needy to be enriched and packaged in sanitary containers not exceeding 50 pounds. Provides that in determining annual payments under conservation reserve contracts no annual payment rate shall be established in excess of 20 percent of the value of the land placed under contract. Requires the Secretary, insofar as practicable, to make surplus commodities available to the needy in the U. S. before such commodities are made available for sale for foreign currencies.



Provides for the use of foreign currencies for research, cultural and educational development, health, nutrition, and sanitation, and for the preparation, distribution, and exhibition of audio-visual informational and education materials. Authorizes disposition of CCC stocks of animal fats and edible oils or products for use in assistance of needy persons outside the U. S., and the purchase of such fats, oils, and products as will help to maintain the support level for cottonseed and soybeans.

27. SMALL BUSINESS. Concurred in the Senate amendment to H. R. 8599, to provide an additional \$75 million for the Small Business Administration revolving fund. This bill will now be sent to the President. p. 17587  
Received from the Small Business Administration the semiannual report of that agency. p. 17645
28. INTERGOVERNMENTAL RELATIONS. Conferees were appointed on H. R. 6904, to establish an Advisory Commission on Intergovernmental Relations. Senate conferees have already been appointed. (p. 17586). The conferees agreed to file a report on this bill (p. D912).
- ELECTRIFICATION. Rep. Preston praised the rural electrification program, and reviewed accomplishments under the program. pp. 17631-2
30. WATERSHEDS. The Public Works Committee approved the following watershed projects: Flat Creek, Ark., Second Creek, Miss., Tehuacana Creek, Tex., Marsh-Kellogg Creeks, Calif., Upper Clear Boggy Creek, Okla., Roanoke Creek, Va., and Caney-Coon Creek, Okla. p. 17584
31. CONGRESSIONAL PROCEDURE. Agreed to a unanimous consent by Rep. McCormack that for the remainder of this session of Congress it shall be in order to consider conference reports the same day reported, that Rules Committee reports may be considered at any time, and that the Speaker may recognize Members to move to suspend the rules for consideration of measures. pp. 17592-3
32. LEATHER. Rep. Porter urged the enactment of legislation to require the labeling of shoes, and inserted several items on the subject, including a letter from this Department discussing the proposal. pp. 17594-603
33. PUBLIC WORKS. Rep. Dixon explained the reasons for his voting to sustain the President's veto of the public works appropriation bill. p. 17604  
Rep. Taber inserted a table regarding the public works appropriation bill which shows "the new starts which an honest figuring of benefit-cost ratio would rule out." p. 17606
34. APPROPRIATIONS. Rep. Curtis and others debated the accuracy of the table of of appropriation bills appearing daily in the Daily Digest of the Congressional Record. pp. 17622-3, 17624-31
35. INFORMATION; PERSONNEL. Received from the Science and Astronautics Committee a report on the dissemination of scientific information (pp. 17645-6); and a report on scientific manpower and education (p. 17646).

#### ITEMS IN THE APPENDIX

36. SURPLUS FOOD. Rep. Judd inserted an article, "Food Giveaways", on "the dangers and difficulties as well as possible benefits which must be evaluated more intelligently in our programs of selling or bartering or contributing our food surpluses abroad." pp. A8031-2



Rep. Quie commended the Administration for donating "nearly 3 billion pounds of surplus foods during fiscal year 1959", and inserted a table showing the numbers of needy persons receiving surplus food in June 1959. p. A8039

37. TEXTILES. Rep. Hemphill inserted an editorial contending that U. S. textiles are being threatened by the importation of cheaper textiles from the Far East. pp. 8006-7
38. FOREIGN TRADE. Rep. Simpson inserted an address contending that U. S. commodities, including cotton and textiles, are being adversely affected by increasing imports into the U. S. and decreasing exports. pp. A8009-10  
Extension of remarks of Rep. Knox expressing concern over increasing imports of foreign agricultural products, and urging action to curtail much of these imports. pp. A8017-8
39. PUBLIC POWER. Extension of remarks of Sen. Yarborough, and insertion of a letter from Clyde Ellis, criticizing "a massive, vastly expensively, new Madison Avenue type advertising campaign aimed at discrediting and, if possible, destroying public power in America." pp. A7979-80
40. FEDERAL REGISTER. Rep. Albert inserted an article by the Director, Office of the Federal Register, suggesting that the Federal Register be discontinued and replaced with a centrally published looseleaf system. pp. A7969-70
41. INTEREST RATES. Rep. Curtis inserted numerous articles and items on proposals to remove the interest ceiling on long-term Federal bonds. pp. A7968, 7971, 7976, 7977-8, 7978-9, 7979, 7982, 7989, 7993, 7995, 7998, 7999, 8000, 8001, 8003.

BILLS INTRODUCED

by Sen. Anderson,

42. ADJOURNMENT. S. J. Res. 142, proposing an amendment to the Constitution of the United States relating to the adjournment of Congress; to Judiciary Committee. Remarks of author. pp. 17487-8
43. MONOPOLIES. S. 2963, by Sen. Sparkman, to strengthen the antitrust laws by amending the Clayton Act and related acts to provide for the issuance of temporary cease and desist orders to prevent certain acts and practices pending completion of proceedings; to Judiciary Committee. Remarks of author. pp. 17562-3
44. FARM PROGRAM. S. 2690, by Sen. Mundt, to promote greater diversification of U. S. agricultural production; to shift U. S. farm production to those commodities in relatively greatest demand, taking into account both domestic and export markets; to provide larger supplies of protein meals for balanced rations for the dairy, livestock and poultry industries; to Agriculture and Forestry Committee. Remarks of author. pp. 17485-7  
H. R. 9204, by Rep. Flynn, to balance domestic supplies of, and domestic demand for, agricultural commodities, by providing for the withdrawal of 80 million acres from agricultural production; to Agriculture Committee. Remarks of author. pp. 17606-8  
H. R. 9213, by Rep. Roosevelt, to provide for the development of a comprehensive family farm program, to bring the production of agricultural commodities into balance with demand therefor, to enable farmers to secure fair prices, to better utilize agricultural abundance in the Nation's interest at home and abroad; to Agriculture Committee.

45. PERSONNEL. H. R. 9203, by Rep. Broyhill, to provide for the annual granting

## EXTENSION AND AMENDMENT OF PUBLIC LAW 480

SEPTEMBER 11, 1959.—Ordered to be printed

Mr. GRANT, from the committee of conference, submitted the following

### CONFERENCE REPORT

[To accompany H.R. 8609]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 8609) to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

#### TITLE I—AMENDMENTS TO THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

SECTION 1. Sections 109 and 204 of the Agricultural Trade Development and Assistance Act of 1954, as amended, are amended by striking out "1959" and substituting in lieu thereof "1961".

SEC. 2. Section 103(b) of such Act is amended, effective January 1, 1960, to read as follows:

"(b) Agreements shall not be entered into under this title in any calendar year during the period beginning January 1, 1960, and ending December 31, 1961, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$1,500,000,000, plus any amount by which agreements entered into in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such preceding year by this Act as in effect during such preceding year."



SEC. 3. Section 203 of such Act is amended, effective January 1, 1960, by striking out the first sentence and inserting in lieu thereof:

"Not more than \$300,000,000 (including the Corporation's investment in such commodities) plus any amount by which transfers made in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than could have been expended during such preceding year under this title as in effect during such preceding year shall be expended in any calendar year during the period January 1, 1960, and ending December 31, 1961, for all such transfers and for other costs authorized by this title."

SEC. 4. Subsection (a) of section 104 of such Act is amended by inserting a period in lieu of the semicolon at the end thereof, and adding the following:

"From sale proceeds and loan repayments under this title not less than the equivalent of 5 per centum of the total sales made under this title after the date of this amendment shall be made available in advance for use as provided by this subsection over such period of years as the Secretary of Agriculture determines will most effectively carry out the purpose of this subsection: Provided, That no such funds shall be allocated under this subsection after June 30, 1960, except as may be specified, from time to time, in appropriation acts. Particular regard shall be given to provide in sale and loan agreements for the convertibility of such amount of the proceeds thereof as may be needed to carry out the purpose of this subsection in those countries which are or offer reasonable potential of becoming dollar markets for United States agricultural commodities. Notwithstanding any other provision of law, if sufficient foreign currencies for carrying out the purpose of this subsection in such countries are not otherwise available, agreements may be entered into with such countries for the sale of surplus agricultural commodities in such amounts as the Secretary of Agriculture determines to be adequate and for the use of the proceeds to carry out the purpose of this subsection;"

SEC. 5. Subsection (b) of section 104 of such Act is amended to read as follows:

"(b) To purchase or contract to purchase, in such amounts as may be specified from time to time in appropriation acts, strategic or other materials for a supplemental United States stockpile of such materials as the President may determine from time to time. Such strategic or other materials acquired under this subsection shall be placed in the above named supplemental stockpile and shall be released therefrom only under the provisions of section 3 of the Strategic and Critical Materials Stock Piling Act;"

SEC. 6. Section 104(k) of such Act is amended by striking out the colon and inserting in lieu thereof a comma and the following: "and to promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation:"

SEC. 7. Section 104(o) of such Act is amended by striking out so much thereof as follows the semicolon.

SEC. 8. Section 104 of such Act is further amended by inserting after paragraph (o) the following new paragraphs:

"(p) For supporting workshops in American studies or American educational techniques and supporting chairs in American studies;

"(q) For assistance to meet emergency or extraordinary relief requirements other than requirements for surplus food commodities: Provided,

That not more than a total amount equivalent to \$5,000,000 may be made available for this purpose during any fiscal year;

“(r) For financing the preparation, distribution, and exhibiting of audio-visual informational and educational materials, including Government materials, abroad: Provided, That not more than a total amount equivalent to \$2,500,000 may be made available for this purpose during any fiscal year, but nothing in this subsection shall limit or affect the use of foreign currencies to finance the preparation, distribution, or exhibition of such materials in connection with trade fairs and other market development activities under subsection (a);”.

SEC. 9. Section 104 of such Act is further amended by inserting before the period at the end thereof a colon and the following: “Provided, however, That no foreign currencies shall be available for the purpose of subsection (p), except in such amounts as may be specified from time to time in appropriation Acts, and no foreign currencies shall be allocated under any provision of this Act after June 30, 1960 for the purposes specified in subsections (k), (p), and (r), except in such amounts as may be specified from time to time in appropriation Acts”.

SEC. 10. Section 305 of such Act is amended to read as follows:

“SEC. 305. All Commodity Credit Corporation stocks donated abroad under title II of this Act and section 416 of the Agricultural Act of 1949, as amended, shall be clearly identified by appropriate marking on each package or container and insofar as practical in the language of the locality where such stocks are distributed as being furnished by the people of the United States of America and where available funds accruing under title I shall be used for this purpose.”

SEC. 11. Title III of such Act is amended by adding at the end thereof the following new section:

“SEC. 306. (a) In order to promote the general welfare, raise the levels of health and of nourishment for persons whose incomes prevent them from enjoying adequate diets, and dispose in a beneficial manner of food commodities acquired by the Commodity Credit Corporation or the Department of Agriculture in carrying out price support operations or diverted from the normal channels of trade and commerce under section 32 of the Act of August 24, 1935, as amended, the Secretary of Agriculture (in this section referred to as the ‘Secretary’) is hereby authorized to promulgate and put into operation a program to distribute to needy persons in the United States, including needy Indians, through a food stamp system such surplus food commodities. Such program shall provide for the distribution of such surplus food commodities only during the period beginning February 1, 1960 and ending January 31, 1962. The cost of such program, including the cost to the Federal Government of acquiring, storing, and handling such surplus food commodities, shall not exceed \$250,000,000 in any 12-month period beginning February 1 and ending January 31.

“(b) In carrying out such program, the Secretary shall—

“(1) distribute surplus food made available by the Secretary for distribution under this program only when requested to do so by a State or political subdivision thereof;

“(2) issue, or cause to be issued, pursuant to subsection (c), food stamps redeemable by eligible needy persons for such types and quantities of surplus food as the Secretary shall determine;

“(3) distribute surplus food in commercially packaged form, preferably through normal channels of trade;



"(4) establish standards under which, pursuant to subsection (c), the welfare authorities of any State or political subdivision thereof may participate in the food stamp plan for the distribution of surplus foods to the needy;

"(5) consult the Secretary of Health, Education, and Welfare, and the Secretary of Labor, in establishing standards for eligibility for surplus foods and in the conduct of the program generally to assure achievement of the goals outlined in subsection (a) of this section; and

"(6) make such other rules and regulations as he may deem necessary to carry out the purpose of this section.

"(c) The Secretary shall issue, to each welfare department or equivalent agency of a State or political subdivision requesting the distribution of surplus food under subsection (b)(1), food stamps for each kind of surplus food to be distributed, in amounts based on the total amount of surplus food to be distributed and on the total number of needy persons in the various States and political subdivisions eligible to receive such food. The food stamps shall be issued by each such welfare department or equivalent agency to needy persons receiving welfare assistance, or in need of welfare assistance but ineligible because of State or local law, and shall be redeemable by such needy persons at local distribution points to be determined by the Secretary under subsection (b)(3).

"(d) Receipt by any person of benefits under this section shall not be deemed to be income or resources under the provisions of the Social Security Act or any other Federal legislation pertaining to the security of the aged, blind, disabled, dependent children, unemployed, or other similar groups. Any State or local subdivision thereof which decreases the cash or other assistance extended to any person or group as a consequence of the assistance made available under this section shall be ineligible for further participation under this section.

"(e) Surplus foods to be distributed under this section shall be limited to surplus foods acquired under the Agricultural Act of 1949 or diverted from the normal channels of trade under section 32 of Public Law 320, Seventy-fourth Congress.

"(f) For the purposes of this section, a needy person is anyone receiving welfare assistance (financial or otherwise) from the welfare department or equivalent agency of any State or political subdivision thereof, or who is, in the opinion of such agency or agencies, in need of welfare assistance but is ineligible to receive it because of State or local law.

"(g) The Secretary of Agriculture, in consultation with the Secretary of Health, Education, and Welfare and the Secretary of Labor, shall make a study of, and shall report to Congress within six months after the date of enactment of this section, on the feasibility of, the costs of, and the problems involved in, extending the scope of the food stamp plan established by this section to include persons receiving unemployment compensation, receiving old-age and survivors insurance (social security) pensions, and other low-income groups not eligible to receive food stamps under this section.

"(h) There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the purposes of this section."

SEC. 12. Title III of such Act is further amended by adding at the end thereof a new section as follows:

"SEC. 307. Whenever the Secretary of Agriculture determines under section 106 of this Act that any food commodity is a surplus agricultural commodity, insofar as practicable he shall make such commodity available for distribution to needy families and persons in the United States in such quantities as he determines are reasonably necessary before such commodity is made available for sale for foreign currencies under title I of this Act."

SEC. 13. Title III of such Act is further amended by adding at the end thereof a new section as follows:

"SEC. 308. Notwithstanding any other provision of law, the Commodity Credit Corporation is hereby authorized—

"(1) to dispose of its stocks of animal fats and edible oils or products thereof by donation, upon such terms and conditions as the Secretary of Agriculture deems appropriate, to nonprofit voluntary agencies registered with the Department of State, appropriate agencies of the Federal Government or international organizations, for use in the assistance of needy persons outside the United States;

"(2) to purchase for donation as provided above such quantities of animal fats and edible oils and the products thereof as the Secretary determines will tend to maintain the support level for cottonseed and soybeans without requiring the acquisition of such commodities under the price support program.

Commodity Credit Corporation may incur such additional costs with respect to commodities to be donated hereunder as it is authorized to incur with respect to food commodities disposed of under section 416 of the Agricultural Act of 1949, and may pay ocean freight charges from United States ports to designated ports of entry abroad."

SEC. 14. Such Act is further amended by adding thereto the following new title:

#### "TITLE IV—LONG-TERM SUPPLY CONTRACTS

"SEC. 401. The purpose of this title is to utilize surplus agricultural commodities and the products thereof produced in the United States to assist the economic development of friendly nations by providing long-term credit for purchases of surplus agricultural commodities for domestic consumption during periods of economic development so that the resources and manpower of such nations may be utilized more effectively for industrial and other domestic economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use.

"SEC. 402. In furtherance of this purpose, the President is authorized to enter into agreements with friendly nations under which the United States shall undertake to provide for delivery annually of certain quantities of such surplus agricultural commodities for periods of not to exceed ten years, pursuant to the terms and conditions set out in this title, providing such commodities are in surplus at the time delivery is to be made.

"SEC. 403. Payment for such commodities shall be in dollars with interest at such rate as the Secretary may determine but not more than the cost of the funds to the United States Treasury as determined by the Secretary of the Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States having maturity comparable to the maturities of loans made by the President under this section. Payment may be made in approximately equal annual amounts over periods of not to exceed twenty years from the date



of the last delivery of commodities in each calendar year under the agreement and interest shall be computed from the date of such last delivery.

"SEC. 404. In carrying out the provisions of this title, the Secretary of Agriculture shall endeavor to maximize the sale of United States agricultural commodities taking such reasonable precautions as he determines necessary to avoid replacing any sales which the Secretary finds and determines would otherwise be made for cash dollars.

"SEC. 405. In entering into such agreements, the Secretary shall endeavor to reach agreement with other exporting nations of such commodities for their participation in the supply and assistance program herein authorized on a proportionate and equitable basis.

"SEC. 406. In carrying out this title, the provisions of sections 102, 103(a), 106, 107, and 108 of this Act shall be applicable to the extent not inconsistent with this title."

## TITLE II—MISCELLANEOUS

SEC. 201. (a) In order to insure the nutritional value of cornmeal, grits, and white flour when such foods are made available for distribution under section 416(3) of the Agricultural Act of 1949 or for distribution to schools under the National School Lunch Act or any other Act, such foods shall be enriched so as to meet the standards for enriched cornmeal, enriched corn grits, or enriched flour, as the case may be, prescribed in regulations promulgated under the Federal Food, Drug, and Cosmetic Act; and in order to protect the nutritional value and sanitary quality of such enriched foods during transportation and storage such foods shall be packaged in sanitary containers. For convenience and ease in handling, the weight of any sanitary container when filled shall not exceed fifty pounds.

(b) The term "sanitary container" means any container of such material and construction as (1) will not permit the infiltration of foreign matter into the contents of such container under ordinary conditions of shipping and handling, and (2) will not, for a period of at least one year, disintegrate so as to contaminate the contents of the container, necessitating the washing of the contents prior to use.

SEC. 202. In lieu of the limitation on annual payment rates for 1960 conservation reserve contracts prescribed in clause (2) of the sixth proviso under the head "Conservation Reserve" in Public Law 86-80, no such annual payment rate shall be established in excess of 20 per centum of the value of the land placed under contract, such value to be determined without regard to physical improvements thereon or geographical location thereof; but in no event shall such annual payment rate be established in excess of the maximum rate which the county committee determines would have been established for such land under the 1959 Conservation Reserve Program, except that the county committee in making such determination shall not be required to obtain the landowner's or operator's estimate as to value or his certificate as to production history and productivity.

SEC. 203. Section 347(b) of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out the period at the end thereof and inserting a colon and the following: "Provided, however, That the national marketing quota for the 1960 crop of such cotton shall be not less than 90 per centum of the 1959 marketing quota for such cotton."

SEC. 204. Section 206(a) of the Agricultural Act of 1956 is amended by inserting before the period at the end thereof a comma and the following: "or to meet requirements of Government agencies".

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same.

GEORGE M. GRANT,  
E. C. GATHINGS,  
CARL ALBERT,  
CLARK W. THOMPSON,  
CHARLES B. HOEVEN,  
PAGE BELCHER,  
CLIFFORD G. MCINTIRE,  
*Managers on the Part of the House.*

ALLEN J. ELLENDER,  
OLIN D. JOHNSTON,  
SPESSARD L. HOLLAND,  
HUBERT H. HUMPHREY,  
GEORGE D. AIKEN,  
MILTON R. YOUNG,  
BOURKE B. HICKENLOOPER,  
*Managers on the Part of the Senate.*



## STATEMENT OF MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 8609) to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposal through barter, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report:

The Senate amendment struck out all after the enacting clause of H.R. 8609 and substituted new language. The House bill contained numerous provisions not included in the Senate amendment and the Senate amendment contained numerous provisions new to the House bill. In lieu of the Senate amendment, the conferees have agreed upon an amendment combining many of the provisions of both bills. Following are the substantive differences between the conference bill herewith reported and H.R. 8609 as it passed the House.

### EXTENSION OF PUBLIC LAW 480

The House bill extended titles I and II of the act for 1 year (from December 31, 1959) with an additional authorization of \$1.5 billion for title I and \$300 million for title II. The Senate amendment extended both titles for 3 years with additional authorizations at the same rate per year as provided in the House bill. The conferees have compromised on a 2-year extension of titles I and II with increased authorizations at the rate provided in both the House bill and the Senate amendment—\$1.5 billion per year for title I and \$300 million per year for title II.

### FOOD STAMP PLAN

The provisions relating to distribution of surplus foods in the United States through a food-stamp plan follow generally the language of the House bill, with the following substantive changes:

(1) Duration of the authority is limited to 2 years starting February 1, 1960; (2) foods to be distributed are clearly limited to surplus foods acquired under the Agricultural Act of 1949 or diverted from normal channels of trade under section 32 of Public Law 320, 74th Congress; (3) the maximum which may be spent in any 12-month period is placed at \$250 million, based on the cost to the Federal Government of acquiring, storing, and handling such food; (4) adopted Senate language providing that receipt by any person of benefits under the program should not be deemed income or resources under the provisions of the Social Security Act or related Federal legislation and providing that any State or local subdivision thereof which decreases the cash or other assistance extended to any person because of assistance under the food-stamp program should not be eligible for further participation in such program.

The conferees note that although the language of the amendment agreed upon is permissive as in the House bill, legislation authorizing and directing food-stamp programs was passed by the Senate. It is the expectation of the conferees that the Secretary at his discretion will undertake such a program along the lines laid down in the conference report.

In making regulations the Secretary should include the Bureau of Indian Affairs and/or tribal councils designated by the Bureau of Indian Affairs as "welfare agencies" as he has done in the past with respect to the Department of Agriculture's program of donation of food commodities for relief purposes.

#### USE OF FOREIGN CURRENCIES FOR RELIEF PURPOSES

Section 7 of the House bill provided that not to exceed \$2 million in local currencies might be used each year in each country for emergency relief requirements. The Senate amendment contained a similar provision but limited the total amount to \$2 million of foreign currencies per year. The conference substitute has amended this provision to permit up to \$5 million of foreign currencies to be spent each year for this purpose.

#### LONG-TERM SUPPLY CONTRACTS

The conference substitute retains the House provision authorizing long-term supply contracts to be entered into on dollar credit. It adopted a clarifying amendment to make it clear that the supply contracts are to relate only to surplus commodities. In agreeing to retain this provision, the conferees note that it is not the intent of section 405 of this new title to require continuing consultation with other countries on the program, but merely to give other interested countries an opportunity to enter into a participating agreement if they so desire. For example, the conferees are aware that negotiations are now going on with other countries under the food-for-peace program and assume that this new program will be discussed with them at an early date as part of these negotiations.

#### HOUSE PROVISIONS RETAINED

The following provisions of the House bill are retained in the conference substitute without any change other than perfecting or clarifying amendment:

Section 3, requiring the earmarking of 5 percent of foreign currencies accruing under title I for market development purposes.

Section 4, authorizing purchase with foreign currency of materials other than those required for the national stockpile.

Section 13, requiring that insofar as practical surplus commodities donated abroad shall be marked in the language of the locality where they are distributed as being furnished by the people of the United States.

Section 16, providing that materials currently required by the Department of Defense, the Atomic Energy Commission, and other Government agencies may be acquired through barter.

Section 17, providing that the national marketing quota for the 1960 crop of long staple cotton shall not be less than 90 percent of the 1959 marketing quota.



## ELIMINATED FROM HOUSE BILL

The substitute amendment herewith reported does not contain the following provisions which were in the bill as passed by the House:

Section 5, providing that payments received from loans made under the "Cooley amendment" would be retained by the Export-Import Bank for the making of additional such loans.

Section 6, requiring that loans of foreign currencies made to foreign countries for economic development should have a "maintenance of value" provisions requiring repayment in foreign currencies equivalent to the dollar value of the payment at the time each payment is made.

Section 8, authorizing the establishment in foreign countries of food reserves under the authority of title I of Public Law 480.

Section 9, authorizing the donation of surplus agricultural commodities under title II of the act "in order to promote economic development" in underdeveloped areas.

Section 10, authorizing the payment of "charges for general average contributions" out of foreign currencies accruing under title I.

Section 12, providing that the Secretary should permit and encourage barter for materials processed in the United States if the agricultural commodities to be bartered for such materials are exported to friendly foreign countries.

Section 18, providing that this act might be cited as the "Food for Peace Act of 1959."

## PROVISIONS ADDED TO HOUSE BILL

The following substantive provisions of the conference substitute did not appear in the bill as passed by the House:

Specifically provides for the use of foreign currencies for (a) programs of medical and scientific research and development, (b) workshops in American studies or American educational techniques and supporting chairs in American studies (these two are not new uses but are specific restatement of authority existing in the act), and (c) for the preparation, distribution, and exhibiting of audio-visual informational and educational material up to \$2.5 million per year; and provides that the appropriating process shall apply to all of the local currency uses so designated.

A provision that whenever the Secretary of Agriculture determines that any food commodity is a surplus commodity for purposes of sale under title I of the act, he shall, insofar as practicable, make such commodity available for domestic relief distribution. The phrase "insofar as practicable" would give the Secretary latitude to sell for foreign currencies without making commodities available for relief distribution in the United States in certain circumstances. For example, where the quantity involved is insufficient for effective distribution to needy families in the United States, where the perishable nature of the commodity makes such distribution impractical, or where it is desirable to sell a limited quantity for market development purposes.

A provision authorizing disposition of CCC stocks of animal fats and edible oils (or products) for use in assistance of needy persons outside the United States. The section also authorizes such purchase of such fats, oils, and products as will tend to maintain the support level for cottonseed and soybeans.

A section which requires that cornmeal, grits, and white flour distributed under section 416(3) of the Agricultural Act of 1949, or to schools, be enriched and packaged in sanitary containers not exceeding 50 pounds each. } K

A section providing, in essence, for the same limitation on rental payments for contracts entered into in the 1960 conservation reserve program as applied in 1959, i.e., 20 percent of the value of the land without regard to improvements or location. This would replace the limitation prescribed for 1960 contracts by the 1960 Agriculture Appropriation Act, i.e., the fair rental value based on past 5-year crop production. The section also provides that the 1960 payment rate cannot exceed what would have been established for 1959.

GEORGE M. GRANT,

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*Managers on the Part of the House.*







June 14, 1926, as amended by the act of June 4, 1954 (68 Stat. 173; 43 U.S.C. 869).

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8609) to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H.R. 6904) to establish an Advisory Commission on Intergovernmental Relations; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. FOUNTAIN, Mr. Brooks of Louisiana, and Mrs. DWYER were appointed managers on the part of the House at the conference.

The message further announced that the House had severally agreed to the amendment of the Senate to the following bills of the House:

- H.R. 1387. An act for the relief of Mrs. Mary D'Agostino;
- H.R. 4603. An act to amend the Organic Act of Guam for the purpose of permitting the government of Guam, with the consent of the legislature thereof, to be sued;
- H.R. 6884. An act for the relief of Mrs. Barbara May Boswell;
- H.R. 7225. An act for the relief of Sylvester L. Gardiner;
- H.R. 7605. An act for the relief of the State of Oklahoma;
- H.R. 8277. An act for the relief of Harold William Abbott and others; and
- H.R. 8599. An act to amend the Small Business Act, and for other purposes.

The message also announced that the House had agreed to the amendments of the Senate to each of the following bills of the House:

- H.R. 1434. An act for the relief of Mrs. Elba Haverstick Cash; and
- H.R. 8728. An act to amend the Federal Boating Act of 1958 to extend for an additional year the period when certain provisions of that act will take effect.

#### ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills and joint resolutions, and they were signed by the Vice President:

- S. 355. An act to amend title 18 of the United States Code so as to prohibit the misuse by collecting agencies or private detective agencies of names, emblems, and insignia to indicate Federal agency.
- S. 464. An act for the relief of Julia Mydlak;
- S. 640. An act for the relief of Annibale Giovanni Pellegrini;
- S. 667. An act for the relief of Pauline D. Kimbrough;
- S. 977. An act for the relief of Nassibeh Mildred Milkie;
- S. 1171. An act for the relief of Katharina Hoeger;
- S. 1627. An act for the relief of Mrs. Paula Deml;
- S. 1837. An act for the relief of Marguerite Fueller;

S. 2219. An act to authorize appropriations for construction of facilities for the Gorgas Memorial Laboratory, to increase the authorization of appropriations for the support thereof, and for other purposes;

S. 2654. An act to extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes;

H.R. 839. An act to approve an order of the Secretary of the Interior adjusting, deferring, and canceling certain irrigation charges against non-Indian-owned lands under the Wapato Indian irrigation project, Washington, and for other purposes;

H.R. 1665. An act for the relief of Mrs. Vassiliki P. Theodorou;

H.R. 2301. An act for the relief of Mrs. Gladys M. Ellison;

H.R. 3816. An act for the relief of Mukhtar Mohammed;

H.R. 4002. An act to authorize the use of Great Lakes vessels on the oceans;

H.R. 4714. An act to quiet title and possession with respect to certain real property adjacent to the Rocky Mountain Arsenal, Denver, Colo.;

H.R. 4857. An act to amend section 4233 of the Internal Revenue Code of 1954 to provide that the exemptions from the admissions tax for athletic games benefiting crippled or retarded children shall apply where the participants have recently attended designated schools or colleges as well as where they are currently students;

H.R. 5357. An act for the relief of Loretta F. Ossorio;

H.R. 5752. An act to provide for absence from duty by civilian officers and employees of the Government on certain days, and for other purposes;

H.R. 6269. An act to amend section 285 of the Armed Forces Reserve Act of 1952 to define the term "a member of a reserve component" so as to include a member of the Army or Air Force without specification of component;

H.R. 6335. An act for the relief of Mrs. Laurence O. Estes;

H.R. 6368. An act to amend the Tariff Act of 1930 to place certain pumice stone on the free list;

H.R. 6546. An act for the relief of Nancy Mae Floor;

H.R. 6579. An act to amend the Tariff Act of 1930 to provide for the temporary free importation of extracts, decoctions, and preparations of hemlock suitable for use for training;

H.R. 6669. An act to amend the act of July 14, 1945, to provide that the Louisiana State University and Agricultural and Mechanical College may use certain real property heretofore conveyed to it by the United States for general educational purposes;

H.R. 6781. An act to authorize the Secretary of the Interior to acquire certain additional property to be included within the Independence National Historical Park;

H.R. 7125. An act to provide for a study of the feasibility of establishing the President Adams Parkway;

H.R. 7437. An act to authorize the use of funds arising from a judgment in favor of the Kiowa, Comanche, and Apache tribes of Indians of Oklahoma, and for other purposes;

H.R. 7571. An act to amend section 7 of the act of July 28, 1950 (ch. 503, 64 Stat. 381; 5 U.S.C. 341f), to authorize the Attorney General to acquire land in the vicinity of any Federal penal or correctional institution when considered essential to the protection of the health or safety of the inmates of the institution;

H.R. 7629. An act to extend section 17 of the Bankhead-Jones Farm Tenant Act for 2 years, and for other purposes;

H.R. 7744. An act for the relief of John I. Strong;

H.R. 7857. An act for the relief of Richard C. Long;

H.R. 8189. An act to improve the active-duty promotion opportunity of Air Force officers from the grade of captain to the grade of major;

H.R. 8196. An act for the relief of Everet Bumgardner;

H.R. 8197. An act for the relief of Lawrence M. Furtado;

H.R. 8198. An act for the relief of Martin Ackerman;

H.R. 8310. An act for the relief of Joseph H. Cornell;

H.R. 8461. An act to amend the Act of September 2, 1958, establishing a Commission and Advisory Committee on International Rules of Judicial Procedure;

H.R. 8593. An act to amend the Act of June 23, 1949, as amended, to provide that telephone and telegraph service furnished Members of the House of Representatives shall be computed on a unit basis;

H.J. Res. 19. Joint resolution to authorize the issuance of a gold medal in honor of the late Professor Robert H. Goddard;

H.J. Res. 281. Joint resolution authorizing and requesting the President to issue a proclamation with respect to the 1959 Pacific Festival, and for other purposes;

H.J. Res. 493. Joint resolution making a technical correction in section 5136 of the Revised Statutes (relating to national banks); and

H.J. Res. 513. Joint resolution designating the 17th day of December as "Wright Brothers Day".

#### WITHHOLDING FROM SALARIES OF FEDERAL EMPLOYEES FOR STATE INCOME TAX PURPOSES

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 669, S. 2282.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 2282) to amend the act of July 17, 1952.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to, and the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with an amendment to strike out all after the enacting clause and insert:

That the Act entitled "An Act relating to withholding, for State income tax purposes, on the compensation of Federal employees", approved July 17, 1952 (66 Stat. 765; 5 U.S.C. 84b-84c), is amended to read as follows:

"That where—

"(1) the law of any State or Territory provides for the collection of a tax by imposing upon employers generally the duty of withholding sums from the compensation of employees and making returns of such sums to the authorities of such State or Territory, and

"(2) such duty to withhold is imposed generally with respect to the compensation of employees who are residents of such State or Territory, then the Secretary of the Treasury, pursuant to regulations promulgated by the President, is authorized and directed to enter into an agreement with such State or Territory within one hundred and twenty days of the request for agreement from the proper officials of such State or Territory. Such agreement shall provide that the head of each department or agency of the United States shall comply with the requirements of



such law in the case of employees of such agency or department who are subject to such tax and who are residents of such State or Territory and whose regular place of Federal employment is within the State or Territory with which such agreement is entered into. A statement in writing of an employee that he is not a resident of the State or Territory in which he is employed shall be accepted by the head of each department or agency of the United States for purposes of the above agreement. No such agreement shall apply with respect to compensation for service as a member of the Armed Forces of the United States.

"Sec. 2. Nothing in this Act shall be deemed to consent to the application of any provision of law which has the effect of imposing more burdensome requirements upon the United States than it imposes upon other employers, or which has the effect of subjecting the United States or any of its officers or employees to any penalty or liability by reason of the provisions of this Act. However, no department or agency of the United States shall, after March 31, 1959, accept compensation from any State or Territory for services rendered in withholding State or Territorial income taxes from the salaries of employees of such department or agencies."

#### AMENDMENT OF SECTION 1 OF ACT OF JUNE 14, 1926—CONFERENCE REPORT

Mr. MOSS. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1436) to amend section 1 of the act of June 14, 1926, as amended by the act of June 4, 1954 (68 Stat. 173; 43 U.S.C. 869). I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER (Mr. CANNON in the chair). The report will be read for the information of the Senate.

The legislative clerk read the report. (For conference report, see House proceedings of today.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. MOSS. Mr. President, the report is signed by all the conferees of both the Senate and House.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

Mr. MOSS. Mr. President, I move that the Senate reconsider the vote by which the conference report was agreed to.

Mr. JOHNSON of Texas. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

#### ORDER FOR RECESS UNTIL 9 A.M. TOMORROW

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its business today, it stand in recess until 9 o'clock in the morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### EXTENSION AND AMENDMENT OF PUBLIC LAW 480—CONFERENCE REPORT

Mr. ELLENDER. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8609) to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER (Mr. CANNON in the chair). The report will be read for the information of the Senate.

The legislative clerk read the report. (For conference report, see House proceedings of today.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. ELLENDER. Mr. President, all members of the conference, from both the Senate and the House, signed the report. It was a unanimous report.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD an explanation of the conference report.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

#### SENATE COMMITTEE ON AGRICULTURE AND FORESTRY—EXPLANATION OF CONFERENCE REPORT ON H.R. 8609

Two-year extension of titles I and II: The House bill provided for a 1-year extension of titles I and II of Public Law 480, 83d Congress. The Senate amendment provided for a 3-year extension. The conferees agreed on a 2-year extension.

Titles I and II authorizations: The conference substitute provides \$1.5 billion for title I for each of the 2 years and \$300 million for title II for each of the 2 years. In each case unexpended amounts may be carried forward from the preceding year. This is the same annual rate that was provided in the House bill and the Senate amendment.

Agricultural market development: The House bill contained a provision requiring an amount equal to 5 percent of total sales made under title I in the future to be used for agricultural market development. The Senate had no similar provision. The conference substitute adopts the House provision with clarifying amendments.

Acquisition of nonstrategic materials for stockpile: The House bill contained a provision enlarging section 104(b) of Public Law 480 to permit the use of foreign currencies generated under title I for the acquisition of nonstrategic materials for the supplemental stockpile. The conference substitute includes this provision. (No similar provision in Senate amendment.)

Additional foreign-currency uses: The Senate bill contained amendments to section 104 of Public Law 480 providing for the use of foreign currencies for scientific activities, workshops and chairs in American studies, nonfood emergency relief requirements, audiovisual educational materials, and third-country technicians. The provisions relating to scientific activities and workshops and chairs in American studies are included in the conference report without change in substance. The provision for third-country technicians has been omitted

from the conference substitute. The Senate provision with respect to emergency nonfood purposes provided that not more than \$2 million could be made available for that purpose during any fiscal year in total. The House bill provided that \$2 million could be made available for this purpose in each country in each fiscal year, so that the total amount provided by the House bill could be greatly in excess of that provided by the Senate amendment. The conference substitute provides for not more than \$5 million being used for this purpose in any fiscal year. This would be the total for all countries. With respect to audiovisual materials, the Senate amendment provided that not more than \$5 million could be made available for this purpose during any fiscal year. The House bill contained no similar provision. The conference substitute limits the use of foreign currencies for this purpose to \$2,500,000 in any fiscal year, but states that nothing in this provision shall limit or affect the use of foreign currencies for such purpose in connection with trade fairs and other market-development activities under section 104(a) of the act.

Under the Senate amendment and existing law, foreign currencies would be available for the uses just mentioned, except that of nonfood emergency relief, only in such amounts as may be specified from time to time in appropriation acts. The Department of Agriculture advised that it could carry out these activities under other provisions of the law, and that it would not interpret the new language as being intended to limit or alter existing authority unless Congress indicated a clear intent to the contrary. In order to make the intent of Congress clear, the conference substitute provides that foreign currencies may not be allocated for these purposes after June 30, 1960, under any provision of the law, except in such amounts as may be specified from time to time in appropriation acts. This, of course, does not apply to the nonfood emergency relief provision which provides for the use of \$5 million annually for that purpose without appropriation.

Local language labeling: The House bill provided that the language of the locality should be used insofar as practical in identifying Commodity Credit Corporation stocks donated abroad under title II of the act and section 416 of the Agricultural Act of 1949 as being furnished by the people of the United States. The law already requires identification of such donations as being so furnished, and this provision simply adds the requirement that the identification be in the language of the locality where the stocks are being distributed, insofar as practical. (No similar Senate provision.) The conference substitute contains the House provision.

Food stamp plan: Both the House bill and the Senate amendment contained provisions for food stamp plans. The Senate amendment provided for a mandatory program in not less than three or more than six demonstration areas during the period ending January 1, 1962. The House bill provided for a permissive permanent program on a nationwide basis, extending into any State or political subdivision requesting such a program. The House bill was restricted to surplus agricultural commodities, while the Senate amendment was not. The conference substitute generally follows the provisions of the House bill, but makes it clear that needy Indians receiving welfare assistance will be eligible as needy persons for the benefits of the program; limits the program to the period February 1, 1960, through January 31, 1962; limits the cost of the program, including the cost of the commodities, to \$250 million per year; and includes the Senate provision that the receipt by any person of benefits under the program shall not be deemed to be income under the Social Security Act or



other Federal legislation, and the benefits of the section will be denied States or local subdivisions decreasing assistance to any person as a consequence of the assistance made available under the program.

**Domestic relief:** The Senate amendment requires the Secretary of Agriculture to make any surplus food commodity available for distribution to needy persons in the United States in such quantities as he determines are reasonably necessary before making such commodity available for sale under title I of Public Law 480. The conference substitute retains this section, but directs the Secretary to make such commodities available domestically "insofar as practicable."

**Fats and oils:** The Senate amendment contained a provision authorizing the disposition of Commodity Credit Corporation stocks of animal fats and edible oils by donation to relief agencies to assist needy persons outside the United States and authorizing the purchase of such fats and oils for such donation in such quantities as would maintain the support level for cottonseed and soybeans. The conference substitute contains this provision with one modification. The quantity authorized to be purchased by the substitute are such quantities as will "tend to" maintain the support level for cottonseed and soybeans. (No similar provision in House bill.)

**Long-term supply contracts:** The House bill contained a provision for long-term supply contracts under which the President would be authorized to enter into agreements with friendly nations providing for delivery annually of agricultural commodities which, at the time of delivery, are in surplus over periods of up to 10 years. Payment would be made in dollars with interest over periods up to 20 years from the date of the last delivery of commodities in each calendar year. The conference substitute contains this provision with a clarifying amendment. (No similar provision in Senate amendment.)

**Enrichment and sanitary packaging:** The Senate amendment contained a provision requiring the enrichment and sanitary packaging of certain cereal products when made available for certain donation programs. The conference substitute contains this provision, but omits white rice from the cereal products covered by it. (No similar provision in House bill.)

**Conservation reserve payments:** The Senate amendment contained a provision providing the same limitation on annual rental payments for conservation reserve contracts entered into in 1960 as applied in 1959. This limitation would replace the limitation prescribed for 1960 contracts by the 1960 Appropriation Act, which has been found to be very difficult to administer. The conference substitute contains this provision. (No similar provision in House bill.)

**Extra long staple cotton:** Both the House bill and the Senate amendment provided that the 1960 extra long staple cotton marketing quota could not be less than 90 percent of the 1959 quota and the conference substitute contains this provision.

**Barter for strategic or critical materials to meet requirements of Government agencies:** The House bill contained an amendment to section 206(a) of the Agricultural Act of 1956 to permit the Commodity Credit Corporation to barter agricultural commodities for strategic or critical materials to meet requirements of Government agencies. This provision, with a clarifying amendment, is contained in the conference substitute. There was no similar provision in the Senate amendment.

#### PROVISIONS OF SENATE AMENDMENT NOT CONTAINED IN CONFERENCE SUBSTITUTE

The only provisions of the Senate amendment omitted from the conference substitute are the provisions providing for the use of foreign currencies under title I of Public

Law 480 for third country technicians and binational foundations.

#### PROVISIONS OF HOUSE BILL OMITTED FROM CONFERENCE SUBSTITUTE

The House bill contained provisions for an Export-Import Bank revolving fund for loans under section 104(e) of Public Law 480; maintenance of the value of foreign currencies loaned under section 104(g) of such Act; national food reserves; the use of agricultural commodities to fund economic development projects in underdeveloped areas; the payment of general average contributions arising out of the ocean transport of commodities transferred under title II of Public Law 480; the encouragement of barter for materials processed in the United States; and a short title. These provisions have all been omitted from the conference substitute.

**The PRESIDING OFFICER.** The question is on agreeing to the conference report.

**Mr. HOLLAND.** Mr. President, the distinguished Senator from Louisiana, who was chairman of the committee of conference, has correctly reported that all members of the conference signed the report. There were so many matters involved in the bill, however, that, as a matter of course, there is no single member of the committee of conference who is satisfied, I feel certain, with every provision in the bill.

So far as I am concerned, there are several provisions in the bill with which I am not satisfied. However, I thought the general tenor of the bill was such, and the necessity of continuing this major program for the disposal of our agricultural surpluses was so great, that I was glad to sign the report.

There is one provision only of the bill to which I wish to refer, for fear the record might indicate that all the conferees were in favor of this particularly potentially very large new program; that is, the provision having to do with the food stamp plan. Of course, the food stamp plan really had no place in a bill having to do with the distribution of surpluses in the offshore, foreign effort which has proved to be of very great importance to our Nation.

I see present, among other Members who always have been interested in the bill, the one who, I think, first introduced it; I refer to the Senator from Kansas [Mr. SCHOEPPLE]. This bill has amply justified, over and over and over again, the efforts which have been made in connection with it.

But, Mr. President, this food stamp plan, as it is provided in the bill, met with the opposition of a substantial minority of the conferees.

I merely wish to call attention to that fact, and also to the reason why some of us felt we should object—as we did strongly for as long as we could—to the inclusion of the provisions for this program.

In the first place, we believe it is too big. It calls for expenditures annually of up to \$250 million. That amount would more than double the present program, which already is a large one, and is participated in by 43 States, which, in June of this year, fed 4,715,349 people; and last year the program required the expenditure of well in excess of \$200 million. That program operates entirely

through the State governments or local governments, in the areas in which unemployment or other serious conditions requiring the distribution of surplus food justify the operation of the program.

Not only did a sizable minority of the conferees think that the program was too big, but the Senate will remember that it voted down a proposed \$20 million a year program, and finally approved only a \$15 million year program. We went to conference with the Senate's provision for the \$15 million a year program, as contrasted with the \$1 billion a year program which, on the floor of the House, was voted into the House version of the bill.

I know that I speak for a substantial minority of the conferees of both the Senate and the House, when I say that we oppose the size of the program.

In the second place, we are opposed to the program because the proposed legislation—and, in general, we adopted a program for 2 years, and on a permissive basis only and limited to surplus foods, alone—does not spell out in any way many of the details which we believe are of such concern that they should be spelled out in any adequate measure.

In fact, the more we examined the program, the more apparent it became that it had been drawn on the spur of the moment, without carefully bringing together all of the details, or a considerable number of them, which should have been covered in making any careful approach to this problem.

So, Mr. President, without seeking to amplify this discussion at all, I merely wish the RECORD to show that several of those of us who participated in the conference were skeptical about the program; and I wish to state, for myself, alone, that I hope the Secretary of Agriculture will be just as skeptical as I am before he seeks to apply this program—lacking, as it is, in almost all the fundamental machinery which should have been provided by the act itself.

**Mr. HART.** Mr. President, will the Senator from Florida yield?

**Mr. HOLLAND.** I yield to the Senator from Michigan.

**Mr. HART.** Let me ask whether the conference committee's recommendation in regard to the food stamp program makes it mandatory that there be the three to six experiments; or will that be merely optional, so far as the Secretary is concerned?

**Mr. HOLLAND.** It will be only permissive or optional.

But I know the Senator from Michigan is concerned with the point that before any program may be instituted, it must be worked out in cooperation with the State or local authorities who are operating the present program—which, in his own State, is a quite sizable one.

**Mr. HART.** As the Senator from Florida and the distinguished chairman of the Committee on Agriculture and Forestry [Mr. ELLENDER] know, I regret that the conference report does not provide that this food stamp program shall be mandatory.

**Mr. HOLLAND.** Mr. President, the comment made by the distinguished



Senator from Michigan is quite illustrative of what occurred in the conference. Hardly any detail of the entire program was agreed to by all the conferees. We simply agreed that since each House had provided for a program dealing with a food stamp plan, the conference report should contain some provision on it. But I am sorry to say that the program is not spelled out with the certainty that the seriousness of the subject in my judgment requires.

Mr. SCHOEPEL. Mr. President, will the Senator from Florida yield to me?

The PRESIDING OFFICER (Mr. DODD in the chair). Does the Senator from Florida yield to the Senator from Kansas?

Mr. HOLLAND. I yield.

Mr. SCHOEPEL. I thank the Senator from Florida for yielding to me.

Let me say that I appreciate very much his generous remarks relating to the Senator from Kansas with reference to this measure.

I wish to say that I appreciate what the Senator from Florida has had to say in regard to the conference report and some of the amendments of this measure.

I am sure he knows that the Senator from Kansas has certain misgivings about certain of the amendments which were included in this measure.

I appreciate the fact that in the conference committee sessions it became necessary to give, as well as to take. But I fear that some of the amendments which are not being spelled out in detail will rise to haunt us with reference to legislation of this type.

But I do appreciate the efforts which were made by the conferees—including the distinguished Senator from Florida [Mr. HOLLAND], as well as the chairman of the full committee [Mr. ELLENDER]—in connection with this matter.

Mr. HOLLAND. Mr. President, I appreciate very much the comments of the Senator from Kansas.

I may say that I conferred with the distinguished Senator from Louisiana [Mr. ELLENDER], prior to his submitting the conference report, and advised him that I would make this statement in regard to the food stamp plan. It is my definite feeling that the Senator from Louisiana also has his very grave misgivings about this program. However, on that point I prefer to speak with certainty only for myself.

Mr. President, I yield the floor.

Mr. AIKEN. Mr. President, I wish to agree with the Senator from Florida [Mr. HOLLAND] to the extent that he has expressed disappointment in regard to the language of the so-called food stamp amendment which was included in this measure by the conferees. However, I am afraid that at that point our agreement in regard to the desirability of a program of this nature ends.

I am disappointed about the language adopted by the conferees, because I am afraid it will not be effective.

I am not one of those who believe implicitly in the survival of the fittest. I do not believe that people grow old simply because they wish to grow old. I do not believe that people become crippled

simply because they wish to become crippled. I do not believe that children become orphans because they wish to be orphans. Neither do I believe that married women become widows—at least, I do not believe that most of them do—because they wish to be widows. Similarly, I do not believe that people become sick with chronic illnesses because they wish to become sick. And neither do I believe that in our land of plenty we should tolerate a situation in which 25 million people are unable to have diets which will keep them in good health and make them reasonably happy.

I am disappointed about the provisions which were included by the conferees, because I believe those provisions certainly will not be effective, unless they are wholeheartedly applied by the Department of Agriculture; and in that connection I have in mind the fact that the Secretary of Agriculture has expressed very sharp disapproval of any program of this nature.

I think we have to work from here on. The language that is in this conference report does express the sentiment of the two Houses of the Congress, to the effect that we should not tolerate hungry people in a land of plenty; and we shall have to go on from here. We have the expression of the two Houses now, and must continue our efforts in this respect.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. AIKEN. Mr. President, it is perfectly possible to enact legislation which will accomplish this end, which will not cost any more than we are spending now, and which will take the Government out of competition with private industry, to a very large extent.

I certainly hope, having once expressed its opinion, that the Congress will proceed to go on until we have an effective program so that unfortunate people—some of them, Mr. President, trying to live on \$50 or \$60 a month, and spending \$40 a month of it for rent—will be aided. They have a right to live. They have a right to eat. They have a right to be as happy as we can make them, if they are not destitute through their own fault.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. HOLLAND. I think the record has clearly shown this fact before, but in case it has not I want to make it perfectly clear now, that the Senator from Vermont has assiduously supported the setting up of a food stamp program for many years, and he certainly has been animated by the highest motives, which the Senator from Florida respects, and the Senator from Florida honors him for the remarks which he has made. The Senator from Florida knows him to be a warm advocate of a food stamp program. The contrast between his comments and those just made by the Senator from Florida show that, though we are not on the same side on the question of the kind of approach which should be made, both of us are dissatisfied with the provisions of the conference report because we know that no workable framework is proposed; and it was for

the purpose of stating that fact that the Senator from Florida rose.

I think the Senator from Vermont would be the first to admit that the Senator from Florida, as much as any other Senator, had much to do with the setting up of the present program under which some 4¾ millions of our people are being fed. The question of the adequacy and the definiteness and the workability of this duplicate food stamp program was one that gave equal concern to those who wanted a food stamp program and those who did not want it, because we feared it would not dovetail with the existing program.

Mr. AIKEN. I know the Senator from Florida has an objective similar to mine, but may perhaps differ as to the road which should be taken to reach it. I think we should continue to work on this problem until we come to a satisfactory solution which can be approved by the majorities of both Houses.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. DIRKSEN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HUMPHREY. Mr. President, the Senate has approved the conference report on Public Law 480. As a member of the conference committee, I signed the report; I believe it represents substantial progress in the field of agricultural policy and the relationship of such policy to our international goals.

Mr. President, the conference report embraced a 2-year extension of Public Law 480 under title I and title II. It provided for long-term credits for the sale of agricultural commodities that are in surplus supply. I believe it will be an effective tool in economic competition on the international front. It also provided new uses for the currencies that are being accumulated.

Mr. MORSE. Mr. President, may the Senate be in order so that I can hear the Senator?

The PRESIDING OFFICER. The Senate will be in order.

Mr. MORSE. The Senator is speaking on a matter which I have been waiting all afternoon to hear discussed.

The PRESIDING OFFICER. The Senate will be in order.

Mr. HUMPHREY. The conference report also provides for new uses of the foreign currencies which are accumulated as a result of the sales of our surplus commodities under the provisions of title I of Public Law 480. Some of those new uses relate to the needs of the Office of Civil and Defense Mobilization. Some of the new uses relate to providing materials for the Atomic Energy Commission and the Department of Defense, materials which can be purchased by soft currencies or obtained through barter arrangements. This is a desirable and constructive change which I support.



The conference report also includes specific authorization for the use of our foreign currencies in such activities as sanitation, nutrition, education, health and medical research, scientific activities, the establishment of chairs of American studies and American workshops in universities overseas, along with the distribution, preparation, use, and translation of audio-visual aids as a part of our technical assistance and education program overseas. This is new authority and should be quickly implemented.

I have not mentioned all of the new uses for foreign currency, but I have emphasized some of the new uses that have been authorized by the conference agreement between the House and the Senate relating to Public Law 480 activities.

I believe that this is constructive and good legislation. It represents progress and gains.

I wish to make it quite clear that there are many activities already provided for under existing law, Public Law 480, which were not affected in any way by the amendments to the Extension Act, S. 1748, as passed in the Senate. In other words, certain provisions under section 104 are maintained without change or interference, and we have added new uses which will, to my mind, enhance our foreign policy, strengthen it, and give our representatives abroad an opportunity to do a much better job in terms of economic development and community improvement in some of the underdeveloped areas of the world. Furthermore, it should be understood that the use of foreign currencies is supplemental to, in addition to, regular appropriations.

Mr. President, there were other provisions which I believe to be very helpful and constructive. One provision gives authority to the Secretary of Agriculture to utilize animal fats and edible oils in overseas programs of relief and charity programs on a donation basis; also that the Secretary may purchase animal fats and oils under the price support operations of the Commodity Credit Corporation and make these products available for overseas distribution. These purchases are to be made in order to help maintain price support levels for soybeans and cottonseed.

I addressed myself to this subject matter yesterday in referring to an article from a magazine relating to the feed industry. Those comments are to be found in the CONGRESSIONAL RECORD of Thursday, September 10, on pages 17440 and 17441. The article to which I referred was entitled "Soybean and Swine Outlook Analyzed," from Feedstuffs magazine of September 5, 1959.

Mr. President, I mention this again because I am fearful that while the authority is provided in Public Law 480 conference report for the donation of animal fats and edible oils in an overseas feeding program, the Secretary may be reluctant to use that authority. I want the record clear that the authority was put there to be used if there are surpluses of either animal fats or edible oils. The authority is there for the Secretary to act and not merely to look at it.

He is authorized to buy and to donate animal fats and edible oils both as a humanitarian program and in accordance with price support operations.

A year ago there was enacted authority of a less comprehensive nature. Regrettably the Secretary did not use the authority and did not act; as a result, producers of cottonseed, soybeans, and other products which can be converted or processed into edible oils found a very serious price decline, costing the producers millions of dollars. Had the authority been used at the proper time prices could have been maintained at a reasonable level and those persons who were in need could have been fed, and the many voluntary agencies representing our great religions in this country as well as nonsectarian groups could have performed a very valuable humanitarian service overseas.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from Pennsylvania.

Mr. CLARK. I have been trying all afternoon to get a copy of the conference report. I was told it was not available. Unfortunately, I could not be in the Senate when the conference report was brought up.

Will the Senator advise me whether in the conference report which was adopted the substance of the Cooper amendment, which many of us cosponsored, calling for a priority for food for the needy ahead of purchases by foreign currency abroad, was continued in the bill?

Mr. HUMPHREY. It was.

Mr. CLARK. I thank the Senator.

Mr. HUMPHREY. The Cooper amendment was modified so that it would not jeopardize the Secretary's power to conduct normal operations of the Commodity Credit Corporation. The language states that he shall make available surplus foods, insofar as practicable, but this is a much stronger provision than we had in existing law. Actually the existing law was the result of administrative interpretation and regulation.

Mr. CLARK. Was there any authorization for an appropriation to make it possible?

Mr. HUMPHREY. No, there was not. However, the distribution does take place. There are commodity distribution programs presently in operation.

Mr. CLARK. I am aware it is now taking place, but the objection has been raised that if we gave this priority for the domestic needy, we would be incurring huge additional expense. I wonder if that question was considered in the conference report at all.

Mr. HUMPHREY. The question was not dealt with directly. It was recognized by the conferees—and I must say that one of the conferees who stood very firmly for the Cooper amendment was the Senator from Florida [Mr. HOLLAND]—that this was an obligation that we should assume, and that the Government should be prepared to assume, whatever costs were involved in the donation program for needy persons within the United States, from our surplus commodities. Of course, the program would

be directly limited by the availability of surplus commodities.

I will say to the Senator from Pennsylvania, however, that the Cooper amendment should not be interpreted as interfering with title I, dealing with sales under Public Law 480, nor should it be interpreted as interfering with the normal operations of a cash sale program. Where the commodities can be sold for cash, such a transaction is within the charter of the Commodity Credit Corporation; and I am sure that Members of Congress would expect the Government to be able to sell its commodities, if it could sell them for cash and also under the authority of title I of Public Law 480.

Mr. CLARK. When the Senator says "cash," he does not mean to include local currencies, does he?

Mr. HUMPHREY. I said under title I of Public Law 480, which means local currencies.

Mr. CLARK. Then am I to understand that sales for rupees, or the currency of Cambodia or Laos, would still take priority over the utilization of these products for the needy at home?

Mr. HUMPHREY. We said "insofar as practicable." If there are large amounts, they should be available for domestic use and title I. If there are small amounts which could not be distributed equitably, the Secretary would have discretion as to how best to use them.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. SPARKMAN. I was hoping that we could dispose of the pending measure, in which several Senators are interested.

Mr. HUMPHREY. I shall not be long. I have waited quite awhile for this opportunity, and the conference report is of keen interest to me.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. HOLLAND. The Senator from Pennsylvania [Mr. CLARK] had asked me about this subject prior to his questions on the floor. I could not at that time remember everything that occurred; but what the Senator from Minnesota has said is exactly what occurred. We inserted the words "insofar as practicable."

I thought the point made by the House was valid, that when commodities bought under section 32 are highly perishable or are not in sufficient quantity to make for national distribution, or when commodities are acquired which are necessary to be used in connection with the rebuilding of a destroyed export business in those same commodities, under a different provision of Public Law 480, the conferees of the House wanted it understood that neither of these situations would be interfered with. I believe that the decision of the full conference was in accord with that position. If that is not so, I should like to have the Senator correct me.

Mr. HUMPHREY. That is my understanding of the report.

I conclude by pointing out that certain features were not adopted, which I regret. Among them was the national Food Reserves provision, suggested by



the administration, which I think was a sound provision, both from the point of view of the national defense and security, and from the point of view of having available supplies of food and fiber in food devastated areas, when they are needed. I hope that next year we shall be able to amend the Act to include the National Food Reserves, or, as the Representative from Connecticut, Chester Bowles, has called them, Food Banks—National or International Food Banks.

Mr. HOLLAND. Mr. President, will the Senator further yield?

Mr. HUMPHREY. I yield.

Mr. HOLLAND. The Senator will recall that the Senate had refused to adopt that objective, and that it was the duty of the Senate conferees to object to the inclusion of that provision in the conference report, which we did.

Mr. HUMPHREY. Yes.

Finally, we dropped from the conference report a provision which the Senate had adopted, with respect to binational foundations. I regret very much that this happened, because I believe that binational foundations have a distinct role in this program.

My suggestion is that, as we review in the next year the uses of foreign currency, we will find a place for the implementation of binational foundations and the broader use of grants and loans for economic and social development projects.

The bill as it came from conference, however, to my mind represents a very constructive effort, including the provisions of the food stamp plan, which I hope the Secretary will consider in connection with a trial run, at least. I know that the Secretary has expressed opposition to food stamp plans. We have now authorized a broad food stamp program, and I hope the Secretary will look upon the language adopted by the Senate as a guideline to a trial run or pilot experimental project in the first year, to get an opportunity to see how it could operate. The authority exists for a much broader program but the least the Secretary should do is to look upon the language of the act as permitting him to undertake, as a minimum, a pilot or experimental program, and then enter into a much more significant program. I understand the Secretary personally opposes such a program. He looks upon it as a depression measure. However, the Congress expects action, not delay and excuses.

#### LEGISLATIVE PROGRAM

Mr. COTTON obtained the floor.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. COTTON. I yield to the Senator.

Mr. DIRKSEN. Mr. President, inasmuch as the Senator from New Hampshire [Mr. Cotton] has been so courteous to yield to me at this time, for this purpose, I now wish to ask the majority leader about the program.

Mr. JOHNSON of Texas. Later in the evening we shall have a calendar call, I believe.

We shall also bring up, by motion, several bills which have recently been reported, and are now on the calendar. I have previously made announcements in regard to some of them.

We plan to have the Senate convene tomorrow at 9 a.m.

We shall take up the mutual security bill. A motion to suspend the rule will be made in connection with that bill; and there will be several hours of debate on that motion. We hope to have the vote on the motion taken as early as possible. As the Senators are aware, a two-thirds vote will be required in order to suspend the rule.

Then several amendments will be proposed to the mutual security bill.

I hope the Senate will be able to conclude its action on that bill tomorrow night but I am informed that that may not be possible, in view of the number of Senators who will desire to speak on that measure tomorrow. If not, we shall convene early on Monday, and then shall continue with the calendar call, and then shall consider several of the bills about which I have previously made announcements, in addition to completing our action on the mutual security bill.

Mr. DIRKSEN. Let me ask about the plans for the remainder of today, and also in regard to the consideration of any other bills.

Mr. JOHNSON of Texas. I have given notice about any measures on the calendar which are not passed during the call of the calendar.

After we complete the action on the pending bill, we shall have a calendar call.

Then we shall consider Calendar No. 820, House bill 7244, to protect savings and loan associations from encroachment by holding companies, I believe.

#### AWARD OF PHILIPPINE LEGION OF HONOR TO MAJ. GEN. BERNARD W. KEARNEY

Mr. JOHNSON of Texas. Mr. President, in the meantime, I ask that the Foreign Relations Committee be discharged from the further consideration of House bill 5477, and that the bill now be considered by the Senate.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered; and the Chair lays the bill before the Senate.

The Senate proceeded to consider the bill (H.R. 5477) to authorize Maj. Gen. Bernard W. Kearney, U.S. Army (retired), a former Member of Congress, to accept and wear the Philippine Legion of Honor in the degree of commander, conferred upon him by the Government of the Philippines.

Mr. JOHNSON of Texas. Mr. President, I have discussed this matter with the distinguished minority leader and with the interested committee members.

This measure is to be passed as a courtesy to a distinguished former Member of the House of Representatives, who was respected on both sides of the aisle. The House has already passed the bill; and I hope the Senate will do likewise.

The bill authorizes the acceptance by Major General Kearney of a medal which

was awarded him in 1957 by the Philippine Government, in recognition of his services to the veterans of the Philippine wars.

Mr. KEATING. Mr. President, I wish to say that I have long known of the distinguished services of my former colleague in the House of Representatives, "Pat" Kearney. He rendered outstanding services while he was a Member of the House of Representatives. In view of those services and in view of my knowledge of the facts which gave rise to the conferring of this award upon him, I feel sure that it is richly deserved.

Pat Kearney is a great American citizen; and all of us who served with him are very proud of him. I am happy that the majority leader has brought up this measure.

Mr. DIRKSEN. Mr. President, a great many Senators who formerly served in the House of Representatives know "Pat" Kearney intimately. He rendered outstanding service in the House of Representatives, and he had a distinguished military career. As I recall, he served several terms as national commander of the Veterans of Foreign Wars.

I remember him very well, and I esteem him very highly. I believe the honor which has been bestowed upon him by the Philippine Government is richly deserved, and was awarded in recognition of his outstanding services and his great ability as a military man.

So I am delighted that the Senate is to act in accord with the action already taken by the House of Representatives so as to make it possible for him to receive this reward.

Mr. JAVITS. Mr. President, I served in the House of Representatives with General Kearney; and I wish to add to the remarks already made by my colleagues who have spoken so eloquently about him. Let me point out that he was a great leader in the House of Representatives, in connection with veterans' affairs; and some of the most constructive work done by the Veterans' Affairs Committee of the House of Representatives was done under the stimulus and the initiative and, I believe, almost the inspiration of Bernard Kearney.

He is a very distinguished citizen of New York; and I believe we can say with great pride that the award is only a certification of what we in New York already know—namely, that "Pat" Kearney richly deserves any honors which our Government or any other government may see fit to bestow upon him.

So, Mr. President, it is with great gratification that I join in the tributes which have been paid to him by my colleagues.

Mr. BEALL. Mr. President, I joint my colleagues in the tributes they have paid to "Pat" Kearney. I, too, served with him in the House of Representatives. He is a very close personal friend of mine; and I am indeed happy that he is being honored in this way.

The PRESIDING OFFICER. The question is on the third reading of the bill.

The bill (H.R. 5477) was ordered to a third reading, read the third time, and passed.



may be made for not more than six sites, comprising a total of not more than twelve thousand eight hundred acres and, in addition thereto, such acreage as may be needed for small roadside parks and rest sites of not more than ten acres each.

"(B) To any political subdivision of a State, six hundred and forty acres.

"(C) To any nonprofit corporation or nonprofit association, six hundred and forty acres.

"(ii) For public purposes other than recreation:

"(A) To any State or agency or instrumentality thereof, for any one program, six hundred and forty acres.

"(B) To any political subdivision of a State, six hundred and forty acres.

"(C) To any nonprofit corporation or nonprofit association, six hundred and forty acres."

"SEC. 2. The last sentence of section 3 of the Act of June 14, 1926, as amended, is repealed."

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill, and agree to the same.

WAYNE N. ASPINALL,

GRACIE FOST,

J. T. RUTHERFORD,

JOHN P. SAYLOR,

J. EDGAR CHENOWETH,

*Managers on the Part of the House.*

FRANK E. MOSS,

GORDON ALLOTT,

ERNEST GRUENING,

*Managers on the Part of the Senate.*

#### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1436) to amend section I of the act of June 14, 1926, as amended by the act of June 4, 1954 (68 Stat. 173; 43 U.S.C. sec. 869), submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

There were three substantial differences between the bill as it passed the Senate and as it passed the House:

(1) The number of sites and the acreage that could be conveyed to any one State in any one year for recreational purposes were unlimited in the Senate version. In the House version, the number of sites was limited to three and the overall area to 6,400 acres.

(2) The acreage that could be conveyed in any one calendar year to any nonprofit corporation or nonprofit association for public purposes other than recreation was not covered in the House version; it was limited to 640 acres in the Senate language.

(3) The House version repealed a portion of the basic law limiting to 25 years the effectiveness of its reverter provisions. The Senate version did not do so.

The language recommended by the committee of conference disposes of these differences thus:

(1) It retains the three-site, 6,400-acre limitations of the House as a general proposition but permits a doubling of these figures for the calendar years 1960, 1961, and 1962. It also permits the conveyance, during these same years, of such additional acreage as may be needed for small roadside parks and rest sites of not more than ten acres each.

(2) It limits the acreage that may be conveyed in any one calendar year to a nonprofit corporation or nonprofit association for public purposes other than recreation to 640 acres as in the Senate version of the bill.

(3) It repeals, as proposed in the House version, the 25-year limitation on reverters

and thus makes effective in perpetuity other provisions of the basic law which forbid unauthorized transfers of the conveyed property or its conversion to unauthorized uses.

The language recommended by the committee of conference also omits the reference to Territories contained in the House-passed language, in view of the fact that, since Alaska has become a State, there is no Territory of the United States to which the basic Act, which deals only with public domain and certain lands reserved therefrom is applicable.

WAYNE N. ASPINALL,

GRACIE FOST,

J. T. RUTHERFORD,

JOHN P. SAYLOR,

J. EDGAR CHENOWETH,

*Managers on the Part of the House.*

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill (S. 1436) to amend section 1 of the act of June 14, 1926, as amended by the act of June 4, 1954 (68 Stat. 173; 43 U.S.C. 869), and I ask that the statement of the managers on the part of the House be read in lieu of the report.

The SPEAKER. If these objection to the request of the gentleman from Colorado?

There was no objection.

The Clerk read the statement.

The conference report was agreed to and a motion to reconsider was laid on the table.

#### SMALL BUSINESS ACT

Mr. SPENCE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 8599) to amend the Small Business Act, and for other purposes, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert: "That subsection 4(c) of the Small Business Act is amended—

"(1) by striking out '\$900,000,000' in two places and inserting in lieu thereof '\$975,000,000'; and

"(2) by striking out '\$500,000,000' and inserting in lieu thereof '\$575,000,000'.

"SEC. 2. Subsection 7(d) of the Small Business Act is amended by striking out the last sentence thereof: *Provided, however, That nothing in this section shall prevent the use of the funds made to remain available for grants for research and management counseling during the fiscal year ending June 30, 1960, by title III of Public Law 86-88.*"

The SPEAKER. Is there objection to the request of gentleman from Kentucky?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

#### RELATING TO SECURITY PROGRAM WITH RESPECT TO DEFENSE CONTRACTORS AND THEIR EMPLOYEES

(Mr. WALTER asked and was given permission to address the House for 1 minute.)

Mr. WALTER. Mr. Speaker, there has been scheduled under suspension of the rules H.R. 8121. I have just been informed that the matter involved in this bill will be treated with administratively, and therefore I wish to announce that there will be no motion to suspend the rules and pass the bill.

#### AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

Mr. GRANT submitted the following conference report and statement on the bill (H.R. 8609) to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes.

#### CONFERENCE REPORT (H. REPT. No. 1178)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 8609) to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

#### "TITLE I—AMENDMENTS TO THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

"SEC. 1. Sections 109 and 204 of the Agricultural Trade Development and Assistance Act of 1954, as amended, are amended by striking out '1959' and substituting in lieu thereof '1961'.

"SEC. 2. Section 103(b) of such Act is amended, effective January 1, 1960, to read as follows:

"(b) Agreements shall not be entered into under this title in any calendar year during the period beginning January 1, 1960, and ending December 31, 1961, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$1,500,000,000, plus any amount by which agreements entered into in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such preceding year by this Act as in effect during such preceding year."

"SEC. 3. Section 203 of such Act is amended, effective January 1, 1960, by striking out the first sentence and inserting in lieu thereof:

"Not more than \$300,000,000 (including the Corporation's investment in such commodities) plus any amount by which transfers made in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than could have been expended during such preceding year under this title as in effect during such preceding year shall be expended in any calendar year during the period January 1, 1960, and ending December 31, 1961, for all such transfers and for other costs authorized by this title."

"SEC. 4. Subsection (a) of section 104 of such Act is amended by inserting a period in lieu of the semicolon at the end thereof, and adding the following:



"From sale proceeds and loan repayments under this title not less than the equivalent of 5 per centum of the total sales made under this title after the date of this amendment shall be made available in advance for use as provided by this subsection over such period of years as the Secretary of Agriculture determines will most effectively carry out the purpose of this subsection: *Provided*, That no such funds shall be allocated under this subsection after June 30, 1960, except as may be specified, from time to time, in appropriation acts. Particular regard shall be given to provide in sale and loan agreements for the convertibility of such amount of the proceeds thereof as may be needed to carry out the purpose of this subsection in those countries which are or offer reasonable potential of becoming dollar markets for United States agricultural commodities. Notwithstanding any other provision of law, if sufficient foreign currencies for carrying out the purpose of this subsection in such countries are not otherwise available, agreements may be entered into with such countries for the sale of surplus agricultural commodities in such amounts as the Secretary of Agriculture determines to be adequate and for the use of the proceeds to carry out the purpose of this subsection."

"Sec. 5. Subsection (b) of section 104 of such Act is amended to read as follows:

"(b) To purchase or contract to purchase, in such amounts as may be specified from time to time in appropriation acts, strategic or other materials for a supplemental United States stockpile of such materials as the President may determine from time to time. Such strategic or other materials acquired under this subsection shall be placed in the above named supplemental stockpile and shall be released therefrom only under the provisions of section 3 of the Strategic and Critical Materials Stock Piling Act."

"Sec. 6. Section 104(k) of such Act is amended by striking out the colon and inserting in lieu thereof a comma and the following: 'and to promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation;'

"Sec. 7. Section 104(o) of such Act is amended by striking out so much thereof as follows the semicolon.

"Sec. 8. Section 104 of such Act is further amended by inserting after paragraph (o) the following new paragraphs:

"(p) For supporting workshops in American studies or American educational techniques, and supporting chairs in American studies;

"(q) For assistance to meet emergency or extraordinary relief requirements other than requirements for surplus food commodities: *Provided*, That not more than a total amount equivalent to \$5,000,000 may be made available for this purpose during any fiscal year;

"(r) For financing the preparation, distribution, and exhibiting of audio-visual informational and educational materials, including Government materials, abroad: *Provided*, That not more than a total amount equivalent to \$2,500,000 may be made available for this purpose during any fiscal year, but nothing in this subsection shall limit or affect the use of foreign currencies to finance the preparation, distribution, or exhibition of such materials in connection with trade fairs and other market development activities under subsection (a);"

"Sec. 9. Section 104 of such Act is further amended by inserting before the period at the end thereof a colon and the following: '*Provided, however*, That no foreign currencies shall be available for the purpose of subsection (p), except in such amounts as may be specified from time to time in appropriation Acts, and no foreign currencies shall be allocated under any provision of

this Act after June 30, 1960, for the purposes specified in subsections (k), (p), and (r), except in such amounts as may be specified from time to time in appropriation Acts'.

"Sec. 10. Section 305 of such Act is amended to read as follows:

"Sec. 305. All Commodity Credit Corporation stocks donated abroad under title II of this Act and section 416 of the Agricultural Act of 1949, as amended, shall be clearly identified by appropriate marking on each package or container and insofar as practical in the language of the locality where such stocks are distributed as being furnished by the people of the United States of America and where available funds accruing under title I shall be used for this purpose."

"Sec. 11. Title III of such Act is amended by adding at the end thereof the following new section:

"Sec. 306. (a) In order to promote the general welfare, raise the levels of health and of nourishment for persons whose incomes prevent them from enjoying adequate diets, and dispose in a beneficial manner of food commodities acquired by the Commodity Credit Corporation or the Department of Agriculture in carrying out price support operations or diverted from the normal channels of trade and commerce under section 32 of the Act of August 24, 1935, as amended, the Secretary of Agriculture (in this section referred to as the "Secretary") is hereby authorized to promulgate and put into operation a program to distribute to needy persons in the United States, including needy Indians, through a food stamp system such surplus food commodities. Such program shall provide for the distribution of such surplus food commodities only during the period beginning February 1, 1960 and ending January 31, 1962. The cost of such program, including the cost to the Federal Government of acquiring, storing, and handling such surplus food commodities, shall not exceed \$250,000,000 in any twelve-month period beginning February 1 and ending January 31.

"(b) In carrying out such program, the Secretary shall—

"(1) distribute surplus food made available by the Secretary for distribution under this program only when requested to do so by a State or political subdivision thereof;

"(2) issue, or cause to be issued, pursuant to subsection (c), food stamps redeemable by eligible needy persons for such types and quantities of surplus food as the Secretary shall determine;

"(3) distribute surplus food in commercially packaged form, preferably through normal channels of trade;

"(4) establish standards under which, pursuant to subsection (c), the welfare authorities of any State or political subdivision thereof may participate in the food stamp plan for the distribution of surplus foods to the needy;

"(5) consult the Secretary of Health, Education, and Welfare, and the Secretary of Labor, in establishing standards for eligibility for surplus foods and in the conduct of the program generally to assure achievement of the goals outlined in subsection (a) of this section; and

"(6) make such other rules and regulations as he may deem necessary to carry out the purpose of this section.

"(c) The Secretary shall issue, to each welfare department or equivalent agency of a State or political subdivision requesting the distribution of surplus food under subsection (b) (1), food stamps for each kind of surplus food to be distributed, in amounts based on the total amount of surplus food to be distributed and on the total number of needy persons in the various States and political subdivisions eligible to receive such food. The food stamps shall be issued by each such welfare department or equivalent

agency to needy persons receiving welfare assistance, or in need of welfare assistance but ineligible because of State or local law, and shall be redeemable by such needy persons at local distribution points to be determined by the Secretary under subsection (b) (3).

"(d) Receipt by any person of benefits under this section shall not be deemed to be income or resources under the provisions of the Social Security Act or any other Federal legislation pertaining to the security of the aged, blind, disabled, dependent children unemployed, or other similar groups. Any State or local subdivision thereof which decreases the cash or other assistance extended to any person or group as a consequence of the assistance made available under this section shall be ineligible for further participation under this section.

"(e) Surplus foods to be distributed under this section shall be limited to surplus foods acquired under the Agricultural Act of 1949 or diverted from the normal channels of trade under section 32 of Public Law 320, 74th Congress.

"(f) For the purposes of this section, a needy person is anyone receiving welfare assistance (financial or otherwise) from the welfare department or equivalent agency of any State or political subdivision thereof, or who is, in the opinion of such agency or agencies, in need of welfare assistance but is ineligible to receive it because of State or local law.

"(g) The Secretary of Agriculture, in consultation with the Secretary of Health, Education, and Welfare and the Secretary of Labor, shall make a study of, and shall report to Congress within six months after the date of enactment of this section, on the feasibility of, the costs of, and the problems involved in, extending the scope of the food stamp plan established by this section to include persons receiving unemployment compensation, receiving old-age and survivors insurance (social security) pensions, and other low-income groups not eligible to receive food stamps under this section.

"(h) There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the purposes of this section."

"Sec. 12. Title III of such Act is further amended by adding at the end thereof a new section as follows:

"Sec. 307. Whenever the Secretary of Agriculture determines under section 106 of this Act that any food commodity is a surplus agricultural commodity, insofar as practicable he shall make such commodity available for distribution to needy families and persons in the United States in such quantities as he determines are reasonably necessary before such commodity is made available for sale for foreign currencies under title I of this Act."

"Sec. 13. Title III of such Act is further amended by adding at the end thereof a new section as follows:

"Sec. 308. Notwithstanding any other provision of law, the Commodity Credit Corporation is hereby authorized—

"(1) to dispose of its stocks of animal fats and edible oils or products thereof by donation, upon such terms and conditions as the Secretary of Agriculture deems appropriate, to nonprofit voluntary agencies registered with the Department of State, appropriate agencies of the Federal Government or international organizations, for use in the assistance of needy persons outside the United States;

"(2) to purchase for donation as provided above such quantities of animal fats and edible oils and the products thereof as the Secretary determines will tend to maintain the support level for cottonseed and soybeans without requiring the acquisition of



such commodities under the price support program.

Commodity Credit Corporation may incur such additional costs with respect to commodities to be donated hereunder as it is authorized to incur with respect to food commodities disposed of under section 416 of the Agricultural Act of 1949, and may pay ocean freight charges from United States ports to designated ports of entry abroad.

"SEC. 14. Such Act is further amended by adding thereto the following new title:

**"TITLE IV—LONG-TERM SUPPLY CONTRACTS**

"SEC. 401. The purpose of this title is to utilize surplus agricultural commodities and the products thereof produced in the United States to assist the economic development of friendly nations by providing long-term credit for purchases of surplus agricultural commodities for domestic consumption during periods of economic development so that the resources and manpower of such nations may be utilized more effectively for industrial and other domestic economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use.

"SEC. 402. In furtherance of this purpose, the President is authorized to enter into agreements with friendly nations under which the United States shall undertake to provide for delivery annually of certain quantities of such surplus agricultural commodities for periods of not to exceed ten years, pursuant to the terms and conditions set out in this title, providing such commodities are in surplus at the time delivery is to be made.

"SEC. 403. Payment for such commodities shall be in dollars with interest at such rate as the Secretary may determine but not more than the cost of the funds to the United States Treasury as determined by the Secretary of the Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States having maturity comparable to the maturities of loans made by the President under this section. Payment may be made in approximately equal annual amounts over periods of not to exceed twenty years from the date of the last delivery of commodities in each calendar year under the agreement and interest shall be computed from the date of such last delivery.

"SEC. 404. In carrying out the provisions of this title, the Secretary of Agriculture shall endeavor to maximize the sale of United States agricultural commodities taking such reasonable precautions as he determines necessary to avoid replacing any sales which the Secretary finds and determines would otherwise be made for cash dollars.

"SEC. 405. In entering into such agreements, the Secretary shall endeavor to reach agreement with other exporting nations of such commodities for their participation in the supply and assistance program herein authorized on a proportionate and equitable basis.

"SEC. 406. In carrying out this title, the provisions of sections 102, 103(a), 106, 107, and 108 of this Act shall be applicable to the extent not inconsistent with this title."

**"TITLE II—MISCELLANEOUS**

"SEC. 201. (a) In order to insure the nutritional value of cornmeal, grits, and white flour when such foods are made available for distribution under section 416(3) of the Agricultural Act of 1949 or for distribution to schools under the National School Lunch Act or any other Act, such foods shall be enriched so as to meet the standards for enriched cornmeal, enriched corn grits, or enriched flour, as the case may be, prescribed in regulations promulgated under the Federal Food, Drug, and Cosmetic Act; and in order to protect the nutritional value and sanitary quality of such enriched

foods during transportation and storage such foods shall be packaged in sanitary containers. For convenience and ease in handling, the weight of any sanitary container when filled shall not exceed fifty pounds.

"(b) The term 'sanitary container' means any container of such material and construction as (1) will not permit the infiltration of foreign matter into the contents of such container under ordinary conditions of shipping and handling, and (2) will not, for a period of at least one year, disintegrate so as to contaminate the contents of the container, necessitating the washing of the contents prior to use.

"SEC. 202. In lieu of the limitation on annual payment rates for 1960 conservation reserve contracts prescribed in clause (2) of the sixth proviso under the head 'Conservation Reserve' in Public Law 86-80, no such annual payment rate shall be established in excess of 20 per centum of the value of the land placed under contract, such value to be determined without regard to physical improvements thereon or geographical location thereof; but in no event shall such annual payment rate be established in excess of the maximum rate which the county committee determines would have been established for such land under the 1959 Conservation Reserve Program, except that the county committee in making such determination shall not be required to obtain the landowner's or operator's estimate as to value or his certificate as to production history and productivity.

"SEC. 203. Section 347(b) of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out the period at the end thereof and inserting a colon and the following: 'Provided, however, That the national marketing quota for the 1960 crop of such cotton shall be not less than 90 per centum of the 1959 marketing quota for such cotton.'

"SEC. 204. Section 206(a) of the Agricultural Act of 1956 is amended by inserting before the period at the end thereof a comma and the following: 'or to meet requirements of Government agencies'."

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same.

GEORGE M. GRANT,  
E. C. GATHINGS,  
CARL ALBERT,  
CLARK W. THOMPSON,  
CHARLES B. HOEVEN,  
PAGE BELCHER,  
CLIFFORD G. MCINTIRE,

*Managers on the Part of the House.*

ALLEN J. ELLENDER,  
OLIN D. JOHNSTON,  
SPESSARD L. HOLLAND,  
HUBERT H. HUMPHREY,  
GEORGE D. AIKEN,  
MILTON R. YOUNG,  
BOURKE B. HICKENLOOPER,

*Managers on the Part of the Senate.*

**STATEMENT**

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 8609) to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposal through barter, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report:

The Senate amendment struck out all after the enacting clause of H.R. 8609 and substituted new language. The House bill contained numerous provisions not included in the Senate amendment and the Senate amendment contained numerous provisions

new to the House bill. In lieu of the Senate amendment, the conferees have agreed upon an amendment combining many of the provisions of both bills. Following are the substantive differences between the conference bill herewith reported and H.R. 8609 as it passed the House.

**EXTENSION OF PUBLIC LAW 480**

The House bill extended titles I and II of the act for 1 year (from December 31, 1959) with an additional authorization of \$1.5 billion for title I and \$300 million for title II. The Senate amendment extended both titles for 3 years with additional authorizations at the same rate per year as provided in the House bill. The conferees have compromised on a 2-year extension of titles I and II with increased authorizations at the rate provided in both the House bill and the Senate amendment—\$1.5 billion per year for title I and \$300 million per year for title II.

**FOOD STAMP PLAN**

The provisions relating to distribution of surplus foods in the United States through a food stamp plan follow generally the language of the House bill, with the following substantive changes:

(1) Duration of the authority is limited to 2 years starting February 1, 1960; (2) foods to be distributed are clearly limited to surplus foods acquired under the Agricultural Act of 1949 or diverted from normal channels of trade under section 32 of Public Law 320, 74th Congress; (3) the maximum which may be spent in any 12-month period is placed at \$250 million, based on the cost to the Federal Government of acquiring, storing, and handling such food; (4) adopted Senate language providing that receipt by any person of benefits under the program should not be deemed income or resources under the provisions of the Social Security Act or related Federal legislation and providing that any State or local subdivision thereof which decreases the cash or other assistance extended to any person because of assistance under the food stamp program should not be eligible for further participation in such program.

The conferees note that although the language of the amendment agreed upon is permissive, as in the House bill, legislation authorizing and directing food stamp programs was passed by the Senate. It is the expectation of the conferees that the Secretary, at his discretion, will undertake such a program along the lines laid down in the conference report.

In making regulations the Secretary should include the Bureau of Indian Affairs and/or tribal councils designated by the Bureau of Indian Affairs as "welfare agencies" as he has done in the past with respect to the Department of Agriculture's program of donation of food commodities for relief purposes.

**USE OF FOREIGN CURRENCIES FOR RELIEF PURPOSES**

Section 7 of the House bill provided that not to exceed \$2 million in local currencies might be used each year in each country for emergency relief requirements. The Senate amendment contained a similar provision but limited the total amount to \$2 million of foreign currencies per year. The conference substitute has amended this provision to permit up to \$5 million of foreign currencies to be spent each year for this purpose.

**LONG TERM SUPPLY CONTRACTS**

The conference substitute retains the House provision authorizing long term supply contracts to be entered into on dollar credit. It adopted a clarifying amendment to make it clear that the supply contracts are to relate only to surplus commodities. In agreeing to retain this provision, the conferees note that it is not the intent of section 405 of this new title to require continuing consultation with other countries on the



program, but merely to give other interested countries an opportunity to enter into a participating agreement, if they so desire. For example, the conferees are aware that negotiations are now going on with other countries under the Food for Peace program and assume that this new program will be discussed with them at an early date as part of these negotiations.

#### HOUSE PROVISIONS RETAINED

The following provisions of the House bill are retained in the conference substitute without any change other than perfecting or clarifying amendment:

Section 3 requiring the earmarking of 5 percent of foreign currencies accruing under title I for market development purposes.

Section 4 authorizing purchase with foreign currency of materials other than those required for the national stockpile.

Section 13 requiring that insofar as practical surplus commodities donated abroad shall be marked in the language of the locality where they are distributed as being furnished by the people of the United States.

Section 16 providing that materials currently required by the Department of Defense, the Atomic Energy Commission, and other Government agencies may be acquired through barter.

Section 17 providing that the national marketing quota for the 1960 crop of long staple cotton shall not be less than 90 percent of the 1959 marketing quota.

#### ELIMINATED FROM HOUSE BILL

The substitute amendment herewith reported does not contain the following provisions which were in the bill as passed by the House:

Section 5 providing that payments received from loans made under the Cooley amendment would be retained by the Export-Import Bank for the making of additional such loans.

Section 6 requiring that loans of foreign currencies made to foreign countries for economic development should have a "maintenance of value" provision requiring repayment in foreign currencies equivalent to the dollar value of the payment at the time each payment is made.

Section 8 authorizing the establishment in foreign countries of food reserves under the authority of title I of Public Law 480.

Section 9 authorizing the donation of surplus agricultural commodities under title II of the act "in order to promote economic development" in underdeveloped areas.

Section 10 authorizing the payment of "charges for general average contributions" out of foreign currencies accruing under title I.

Section 12, providing that the Secretary should permit and encourage barter for materials processed in the United States if the agricultural commodities to be bartered for such materials are exported to friendly foreign countries.

Section 18 providing that this act might be cited as the "Food for Peace Act of 1959."

#### PROVISIONS ADDED TO HOUSE BILL

The following substantive provisions of the conference substitute did not appear in the bill as passed by the House:

Specifically provides for the use of foreign currencies for (a) programs of medical and scientific research and development, (b) workshops in American studies or American educational techniques and supporting chairs in American studies (these two are not new uses but are specific restatement of authority existing in the act) and (c) for the preparation, distribution, and exhibiting of audiovisual informational and educational material up to \$2.5 million per year; and provides that the appropriating process shall apply to all of the local currency uses so designated.

A provision that whenever the Secretary of Agriculture determines that any food commodity is a surplus commodity for purposes of sale under title I of the act, he shall, insofar as practicable, make such commodity available for domestic relief distribution. The phrase "insofar as practicable" would give the Secretary latitude to sell for foreign currencies without making commodities available for relief distribution in the United States in certain circumstances. For example, where the quantity involved is insufficient for effective distribution to needy families in the United States, where the perishable nature of the commodity makes such distribution impractical, or where it is desirable to sell a limited quantity for market development purposes.

A provision authorizing disposition of CCC stocks of animal fats and edible oils (or products) for use in assistance of needy persons outside the United States. The section also authorizes such purchase of such fats, oils, and products as will tend to maintain the support level for cottonseed and soybeans.

A section which requires that cornmeal, grits, and white flour distributed under section (416(3) of the Agricultural Act of 1949, or to schools, be enriched and packaged in sanitary containers not exceeding 50 pounds each.

A section providing, in essence, for the same limitation on rental payments for contracts entered into in the 1960 conservation reserve program as applied in 1959, i.e., 20 percent of the value of the land without regard to improvements or location. This would replace the limitation prescribed for 1960 contracts by the 1960 Agriculture Appropriation Act, i.e., the fair rental value based on past 5-year crop production. The section also provides that the 1960 payment rate cannot exceed what would have been established for 1959.

GEORGE M. GRANT,  
E. C. GATHINGS,  
CARL ALBERT,  
CLARK W. THOMPSON,  
CHARLES B. HOEVEN,  
PAGE BELCHER,  
CLIFFORD G. MCINTIRE,

*Managers on the Part of the House.*

Mr. GRANT. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill (H.R. 8609) to amend the Agricultural Trade Development and Assistant Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. GRANT. Mr. Speaker, I ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read the statement.

Mr. HOEVEN. Mr. Speaker, the House and Senate conferees have agreed on H.R. 8609 which extends Public Law 480. This is a very complex and lengthy bill which I will briefly review at this time and make a few appropriate comments.

The first major provision is the time of extension. The conferees have agreed on a 2-year extension of both titles I and II. Title I calls for an authorized expenditure of \$1.5 billion per year whereas title II calls for an increased

authorization of \$300 million per year. The Senate bill called for a 3-year extension and the House bill a 1-year extension, therefore, the conferees compromised on 2 years. The conferees have also agreed on a permissive 2-year food stamp plan and I emphasize at this point that the plan authorized by the bill is strictly permissive. There is no requirement whatsoever that it be put into operation. The food-stamp program is limited to surplus commodities actually acquired by the Commodity Credit Corporation through its price support operations or commodities acquired by direct purchases through section 32 of the act of August 24, 1935. The overall maximum money authorization for \$250 million which covers the cost of surplus food, all administrative expenses and all distribution costs. The plan is only temporary in nature and can extend for a 2-year period commencing February 1, 1960, and expiring January 31, 1962.

One of the more important features of the House bill was retained when section 104(a) of the act was amended to place increased emphasis on the development of markets for U.S. agricultural commodities abroad. This section of the bill earmarks at least 5 percent of the foreign currencies accumulated under Public Law 480 for this worthwhile purpose, subject to subsequent appropriation acts beginning June 30, 1960.

A new use for the title I foreign currencies is provided by allowing up to \$5 million per year of foreign currencies to meet emergency nonfood relief requirements in foreign nations for such things as blankets, shoes, or general relief.

Another new use allows the purchase of nonstrategic and noncritical materials for the supplemental stockpile. This provision is the so-called gas mask amendment which would authorize OCDM to purchase such defense items as necessary.

Another new use allows up to \$2½ million per year of foreign currencies to be spent for audio informational materials. This would be subject to subsequent appropriation acts but would not be included in the limitation pertaining to such materials for market development under section 104(a).

The bill also provides a new sentence in section 104(k) which authorizes the use of foreign currencies for research, cultural and educational development, health, nutrition, and sanitation. This use is already authorized under section 104(e), but the conference provision would make it subject to subsequent appropriation acts under section 104(k).

The conferees have adopted a provision which authorizes on a permissive basis the President to enter into long-term commitments—up to 10 years—for the sale of U.S. surplus agricultural commodities in dollars to foreign nations. The law authorizes loans over a period of 20 years in accepting the long-term credit program. The conferees again refrained from adopting language that could possibly be construed to require the Secretary of Agriculture to institute such a program.



Other provisions included in the conference bill are as follows:

First. A requirement that, insofar as practicable, agricultural commodities which are donated overseas under Public Law 480 be labeled in the language of the locality to which they are sent.

Second. A requirement that cornmeal, grits, and white flour distributed to schools be enriched and packaged in sanitary containers which weigh less than 50 pounds.

Third. Permission for the Commodity Credit Corporation to barter for strategic or critical materials to meet the requirements of Government agencies. This is not a change in the barter provisions of Public Law 480 but merely a very minor change to the 1956 Agricultural Act.

Fourth. A provision authorizing the disposition of CCC stocks of animal fats, edible oils for use in assistance of needy persons outside the United States, and the authorization to purchase such fats, oils, and production as will help to maintain the support level for cottonseed and soybeans.

Fifth. A provision to give priority to needy people in the United States over foreign sales and donations under Public Law 480, insofar as practicable.

Sixth. A provision to clarify language in this year's appropriation act dealing with the conservation reserve of the soil bank.

Seventh. A provision to prevent the 1960 national marketing quota for extra long staple cotton from going below 90 percent of what that quota was in 1959.

#### BRIEF SUMMARY OF CONFERENCE BILL ON EXTENSION OF PUBLIC LAW 480

On September 10, 1959, the House and Senate conferees agreed on H.R. 8609 by Mr. COOLEY, "To amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes." The main provisions of the conference bill are as follows:

First. Extends title I for 2 years to December 31, 1961, with an increased authorization of \$1.5 billion per year.

Second. Extends title II for 2 years to December 31, 1961, with an increased authorization of \$300 million per year.

Third. Places increased emphasis on developing markets for U.S. agricultural products by earmarking, subject to subsequent appropriations, at least 5 percent of the foreign currencies for this purpose.

Fourth. Requires that, as far as practicable agricultural commodities donated abroad under the act be labeled in the language of the locality to which they are sent.

Fifth. Provides up to \$5 million per year of foreign currencies to meet emergency nonfood relief requirements—other than requirements for surplus foods—in foreign nations.

Sixth. Authorizes the President to enter into long-term commitments—up to 10 years—for the sale of U.S. surpluses in dollars to foreign nations. Loans will be repaid over a period of 20 years at an interest rate not more than the current cost of money to the U.S. Treasury.

Seventh. Authorizes the establishment of a permissive 2-year food stamp plan for the distribution of \$250 million worth of surplus food per year to needy people in the United States.

Eighth. Authorizes the use of title I foreign currencies to purchase nonstrategic and noncritical materials for the supplemental stockpile.

Ninth. Permits Commodity Credit Corporation to barter for strategic or critical materials to meet requirements of Government agencies.

Tenth. Provides that 1960 extra long staple cotton marketing quota cannot be less than 90 percent of 1959 quota.

Eleventh. Enrichment and sanitary packaging of donated cereals: Requires cornmeal, grits, and white flour distributed under section 416(3) of the Agricultural Act of 1949, or to schools, to be enriched and packaged in sanitary containers not exceeding 50 pounds.

Twelfth. For the conservation reserve of the soil bank the bill provides for the same limitation on rental payments for contracts entered into in 1960 as applied in 1959, that is, 20 percent of the value of the land determined without regard to improvements or location. This would replace the limitation prescribed for 1960 contracts by the 1960 appropriation act, that is, the fair rental value based on past 5-year crop production. The bill also provides that the 1960 payment rate cannot exceed what would have been established for 1959.

Thirteenth. Domestic relief: Insofar as practical the bill gives use of surplus food for reasonable necessary domestic relief priority over title I sales.

Fourteenth. Provides for use of title I foreign currencies for research, cultural and educational development, health, nutrition, and sanitation, subject to subsequent appropriation acts.

Fifteenth. Provides a new section 104(p) to carry material formerly included in section 104(o) and provides for use of title I foreign currencies for audio-informational materials up to \$2½ million per year subject to subsequent appropriation acts.

Sixteenth. Authorizes disposition of CCC stocks of animal fats and edible oils—or products—for use in assistance of needy persons outside the United States. Authorizes such purchase of such fats, oils, and products as will help to maintain the support level for cottonseed and soybeans.

The SPEAKER. The question is on the conference report.

The conference report was agreed to. A motion to reconsider was laid on the table.

Mr. WALTER. Mr. Speaker, I wish to congratulate the members of the Conference Committee on their splendid work done in connection with the amendments to the bill extending the 1954 Agricultural Trade Development and Assistance Act.

Those of us who are interested in relieving the constant pressure on our immigration quotas by directing certain categories of immigrants to Latin America for agricultural settlement are particularly gratified by the fact that this legislation will permit the use of cer-

tain local currencies, pursuant to section 104(g), for the development of agricultural colonies which have been established in several countries of Latin America. The availability of such funds has been ascertained through an exchange of correspondence which I had with the then Acting Secretary of State, Mr. C. Douglas Dillon. I have included this correspondence in the CONGRESSIONAL RECORD of July 22, 1959, and it appears on page 12772 of that RECORD.

The enactment of this legislation will certainly be noted by those governments of Latin American countries which may benefit from the use of counterpart funds, and I sincerely hope that the governments affected will work out the necessary projects in such form as to permit the assignment of priorities to the financing of land settlements for foreign and native migrants. There is no doubt in my mind that in so doing the governments will serve their own best interests and that the letter and the spirit of this proposed law will be carried out through the cooperation of our own Government with the recipients of the benefits.

The Intergovernmental Committee for European Migration stands ready to assist the governments of Latin America in the preparation of the appropriate plans and projects. One of them, the agricultural colony established by Dutch immigrants in Brazil, the settlement known as Holambra, deserves immediate and most careful consideration.

Mr. GRANT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill H.R. 8609.

WILL THE SECRETARY OF AGRICULTURE NOW CARRY OUT THE WILL OF CONGRESS AND START A FOOD STAMP PROGRAM?

Mrs. SULLIVAN. Mr. Speaker, the conference report on H.R. 8609 makes several changes in the wording of the food stamp plan adopted by the House, but as the author of the amendment which has now added such a program to the Agricultural Trade Development and Assistance Act of 1954, I am by no means too unhappy about the changes, that is, if they merely mean what I have been informed they mean. I personally think that with the exception of the dollar limitation in the bill, reduced from \$1 billion a year to \$250 million a year, there is no change of any real substance. Of course, if a careful reading of the language of the bill should show otherwise, I will have to take that back, but since the bill is not yet printed and copies are not available for careful study, I am accepting the committee reassurances on that score.

Now the question is: will the Secretary of Agriculture make use of the machinery provided in the bill to institute a food stamp plan as a more effective means of distributing surplus food to the provably needy in this country? I am well aware of Mr. Benson's antipathy to the whole idea, on the grounds that it will cost the Department of Agriculture—but not the American people as taxpayers—a little more money, perhaps, to use the regular stores as a means of



distribution rather than the "dump" method now in operation. At present, the program consists of unloading carloads of flour, rice, cornmeal, and dried skim milk onto those localities willing to undertake the difficult and expensive task of setting up warehouse depots and storing and then distributing the few surplus commodities now included.

#### GROUPS WHICH SHOULD DEMAND ACTION

As originally introduced in 1954 and in every Congress since then, my food stamp bill not only authorized, but also directed, the Secretary of Agriculture to institute a food stamp plan for the distribution of surplus food to America's needy. The bill now before us in final form merely authorizes, but does not direct. I am sorry that such a concession had to be made in order to have the program enacted. But I am not at all willing to concede that by merely authorizing rather than directing, we are making a futile gesture in view of the Secretary's well-known opposition to the whole idea.

My reason for saying so is this: every city in the Nation now participating in the present limited food distribution program to the needy has had so much agonizing experience under this program—so much unnecessary redtape and expense and so much disappointment over the limited variety of foods available for distribution—that I am sure the citizens of our metropolitan areas, and the newspapers in those areas, will insist in every way they can make their views heard that the Secretary now proceed to set up a food stamp plan.

And the hard-pressed farmers experiencing periodic overabundance of perishable commodities which are not included under price support operations, will now have every right to insist that the Secretary use his existing section 32 authority, and the customs receipts he receives from the Treasury for that purpose, to buy up and divert from the market more fresh foods, since he will have a ready-made outlet for such items under the food stamp plan. At present, he is grudgingly using only a part of his section 32 money to buy up only those perishable surplus items which can be disposed of through the school lunch program. As a result, the broiler industry, the egg producers, the truck farmers and others have not really been helped as they should be during recent crisis in overproduction by the huge section 32 fund the Secretary of Agriculture controls. That fund now totals over \$500 million available for this year. If he continues to use it as he has in the past, hundreds of millions of this money, diverted from customs receipts to help both the farmer and our needy, would again revert to the Treasury each year, rather than be used for the purposes Congress has always intended ever since the section 32 program was enacted in 1934.

#### NOW UP TO PUBLIC OPINION

Mr. Speaker, I am not going to take up the RECORD with a reiteration of all of the arguments in favor of use of a food stamp plan to enlist the cooperation of the Nation's grocery stores to help dis-

tribute surplus foods of all kinds to the needy. But I do think it important to point out that all of the people and groups and interests directly involved—the cities now attempting to distribute surplus food, the grocery stores now being bypassed in surplus food distribution, the needy now receiving such a distressingly inadequate variety of surplus foods in a distressingly cumbersome once-a-month distribution program, the farmers not now deriving full benefits from section 32 funds and authority, the taxpayers of this country who see us spending billions to give away Government-owned food overseas while doing so little to help our own needy with adequate supplies and varieties of surplus food—all of these people have a right and a duty to insist that the Secretary of Agriculture, despite his prejudices in the matter, use the authority in this bill to institute a food stamp plan.

If the public is not going to press for intelligent use of Government-owned food in a way which will help our needy most effectively, then passing this law would indeed be a futile gesture. But I am sure that now that Congress has provided the useful and intelligent machinery needed, the public will insist it be used by the bureaucrats in charge, regardless of their own preconceived ideas and past obstructionism.

#### THE LATE JUDGE THOMAS H. DOWD

(Mr. McCORMACK asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. McCORMACK. Mr. Speaker, one of the truly great Americans for many years, and one of the outstanding sons of the Commonwealth of Massachusetts for decades, is the late Judge Thomas H. Dowd, who died on September 5, 1959. For 44 years he served as a judge of the superior court of the Commonwealth of Massachusetts, longest period of continuous service in the history of Massachusetts.

Judge Dowd was a man of boundless energies. As he said a year or so ago, "I have never been idle." He retired from the superior court last October and he had not missed a day in over 40 years. Born in Worcester, Mass., Judge Dowd worked his way through Holy Cross College by acting as a principal of a night school. He graduated cum laude in 1897. He was one of the most eloquent talkers of the country. He was called "the wild Irish orator" when he stumped the country in his younger days to win freedom for Ireland. After graduating from Holy Cross College, Judge Dowd entered Boston University law school and completed the 3-year course in 1 year, graduating with honors in 1896. He was admitted to practice law in Massachusetts in 1897. Prior to his appointment to the superior court, and in 1901 in a strong Republican district, he was the Democratic candidate for State senate, and won. That was his first vote in Boston, and as he said, "The first vote I ever cast in the Boston election was for myself, and I won." Judge Dowd later served as a

member of the Boston Board of Aldermen before returning to his law practice in Boston.

In 1914 he was appointed justice of the Boston municipal court by the late Senator David I. Walsh, who was then Governor of Massachusetts. He served on the municipal bench from 1914 to 1934, when he was appointed to the superior court bench by the late Governor James Michael Curley.

Judge Dowd was a tower of strength to the Massachusetts judiciary. His years of service on the municipal court bench and the superior court bench, and his judicious manner, will be long remembered among the judges and the lawyers of Massachusetts. A man of strong convictions, he was possessed of a very fine differentiating judicial mind. He was also a man of deep religious faith. Judge Dowd was a great American.

I extend to his son my deep sympathy in his great loss and sorrow.

#### CERTAIN PROCEDURE FOR THE BALANCE OF THIS SESSION

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that it shall be in order during the remainder of this session of Congress to consider conference reports the same day reported, notwithstanding the provisions of clause 2 of rule XXVIII; that reports from the Committee on Rules may be considered at any time, notwithstanding the provisions of clause 22 of rule XI; for the Speaker to declare recesses subject to the call of the Chair; and for the Speaker to recognize Members to move to suspend the rules, notwithstanding the provisions of clause 1, rule XXVII.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. HALLECK. Mr. Speaker, reserving the right to object—and I shall not object—these matters were all cleared with me. They are the customary procedures that are adopted when we come up to the close of the session. It is understood, of course, that any suspensions of the rules would be agreed to by me as the minority leader before they are put on. Again may I say that I shall consult with the other leaders on my side and with the members of the committee involved before any suspensions are agreed to.

Mr. Speaker, as far as I am concerned I sincerely hope we can wind up this session of Congress tomorrow night. Possibly that cannot be done. But certainly it should be done not later than Monday of next week. So, as far as I am concerned, I shall go along with these requests because, if I were the majority leader, under similar circumstances I would make the same requests, and I am quite sure that the gentleman from Massachusetts [Mr. McCORMACK], if he were the minority leader, would agree to such requests as I shall agree to these.

Mr. Speaker, I withdraw by reservation of objection.

Mr. GROSS. Mr. Speaker, reserving the right to object, that was a rather involved and extensive request that the







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

## CONTENTS

Issued September 16, 1959  
For actions of September 15, 1959  
86th-1st, No. 164

Adjournment.....	11		
Administrative authority.....	15, 24, 35		
Appropriations .....	1, 10, 16, 18, 39, 40, 45		
Atomic energy.....	46		
Budget.....	20		
Centennial Celebration...	6		
Civil defense.....	1		
Claims.....	1		
Coffee.....	30		
Commissions.....	28		
Dairy industry.....	49		
Economics.....	52		
Education.....	12, 37		
Employment.....	52		
Expenditures.....	20		
Exposition.....	1		
Farm program.....	4, 22, 26		
Fisheries.....	14		
Food distribution.....	2		
Food-for-peace.....	6		
Foreign aid.....	1, 21, 45		
Foreign trade .....	8, 25, 41, 47, 49		
Hog prices.....	19		
Inspection services.....	47		
Intergovernmental relations.....	1		
Item veto.....	16		
Lands.....	6, 28, 44		
Legislative accomplishments.....	9		
Marketing.....	23		
Meat industry.....	5, 22		
Mutual security.....	1, 45		
Onion futures.....	17		
Personnel.....	31		
Price supports.....	22, 30		
Property.....	33		
Public debt.....	36		
Public Law 480.....	2, 49		
Public works.....	7		
Purchasing.....	3		
Reclamation.....	32, 43, 48		
Recreation.....	38		
Reorganization.....	6		
Research.....	13		
Retirement.....	6		
Rural development.....	27		
Safety.....	34		
Science and technology...	6		
Small business.....	3, 51		
Soil bank.....	42		
Surplus commodities.....	2		
Surplus property.....	29		
Transportation.....	1, 6		
Weather research.....	50		

HIGHLIGHTS: see p. 6

## SENATE

1. APPROPRIATIONS. Both Houses agreed to the conference report on H. R. 8385, the mutual security appropriation bill for 1960, and acted upon amendments which had been reported in disagreement. This bill will now be sent to the President. pp. 18118-22, 18164-72

The conferees agreed to \$550 million for the Development Loan Fund, \$150 million for technical cooperation, \$1,910,000 for ocean freight for voluntary agencies, items for payment of claims against the Government, and a provision prohibiting the use of funds herein appropriated to finance the construction of water or related land-resource projects which do not meet the standards for such projects in the U. S. They deleted the limit on foreign aid for farm production.

The House agreed to the following items in modified amounts, and the Senate concurred in the House action: Civil defense and mobilization functions performed by other Federal agencies, as may be designated by OCDM, \$3,250,000; participation in the century 21 exposition, \$9,000,000; and Advisory Commission on Intergovernmental Relations, \$50,000. pp. 18169, 18119

By a vote of 221 to 81, the House concurred in the Senate amendment to extend the Commission on Civil Rights 2 years and provide \$500,000 for it. pp. 18169-71

2. FOOD DISTRIBUTION; SURPLUS COMMODITIES. Sen. Cooper spoke in support of his amendment to Public Law 480 regarding domestic distribution of surplus food that is made available to foreign countries, and inserted a letter from this Department



listing food commodities sold under Public Law 480 but not donated to needy persons in the U. S. pp. 18072-4

3. PURCHASING; SMALL BUSINESS. Sen. Morse spoke in favor of the recent legislation extending the principle of set-asides for small business in the purchasing and sale of Government property. pp. 18082-4
4. FARM PROGRAM. Sen. Javits gave a report on his activities, including comments on various aspects of the farm program. pp. 18089-92
5. MEAT INDUSTRY. Sen. Humphrey made suggestions for settlement of labor-management disputes in the meat-packing industry. p. 18104
6. BILLS PASSED OVER, without discussion, included: ~~S. 91 and H. R. 4601, to limit to national security cases the instances in which retirement benefits are withheld; H. R. 4012, to provide for a centennial celebration of the establishment of USDA, etc.; H. R. 5140, to extend the Reorganization Act; S. 1617, to adjust legislative jurisdiction over land, etc.; S. 1851, to establish a commission on a Department of Science and Technology; S. 1789, to alleviate freight car shortages; S. 1711, the food-for-peace bill.~~ pp. 18105-7
7. PUBLIC WORKS Committee's report of activities was inserted by Chairman Chavez. pp. 18108-11
8. FOREIGN TRADE. Sen. Keating spoke in favor of the program of marking American products to show country of origin when they are exported, and said he would go abroad to check on the effectiveness of the program. pp. 18111-12
9. LEGISLATIVE ACCOMPLISHMENTS. Sen. Johnson inserted a summary of congressional accomplishments during the session. pp. 18122-53
10. APPROPRIATIONS. Sens. Johnson and Dirksen debated the validity of tables on appropriations which Sen. Johnson has inserted in the Record. pp. 18153-4
11. ADJOURNMENT. Both Houses adjourned sine die. pp. 18155, 18161-2, 18175, 18178 (Under H. J. Res. 531, which is pending for Presidential action, the next regular session will begin at noon Wed., Jan. 6, 1960.)

#### HOUSE

(Continuation of House proceedings of Sept. 14 and 15 following the House recess at 11:15 p. m., Sept. 14)

12. EDUCATIONAL EXCHANGE. Received from the State Department the 21st semiannual report on the international educational exchange program of that Department. p. 18178
13. RESEARCH; SCIENCE. Received from the National Aeronautics and Space Administration a report covering the contracts negotiated by the National Aeronautics and Space Administration during the period Jan. 1 through June 30, 1959. p. 18178
14. FISH. Received from the State Department a proposed bill "to give effect to the Convention Between the United States of America and Cuba for the Conservation of Shrimp"; to Merchant Marine and Fisheries Committee. p. 18178
15. ADMINISTRATION. Received from HEW a proposed bill "to enable the Department of Health, Education and Welfare and its various units to perform their functions more efficiently and effectively by providing them with certain administrative authority." p. 18178





# Congressional Record

United States  
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PROCEEDINGS AND DEBATES OF THE 86<sup>th</sup> CONGRESS, FIRST SESSION

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## Senate

### NOTICE

The last issue of the daily Congressional Record for the first session of the Eighty-sixth Congress will be published not later than Monday, October 5, 1959. It is requested that copy and proofs of speeches withheld for revision, or extensions of remarks as authorized by either House, be submitted to the Government Printing Office or to the Congressional Record Clerk, Statuary Hall, Capitol, before that date.

By order of the Joint Committee on Printing.

CARL HAYDEN, Chairman.

[Senate proceedings of September 14, 1959]

#### PRESENTATION CEREMONY AT APOSTOLIC DELEGATION OF LATIN VERSION OF LINCOLN'S GETTYSBURG ADDRESS

Mr. COOPER. Madam President, recently an impressive ceremony, attended by members of the diplomatic corps and representatives of our Government, was held at the apostolic delegation in Washington. The Right Reverend Edwin Ryan, D.D., of White Plains, N.Y., at that time presented to the apostolic delegate his Latin translation of Lincoln's address at Gettysburg. The document, engrossed on vellum, has been presented to His Holiness, Pope John XXIII, for exhibition in the Vatican Library.

Msgr. Edwin Ryan has long been known to Latinists here and abroad for his writings on the history of the Latin language. That his Latin version of Lincoln's address is now among the treasures of the Vatican Library is an honor to American scholarship. It is also recognized by the broadcasts of the Latin version over the Voice of America.

In order that Monsignor Ryan's scholarly work may be more widely available to libraries and to persons interested in the study of Latin, I ask unanimous consent that the Latin translation, as published in the Cosmos Club Bulletin for June 1959, be included in the RECORD.

Madam President, I ask unanimous consent that there also be included in

the RECORD a statement of the ceremony held at the apostolic delegation in Washington on June 17, at the time the Latin translation of Lincoln's Gettysburg address was presented to the apostolic delegate to be forwarded to the Vatican Library.

There being no objection, the remarks and the translation were ordered to be printed in the RECORD, as follows:

#### PRESENTATION REMARKS BY SENATOR JOHN SHERMAN COOPER, CHAIRMAN, LINCOLN SESQUICENTENNIAL COMMISSION

YOUR EXCELLENCY: During the year of 1959 our Nation and, in fact, the whole world, is honoring a great and good man on the 150th anniversary of his birth. Abraham Lincoln's wisdom and faith in his country enabled him, as 16th President of the United States, to lead the Nation safely through a civil war which united forever the people of our country. He led a nation at war, but it has been said "he was the only man in history who ever led an army into battle loving his enemies more than he loved himself."

We honor Lincoln today as the Lincoln Sesquicentennial Commission presents to you this classical translation in Latin of the historic Gettysburg Address, to be added to other rare documents in one of the world's largest and most unusual archives—the Vatican Library. These words of Lincoln, which speak of government by the people, were translated into the Latin by the Right Reverend Edwin Ryan of Stepinac School, White Plains, N.Y., and are engrossed and illuminated on fine parchment.

The address, made by President Lincoln on the occasion of the dedication of the National Soldiers' Cemetery at Gettysburg, Pa., November 19, 1863, is presented to the Vati-

can Library in the hope that it will recall to all who view it, and read it, the ideals and life of Lincoln.

His humanity and his humor, his humility born in the hard struggles and disappointments of life, his perseverance, have made the peoples of the world remember Abraham Lincoln. They know instinctively that he is one with them—that he understood their sorrows, their struggles, and their hope of better things.

Your Excellency, it is my honor as chairman of the Lincoln Sesquicentennial Commission to present this document to you for presentation to His Holiness, Pope John XXIII, and the Vatican Library.

#### ABRAHAM LINCOLN APUD GETTYSBURG PRONUNTIATA CONTIO

Octoginta et septem abhinc jam annos rempublicam novam, libertate inceptam atque hominibus natura paribus dedicatam, majores his in regionibus ediderunt. Nunc bello intestino ac tremendo illaqueatis oritur nobis percontatio num civitas aliqua tali spiritu informata diutina perdurare valebit. Loco insigni luctationis, ad partem campi consecrandam in sepulcrum eorum qui animas ad patriae vitam conservandam hic posuerunt, confluvimus. Congruit omnino decetque peragere haec, sensu tamen altiore hanc terram dedicare, consecrare, sanctificare, nobis non competit, quoniam fortes qui hic proelati sunt, sive superstites manent sive interfecti jacent, facultatem exiguum nostram aut amplificandi consecrationem aut imminuendi magnopere superaverunt. Effata nostra haec paululum animadvertentur homines atque ea brevi obliviscentur, id tamen quod hinc confecerunt nullo pacto de memoria dilabatur. Nobis adhuc in vita versantibus immo vero potius incumbit operi incompleto dedicari quod in hac pugna fortissimi hactenus tam praeclare provexere. Remanet ut huic penso nos conferamus, nempe, ex his defunctis coronatis studium corroboratum haurire muneri fungendo cui illi ex imo corde sese obtulerunt, his mentibus elatis statuere necem his observatis illatam non fore irritam. Quo fiet ut civitas haec Deo adjuvante libertati renascetur, et ditio in populo fundata, a populo gesta, ad populi salutem directa, nequaquam de mundo tabescens interibit.

#### REMARKS BY THE RIGHT REVEREND EDWIN RYAN, ARCHBISHOP STEPINAC HIGH SCHOOL, WHITE PLAINS, N.Y.

In offering to the Vatican Library my Latin version of Lincoln's immortal address, the Lincoln Sesquicentennial Commission is seeking to demonstrate that America's consecration to freedom in the order of nature is a prelude to the belief in freedom in the



order of grace. Lincoln has expressed succinctly the truth that human freedom is based upon human equality. While recognizing the inequalities of bodily vigor, of intellectual endowment, he reminds us that beneath these inequalities lies a fundamental equality, an essential concomitant of human nature. He declares that whatever be the diversity of gifts, "men are created equal."

That is in perfect accord with the teaching of Christ's church. She has ever insisted that the inequalities that are obvious, and even the inequalities in the distribution of grace, do not contravene the essential equality of men, of all men, as human beings. It is that doctrine that is the basis of the church's insistence on human dignity. She reminds us that when a man loses his freedom he loses what makes him fully and completely a man, that, no man, no group of men, no government, has a right to attack human freedom, that even God Himself, though He goes to almost inconceivable lengths to free us from sin, will not deprive us of freedom, since the only service an intelligent being can render to God is a service that is free.

It is our hope that this document in the language of the Roman Patriarchate will remain in the Eternal City as a testimony to the fundamental harmony that is heard when Abraham Lincoln proclaims in the order of nature what St. Paul proclaims in the order of grace—that the freedom for which the heroes at Gettysburg gave the last full measure of devotion must advance hand in hand with that freedom for which the church's martyrs, following their Master, have laid down their lives, "the freedom wherewith Christ has made us free."

ACCEPTANCE REMARKS BY HIS EXCELLENCY  
EGIDIO VAGNOZZI, APOSTOLIC DELEGATE TO  
THE UNITED STATES

Mr. Chairman, your Excellency, Monsignor, and distinguished representatives of different countries, I consider it a privilege and an honor to receive today this copy of the Latin translation of the famous Gettysburg Address by the American President, Abraham Lincoln. The address is one of the greatest documents ever issued by man. It is a great American document; it is a great human document, and I might truly say that it is a great Christian document.

I accept it with great pleasure from your hand, Mr. Chairman, and I will send it to the Holy Father to be kept in the Vatican Library.

I want to thank you, the Commission, and the American people for this presentation.

COOPER AMENDMENT TO PUBLIC  
LAW 480

Mr. COOPER. Madam President, I send to the desk a statement regarding the amendment to Public Law 480 which was approved by the Senate last week, sustained by the Senate-House conference and adopted by the Congress, making it mandatory upon the Secretary of Agriculture to supply needy people in the United States with food before this surplus food is sold abroad for foreign currencies. I ask that there be inserted also in the RECORD a list of the surplus foods which have been sold for foreign currency under title I of Public Law 480, but which were not supplied to needy peoples in the United States. I do so because I believe that under my amendment many of these foods will, from now on, also be supplied to needy families in the United States—as they should be.

There being no objection, the statement, letter, and tables were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR COOPER

I am glad that the Congress adopted last Friday my amendment to give first priority in the disposal of surplus food to the needy people of our own country.

I believe this amendment to Public Law 480, which makes its mandatory upon the Secretary of Agriculture to supply, insofar as it is practicable to do so, the needs of unemployed men and women, their children, and older people in this country before selling surplus foods abroad for soft currencies, will be of great help. Almost immediately, it should make possible the addition of protein and fats—in the form of beans and cooking oils, at least—to the starches now being distributed from surplus Government stocks.

My amendment reverses the existing priorities, as claimed by the Department of Agriculture, so that the needs of our people must be considered above those of sales abroad for local currencies.

It expresses the sense of the Congress that a better variety of foods should be made available in the domestic food distribution program, to the extent that it is practical to do so.

It clearly directs the Secretary of Agriculture to make the bountiful food production of our farmers available to needy people of this country before undertaking title I, Public Law 480 sales.

It authorizes the costs necessary to acquire and donate to the domestic food distribution program, surplus foods which may not, at a particular time, be held in Government inventory. While many Members of

Congress have insisted that the Secretary already has this authority, the amendment gives him separate authority.

In working to obtain first consideration in the disposal of surplus foods for the needy people of our country, I have not wished to draw the contrast between their needs and the amount of food which have been sent abroad as surplus in recent years. But now that my amendment has been enacted, I think it is proper to publish the facts. I think they make very clear the need for my amendment, and the reasons I worked for it.

I will therefore insert in the RECORD these facts, as I have received them from the Department of Agriculture. I have obtained from the Department a list of some of the surplus foods sold for soft currency under title I to other countries. I point out that these particular items—the foods listed—were all surplus foods which were not made available in any part of that entire fiscal year to the people of our own country. There were other sales for soft currency of foods which were not at that time being made available to needy families in this country, but which some time during the fiscal year were distributed domestically to some degree.

I emphasize that I strongly support Public Law 480 sales. I am glad that we can share our abundance with other countries. I only point out that these foods should have been made available to needy families in the United States at the same time.

Under my amendment, I am sure they will be in the future.

DEPARTMENT OF AGRICULTURE,  
Washington, D.C., September 14, 1959.

HON. JOHN SHERMAN COOPER,  
Committee on Labor and Public Welfare,  
U.S. Senate.

DEAR SENATOR COOPER: This is in response to your letter of September 10, 1959, requesting information concerning surplus food commodities included in title I, Public Law 480 agreements which were not, at the time of the agreement, donated to needy persons in family units in the United States.

The enclosed tables should furnish the information you desire. Discussions by FAS officials with your office indicate that to expedite preparation of the material we need not show ocean transportation costs. The tables list the agreements by dates, and commodities are shown which were not donated to needy persons in the United States during the particular fiscal year. Also, a list of foreign currency balances for individual countries as of June 30, 1959, would satisfy your need for information on currencies.

If further information is desired, please let us know.

Sincerely yours,

CLARENCE L. MILLER,  
Assistant Secretary.

Food commodities sold under title I, Public Law 480, but not donated to needy persons in family units in the United States

Country	Date of agreement	Commodity	Description of commodity	Unit	Approximate quantity	Export market value
Fiscal year 1955:						
Austria	June 14, 1955	Corn	No. 2 or better	Bushel	3.2	4.5
Chile	Jan. 27, 1955	Wheat	do.	do.	1.3	2.2
Colombia	June 23, 1955	do.	do.	do.	.8	1.6
Greece	June 24, 1955	do.	do.	do.	3.6	6.1
do.	do.	Corn	do.	do.	1.1	1.5
do.	do.	Oats	No. 3 or better	do.	1.3	.9
do.	do.	Evaporated milk	do.	do.	8.4	1.1
Israel	Apr. 29, 1955	Wheat	No. 2 or better	Pound	1.9	3.3
do.	June 15, 1955 (amendment)	do.	do.	Bushel	1.2	1.9
do.	do.	Barley	No. 3 or better	do.	.4	.5
do.	Apr. 29, 1955	Grain sorghums	No. 2 or better	do.	1.5	1.5
do.	June 15, 1955 (amendment)	do.	do.	do.	1.2	1.2
Italy	May 23, 1955	Wheat	do.	do.	.9	1.5
do.	do.	Corn	do.	do.	1.9	2.6
Japan	May 31, 1955	Wheat	do.	do.	13.7	21.3
do.	do.	Barley	do.	do.	3.5	3.5



Food commodities sold under title I, Public Law 480, but not donated to needy persons in family units in the United States—Continued

Country	Date of agreement	Commodity	Description of commodity	Unit	Approximate quantity	Export market value
					Million units	Million dollars
Fiscal year 1955—Con.						
Peru	Feb. 7, 1955 (amended June 25, 1955).	Wheat	No. 2 or better	Bushel	3.7	6.0
Spain	Apr. 20, 1955	Corn	do.	do.	2.0	3.0
Turkey	Nov. 15, 1954	Wheat	do.	do.	3.7	6.3
do.	do.	Barley	do.	do.	6.7	8.0
do.	do.	Oats	do.	do.	3.4	3.0
Yugoslavia	Jan. 5, 1955	Wheat	do.	do.	15.6	28.4
do.	May 12, 1955	do.	do.	do.	3.8	6.5
Fiscal year 1956:						
Austria	Feb. 7, 1956	Fruit	Dried prunes, raisins and apricots; canned fruit cocktail, cranberries, RSP cherries, orange and lemon juice.	Pound	1.3	.2
Burma	Feb. 8, 1956	do.	Dried prunes, apricots and raisins; canned fruits and juices or any or all: figs, apricots, peaches, pears, purple plums, sweet and RSP cherries, fruit cocktail, cranberries, orange and lemon juice.	do.	.8	.1
do.	do.	Condensed milk	do.	do.	6.6	1.4
do.	do.	Evaporated milk	do.	do.	4.4	.6
Finland	Mar. 26, 1956	Fruit	Dried prunes and fresh pears.	do.	8.6	1.2
Germany	Dec. 23, 1955	Poultry	Chickens, turkeys or ducks, whole or parts, canned or frozen.	do.	4.5	1.2
Israel	Feb. 10, 1956	Beef	Frozen carcass beef in quarters	do.	24.8	10.0
Korea	Mar. 13, 1956 (amended by exchange of notes Jan. 7, 1957).	Dry whole milk	do.	do.	.2	.1
do.	do.	Pork	Canned pork or pork sausage	do.	15.0	8.0
Paraguay	May 2, 1956	Dry whole milk	do.	do.	.9	.4
Spain	Feb. 29, 1956 (amended Sept. 15, 1956).	Beef	Frozen carcass beef in quarters	do.	5.0	2.0
do.	do.	Potatoes	do.	do.	50.8	1.4
Fiscal year 1957:						
Brazil	Dec. 31, 1956	Cottonseed/soybean oil	do.	do.	7.3	1.5
China	Aug. 14, 1956	Condensed milk	do.	do.	1.8	.4
do.	do.	Dry whole milk	do.	do.	1.4	.9
do.	do.	Evaporated milk	do.	do.	1.1	.2
Ecuador	Feb. 15, 1957	Cottonseed/soybean oil	do.	do.	9.6	1.7
Greece	Aug. 8, 1956	Evaporated milk	do.	do.	4.7	.6
do.	do.	Cottonseed/soybean oil	do.	do.	33.0	5.7
Iceland	Apr. 11, 1957	do.	do.	do.	.6	.1
do.	do.	Fruit	Dried prunes, figs, and dates; fresh pears; lemons; canned peaches, pears, fruit cocktail, and cranberries.	do.	5.8	.6
Italy	Oct. 30, 1956	Poultry	Frozen whole turkeys and chickens, and whole cut-up and parts of chickens.	do.	1.4	.5
do.	July 5, 1956 (amendment)	Cottonseed/soybean oil	do.	do.	29.1	5.5
do.	Oct. 30, 1956	do.	do.	do.	199.0	27.8
Pakistan	Aug. 7, 1956 (amended Sept. 7, 1956).	Cottonseed/soybean oil	do.	do.	13.9	2.2
Poland	June 7, 1957	do.	do.	do.	2.3	.3
Spain	Sept. 15, 1956 (amendment)	Beef	Frozen carcass beef	do.	7.5	2.0
do.	Oct. 23, 1956	do.	do.	do.	50.3	11.8
do.	Mar. 5, 1956 (amended Sept. 15, 1956).	Cottonseed/soybean oil	do.	do.	44.3	7.0
do.	Oct. 23, 1956	do.	do.	do.	152.1	25.5
do.	Mar. 26, 1957	do.	do.	do.	45.6	7.2
Turkey	Nov. 12, 1956	Beef	Frozen carcass beef	do.	14.6	4.4
do.	Jan. 25, 1957	Cottonseed/soybean oil	do.	do.	23.1	3.9
United Kingdom	June 27, 1957	Fruit	Fresh lemons, oranges, and grapefruit; canned grapefruit sections; fresh pears; canned lemon juice.	do.	26.2	2.2
Fiscal year 1958:						
Burma	May 27, 1958	Cottonseed/soybean oil	do.	do.	11.1	1.8
China	Apr. 18, 1958	do.	do.	do.	10.3	1.3
Colombia	Mar. 14, 1958	do.	do.	do.	15.0	2.5
Ecuador	June 30, 1958	do.	do.	do.	3.1	.5
Finland	Feb. 21, 1958	Fruit	Dried prunes and fresh lemons	do.	5.4	1.0
Greece	Dec. 18, 1957	Evaporated milk	do.	do.	8.4	1.2
Iceland	May 3, 1958	Fruit	Dried prunes, figs and/or dates, canned peaches, pears, fruit cocktail and cranberries, fresh apples and pears, and fresh lemons.	do.	4.0	.4
Israel	Nov. 7, 1957	Dry whole milk	do.	do.	.5	.2
do.	do.	Cottonseed/soybean oil	do.	do.	10.4	1.7
do.	do.	Fruit	Dried prunes	do.	.8	.1
Italy	Mar. 7, 1958	Poultry	Whole frozen turkeys and chickens and whole cut-up chickens.	do.	1.4	.5
Poland	Feb. 15, 1958	Cottonseed/soybean oil	do.	do.	57.8	8.2
Spain	Jan. 27, 1958	do.	do.	do.	276.6	42.7
do.	June 30, 1958 (supplemental)	do.	do.	do.	108.6	13.8
Turkey	Jan. 20, 1958	Poultry	Whole frozen chickens and turkeys	do.	6.9	2.2
do.	do.	Cottonseed/soybean oil	do.	do.	120.3	21.4
Turkey	June 25, 1958 (supplemental)	do.	do.	do.	32.8	5.0
United Kingdom	Feb. 3, 1958	Fruit	Canned lemon juice. Canned grapefruit sections, fresh lemons, dried prunes, canned peaches, fruit cocktail and cranberries.	do.	69.6	8.0
Yugoslavia	Feb. 3, 1958	Cottonseed/soybean oil	do.	do.	86.3	11.4
Fiscal year 1959:						
Argentina	June 12, 1959	do.	do.	do.	165.3	25.6
China (Taiwan)	June 9, 1959	Dry whole milk	do.	do.	.7	.4
do.	do.	Cottonseed/soybean oil	do.	do.	5.0	.7
Finland	Dec. 30, 1958	Fruit	Fresh lemons	do.	1.1	.1
Iceland	Mar. 3, 1959	Cottonseed/soybean oil	do.	do.	.7	.1
Israel	Nov. 6, 1958	do.	do.	do.	18.1	2.4
Pakistan	Nov. 26, 1958	do.	do.	do.	47.8	7.0
do.	May 21, 1959 (supplemental)	do.	do.	do.	20.4	3.4
Poland	June 10, 1959	do.	do.	do.	33.6	4.7
Spain	Oct. 31, 1958 (supplemental)	do.	do.	do.	84.6	11.8
do.	Jan. 13, 1959	do.	do.	do.	449.9	50.9
Turkey	Feb. 13, 1959	do.	do.	do.	207.9	30.2
United Arab Republic	May 5, 1959 (supplemental)	do.	do.	do.	26.7	3.2
do.	do.	Poultry	Frozen whole chickens and turkeys	do.	1.4	.5
Yugoslavia	Dec. 22, 1958	Cottonseed/soybean oil	do.	do.	79.2	9.9



Title V, Public Law 480—U.S. dollar equivalent of foreign currencies on hand<sup>1</sup> (as of June 30, 1959)

Country and unit of currency	Thousands of dollars
Argentina (peso)-----	19,349.5
Austria (schilling)-----	14,238.7
Brazil (cruzeiro)-----	20,002.3
Burma (kyat)-----	17,779.0
Ceylon (rupee)-----	3,373.8
Chile (peso)-----	6,912.8
China (N.T. dollar)-----	4,671.1
Colombia (peso)-----	6,143.8
Ecuador (sucre)-----	1,003.4
Finland (finmark)-----	5,469.4
France (franc)-----	14,062.0
Germany (deutschemark)-----	17.0
Greece (drachma)-----	8,389.5
Iceland (kronur)-----	2,045.5
India (rupee)-----	452,947.7
Indonesia (rupiah)-----	90,370.8
Iran (rial)-----	1,623.8
Israel (pound)-----	26,564.6
Italy (lira)-----	32,832.8
Japan (yen)-----	10,267.9
Korea (hwan)-----	8,800.1
Mexico (peso)-----	13,555.4
Netherlands (guilder)-----	0
Pakistan (rupee)-----	84,049.6
Paraguay (guarani)-----	91.3
Peru (sol)-----	1,771.1
Philippines (peso)-----	2,870.9
Poland (zloty)-----	132,953.2
Portugal (escudo)-----	1,909.1
Spain (peseta)-----	131,441.4
Thailand (baht)-----	2,090.9
Turkey (lira)-----	21,384.7
United Kingdom (pound)-----	29,775.7
Uruguay (peso)-----	3,521.4
United Arab Republic (pound)-----	32,953.5
Vietnam (piastre)-----	4,189.7
Yugoslavia (dinar)-----	146,413.8
Total-----	1,355,837.2

<sup>1</sup> Balances in U.S. Disbursing Officer's Accounts. These balances either allocated by the Bureau of the Budget for use or earmarked for use under the title I agreement.

#### VISIT OF KHRUSHCHEV TO THE UNITED STATES

Mr. COOPER. Madam President, from time to time during the last week I have heard that we are in session because of the insistence of the senior Senator from Oregon that we remain here until Mr. Khrushchev arrives. I think the Senator from Oregon was right when he said several days ago that the Senate of the United States and the House of Representatives should remain here until Mr. Khrushchev arrives.

This question has nothing to do with whether or not we approve of the visit. Certainly it does have nothing to do with approval of the record or the policies of Mr. Khrushchev.

I am glad that we have not given the appearance of fleeing his arrival. I would say that as far as I am concerned I think the senior Senator from Oregon was correct in his views, and that as we look back on this long session, we will not regret that we have remained here.

For weeks now the country and the Congress have been preoccupied with the visit of Mr. Khrushchev, its effect on United States-Soviet relations and, consequently, on the security and peace of the world. At times it may seem that we have been preoccupied even more with how he should be received. Many in our country have voiced doubts about

the exchange of visits between Mr. Khrushchev and President Eisenhower. And if we look only to the past, and to the inflexible policies and objectives of the Soviet Union, our doubts are justified.

I believe it a more affirmative approach to look to the future, and to support President Eisenhower in his effort to secure from Mr. Khrushchev modifications of Russia's inflexible position regarding Berlin, disarmament, and other issues. For as long as they remain unsettled, they will threaten the peace of the world. Whatever the results of these meetings, the world will know that the President and the people of the United States have made their fullest and best efforts for just settlements, and for peace.

Concurrent with the visit of Mr. Khrushchev, Russian scientists have succeeded in sending a rocket to the moon. It is a scientific achievement of the greatest importance, for which Russian scientists and Russia must be accorded the congratulations and credit it deserves.

If it were not for the troubling doubts about Soviet policies, the world would hail this scientific achievement as a tremendous stride in man's progress. But we know, as we knew about sputnik, despite any whistling in the dark, that the ability of the Russians to develop the thrust and power to hurl a rocket weighing over 800 pounds 240,000 miles to the moon, and with amazing accuracy, is a somber reminder that the same scientific knowledge is undoubtedly being applied to the development of missiles capable of striking our country.

My point today is that the visit of Mr. Khrushchev, and the moon rocket, cannot relieve the United States of its duties and obligations. We cannot control what Mr. Khrushchev may do. Neither can we stop, if we desired to do so, the forward march of Russian scientific achievement. I do not believe we should stop scientific achievement anyway. My point is, rather, that these events should cause the administration, Congress, and the people of the United States, to assume their responsibilities in fullest measure.

These events demand that we assure, immediately, the best organized and most effective Defense Establishment that it is possible for us to have. They demand that we make greater efforts in research, both scientific and applied, and toward higher standards of education. For it is upon education and research that military security, economic growth, and any possibility for continued world leadership will depend.

All of us will remember our concern 2 years ago when the Russians sent sputnik into space. We talked a great deal then about defense reorganization, about research, about education. We have made progress. But I believe most will agree that we have never made the full effort that the world situation demands, or our capabilities permit.

I recognize that it is easy for Members of the Congress, Members who do not have full information, to make proposals for better defense measures, and

for better research and educational programs. Nevertheless, it is a duty to raise continually these issues, and to ask committees of the Congress, the administration, and private bodies, to examine again and again our defense system, our research programs, our educational system, and our mutual security arrangements—and to insist that they be made more and more effective.

I think this Congress can be termed a standpat Congress, and I believe that it has reflected the mood of the country. If the issues that President Eisenhower and Mr. Khrushchev will discuss—and now Russia's new scientific achievement—with all their potentialities, cannot shake this standpat atmosphere, and lead to increased efforts in these fields necessary for survival and growth, I would say the outlook for our country is grim indeed.

So tonight, even though it is the end of the session of Congress, and because I recognize that it will not be long until we convene again, I offer two measures dealing with education, and one which goes to the effectiveness of our Defense Establishment.

The first measure, which I send to the desk on behalf of myself and the senior Senator from New York [Mr. JAVITS], deals with Federal aid for school construction. We submitted it before the Subcommittee on Education, and in the full Committee on Labor and Public Welfare, as a substitute for S. 8, the bill which was reported Saturday by the committee, and which bears Calendar No. 1049.

We said at the time we would offer it in the Senate because we considered it a better bill, and one which could be enacted. I now submit the amendment, and ask that it lie on the table for the consideration of those interested in providing educational facilities in districts which, without assistance, will lack adequate schools.

The PRESIDING OFFICER. The amendment will be received, printed, and will lie on the table.

#### ADVISORY COUNCIL ON EDUCATION

Mr. COOPER. Madam President, I come now to a proposal to which I have given much thought. I send to the desk for myself, and on behalf of the senior Senator from New York [Mr. JAVITS], the senior Senator from Michigan [Mr. McNAMARA], the senior Senator from New Jersey [Mr. CASE], the senior Senator from Oregon [Mr. MORSE], and the junior Senator from Massachusetts [Mr. KENNEDY], a bill to establish an advisory council on education.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 2727) to make the Committee on Education, established by the act of July 26, 1954, advisory to the President and available to the States for consultation on means of improving the quality of education, introduced by Mr. COOPER (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.



## ORDER OF BUSINESS

Mr. JOHNSON of Texas. Mr. President, I should like to inform the Senate that the conferees on the mutual security bill have reached an agreement and that, as all Senators know, the other body will have to act on the conference report first.

We had a very satisfactory conference, and I think, from the standpoint of this body, the Members will be pleased. If, as, and when the House acts on the conference report it will be speedily brought to the Senate. We expect to act on it this morning. We may have a rollover on it. That will bring up a resolution of great interest to Senators that, when the Senate adjourns today, it adjourns sine die.

I have a brief statement to make on another subject.

The PRESIDING OFFICER. The Senator from Texas.

### HON. SAM RAYBURN, SPEAKER OF THE HOUSE OF REPRESENTATIVES

Mr. JOHNSON of Texas. Mr. President, an institution such as the Congress relies heavily upon the traditions and the history which give it not only vitality but continuity.

On Wednesday, we are coming to one of the most significant anniversaries in the history of our Nation's legislative body. Wednesday, September 16, will mark the 15th year that SAM RAYBURN, of Texas, has served as Speaker of the House of Representatives.

The office of the Speaker is one that occupies a unique position in our governmental structure. It is the office of a man who has been selected by the whole House of Representatives. And in all of the years that our constitutional Government has been in force, no one has held that office with more distinction than the gentleman from Texas, Speaker RAYBURN.

Mr. RAYBURN, as an individual, is a man who has left his stamp upon the history and the structure of our country. He is responsible for more permanent laws upon our statute books than probably any other individual.

The office of the Speaker of the House of Representatives would lend distinction to any man. It can be said—with accuracy—that Mr. RAYBURN has lent distinction to the office of the Speaker.

There is no man in our history who has held that position for a longer period of time.

Speaker RAYBURN has been close to the Johnson family for two generations. He was my father's friend even before I discovered America.

But what is more important is that he has been the friend of all the American people for all the years of his life, and nearly 5 decades of service in his Nation's Government have given him a permanent place in our history.

Mr. President, I do not believe that this anniversary should pass without official notice by the Congress. In Speaker RAYBURN, we all have a friend, a tutor, an adviser, and a great leader. And I believe the approaching date is

one of tremendous significance for the American Nation.

Mr. President—

The PRESIDING OFFICER. The Senator from Texas.

## THE CALENDAR

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that there be a call of the calendar from the beginning, while we are waiting for the conference report.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

The clerk will state the first measure on the calendar.

## BILLS AND RESOLUTIONS PASSED OVER

The bill (S. 1075), to provide for the reimbursement of Meadow School District No. 29, Upham, N. Dak., for loss of revenue resulting from the acquisition of certain lands within such school district by the Department of the Interior, was announced as next in order.

Mr. JOHNSON of Texas. Over, Mr. President.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 91) to amend the act of September 1, 1954, in order to limit to cases involving the national security the prohibition on payment of annuities and retired pay to officers and employees of the United States, to clarify the operations of such act, and for other purposes, was announced as next in order.

Mr. JOHNSON of Texas. Over, Mr. President.

The PRESIDING OFFICER. The bill will be passed over.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that Calendar No. 173, H.R. 4601; Calendar No. 228, S. 1474; Calendar No. 290, Senate Joint Resolution 69; Calendar No. 313, H.R. 4012; and Calendar No. 331, H.R. 5140; be passed over en bloc.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

The bills and resolutions passed over are as follows:

H.R. 4601, a bill to amend the act of September 1, 1954, in order to limit to cases involving the national security the prohibition on payment of annuities and retired pay to officers and employees of the United States, to clarify the application and operation of such act, for other purposes.

S. 1474, a bill to make permanent the provision of the Reorganization Act of 1949.

Senate Joint Resolution 69, a joint resolution proposing an amendment to the Constitution of the United States relative to the equal rights for men and women.

H.R. 4012 a bill to provide for the centennial celebration of the establishment of the land-grant colleges and State universities and the establishment of the Department of Agriculture, and for related purposes.

H.R. 5140, a bill to further amend the Reorganization Act of 1949, as amended, so that such act will apply to reorganization plans transmitted to the Congress at any time before June 1, 1961.

The resolution (S. Res. 131) referring S. 882, a bill for the relief of the heirs of J. B. White, to the Court of Claims, was announced as next in order.

Mr. KEATING. Over, Mr. President. The PRESIDING OFFICER. The resolution will be passed over.

The bill (S. 1617) to provide for the adjustment of the legislative jurisdiction exercised by the United States used for Federal purposes, and for other purposes, was announced as next in order.

Mr. KEATING. Over, Mr. President, by request.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1851) for the establishment of a commission on a Department of Science and Technology, was announced as next in order.

Mr. KEATING. Over, Mr. President, by request.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1508) to provide for economic regulation of the Alaska Railroad under the Interstate Commerce Act, and for other purposes, was announced as next in order.

Mr. KEATING. Over, by request.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1789) to amend section 1(14) (a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes, was announced as next in order.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that all bills and resolutions from Calendar No. 447 down through Calendar No. 664 be passed over.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

The bills and resolutions passed over are as follows:

S. 1789, a bill to amend section 1(14) (a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes.

Senate Joint Resolution 39, a joint resolution to amend the Constitution to authorize Governors to fill temporary vacancies in the House of Representatives.

S. 2436, a bill to revise the Federal election laws, to prevent corrupt practices in Federal elections, and for other purposes.

S. 2308, a bill to validate certain extended oil and gas leases.

S. 1711, a bill to promote the foreign policy of the United States by the more effective use of U.S. agricultural commodities for the relief of human beings and for promoting economic and social development in less developed countries.

H.R. 4938, an act to amend the Agricultural Adjustment Act of 1938 to extend for 2 years the definition of "peanuts" which is now in effect.

S. 2522, a bill to provide for the enrichment and sanitary packaging of certain donated commodities and to establish experimental food stamp allotment programs.

### PROHIBITION OF EXAMINATION OF MINISTERS OF RELIGION

The bill (H.R. 4192) to prohibit the examination in District of Columbia courts of a minister of religion in con-



nection with communications made by or to him in his professional capacity, without the consent of the parties to such communications, was announced as next in order.

Mr. KEATING. Mr. President, on this matter I have an amendment at the desk to make the same provision applicable generally in the Federal courts. This would give to a minister of religion, to the ordinary clergyman, protective privileges.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

Mr. JOHNSON of Texas. Mr. President, I would not want to assume the responsibility of agreeing to the amendment unless it went to the Committee on the Judiciary.

Mr. KEATING. Mr. President, I was about to say, if Senators will permit me to continue, that representations have been made to me it might interfere with passage of the proposed legislation now if I were to press the amendment. It is quite correct that the amendment has not been considered by the Committee on the Judiciary. Therefore, I shall not press the amendment at this time.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the District of Columbia, with amendments, on page 1, line 3, after the word "other", to insert "duly licensed, ordained, or consecrated"; in line 8, after the word "made", to strike out "by him, or"; on page 2, line 3, after the word "or", to strike out "to whom such communication was made, or"; in line 5, after the word "made", to strike out "by him, or"; in line 8, after the word "of", to strike out "to whom such communication was made, or"; in line 10, after the word "made", to strike out "by him, or"; in line 11, after the word "by", to strike out "or to", and in line 14, after the word "communication", to strike out the comma and "or to whom such communication was made".

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended, so as to read: "An act to prohibit the examination in District of Columbia courts of any minister of religion in connection with any communication made to him in his professional capacity, without the consent of the party to such communication."

#### BILLS AND RESOLUTIONS PASSED OVER

The bill (S. 1734), to amend section 409(c) of the Communications Act of 1934, as amended, with respect to presentations in any case of adjudication which has been designated for a hearing by the Federal Communications Commission, was announced as next in order.

Mr. KEATING. Over, by request, Mr. President.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2086), to provide for the establishment of a National Wildlife Disease Laboratory, was announced as next in order.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that all bills and resolutions from Calendar No. 715 down through Calendar No. 825 be passed over.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

The bills and resolution passed over are as follows:

S. 2086, a bill to provide for the establishment of a National Wildlife Disease Laboratory.

H.R. 5888, an act to authorize the Secretary of the Navy to transfer to the Massachusetts Port Authority certain lands in South Boston, Mass., in exchange for other lands.

S. 883, a bill to confer jurisdiction upon the U.S. Court of Claims to hear, determine, and render judgment upon claims of customs officers and employees to extra compensation for Sunday, holiday, and overtime services performed after August 31, 1931, and not heretofore paid in accordance with existing law.

S. 2402, a bill to clarify the authority of the Postmaster General to provide for the expeditious, efficient, and economical transportation of mail and for other purposes.

S. 694, a bill to provide Federal assistance for projects which will demonstrate or develop techniques and practices leading to a solution of the Nation's juvenile delinquency control problems.

Senate Resolution 174, a resolution to discharge the Committee on the Judiciary from the further consideration of the bill (S. 2391) to extend the Commission on Civil Rights and to provide further means for securing and protecting the right to vote.

The resolution (S. Res. 109) concerning the desirability of an international exposition in the United States, was announced as next in order.

Mr. KEATING. Over, Mr. President. The PRESIDING OFFICER. The resolution will be passed over.

The bill (S. 910) to authorize the payment to local governments of sums in lieu of taxes and special assessments with respect to certain Federal real property, and for other purposes, was announced as next in order.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that all bills from Calendar No. 893 down through Calendar No. 931 be passed over.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

The bills passed over are as follows:

S. 910, a bill to authorize the payment to local governments of sums in lieu of taxes and special assessments with respect to certain Federal real property, and for other purposes.

S. 2168, a bill to amend the Navy ration statute so as to provide for the serving of oleomargarine or margarine.

H.R. 8315, a bill to authorize the Secretary of the Army to lease a portion of Fort Crowder, Mo., to Stella Reorganized Schools R-I, Missouri.

H.R. 8437, a bill to provide for the reinstatement and validation of U.S. oil and gas lease BLM 028500.

The bill (S. 793) to amend title 23 of the United States Code in order to increase the amount authorized for bridges over Federal dams, was announced as next in order.

Mr. KEATING. Over, Mr. President. The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2653) to amend the Communications Act of 1934 to establish jurisdiction in the Federal Communications Commission over community antenna systems, was announced as next in order.

Mr. JOHNSON of Texas. Over, Mr. President.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1447) to amend section 161, title 35, United States Code, with respect to patents for plants, was announced as next in order.

Mr. KEATING. Over, by request, Mr. President.

The PRESIDING OFFICER. The bill will be passed over.

#### BILL PASSED TO FOOT OF CALENDAR

The bill (H.R. 3254) for the relief of Thomas Foreman Screven, Julia Screven Daniels, and Mary Bond Screven Rhodes, was announced as next in order.

Mr. KEATING. Over, Mr. President, by request.

Mr. JOHNSON of Texas. Mr. President, has objection been made to Calendar No. 1014? I understand that bill had been cleared.

Mr. KEATING. An objection was filed with me.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the bill go to the foot of the calendar, and I give notice that I will make a motion to consider it when we conclude the call of the calendar.

The PRESIDING OFFICER. Is there objection to the request from the Senator from Texas?

The Chair hears none, and, without objection, the bill will be placed at the foot of the calendar.

#### BILLS PASSED OVER

The bill (H.R. 5733) for the relief of Park National Bank, was announced as next in order.

Mr. KEATING. Mr. President, over, by request.

The PRESIDING OFFICER. The bill will be passed over.

Mr. KEATING. Mr. President, I am perfectly willing to have the bill go to the foot of the calendar.

The bill (S. 743) to amend the Federal Coal Mine Safety Act in order to remove the exemption with respect to certain mines employing no more than 14 individuals, was announced as next in order.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that Calendar No. 1035, S. 743; Calendar No. 1040, S. 609; and Calendar No. 1045, S. 263; go over by request.







Public Law 86-341  
86th Congress, H. R. 8609  
September 21, 1959

AN ACT

To extend the Agricultural Trade Development and Assistance Act of 1954,  
and for other purposes.

*Be it enacted by the Senate and House of Representatives of the  
United States of America in Congress assembled,*

TITLE I—AMENDMENTS TO THE AGRICULTURAL TRADE  
DEVELOPMENT AND ASSISTANCE ACT OF 1954

68 Stat. 454.  
7 USC 1691 note.  
7 USC 1709, 1724.

SECTION 1. Sections 109 and 204 of the Agricultural Trade Development and Assistance Act of 1954, as amended, are amended by striking out "1959" and substituting in lieu thereof "1961".

SEC. 2. Section 103(b) of such Act is amended, effective January 1, 1960, to read as follows:

"(b) Agreements shall not be entered into under this title in any calendar year during the period beginning January 1, 1960, and ending December 31, 1961, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$1,500,000,000, plus any amount by which agreements entered into in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such preceding year by this Act as in effect during such preceding year."

SEC. 3. Section 203 of such Act is amended, effective January 1, 1960, by striking out the first sentence and inserting in lieu thereof:

"Not more than \$300,000,000 (including the Corporation's investment in such commodities) plus any amount by which transfers made in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than could have been expended during such preceding year under this title as in effect during such preceding year shall be expended in any calendar year during the period January 1, 1960, and ending December 31, 1961, for all such transfers and for other costs authorized by this title."

SEC. 4. Subsection (a) of section 104 of such Act is amended by inserting a period in lieu of the semicolon at the end thereof, and adding the following:

"From sale proceeds and loan repayments under this title not less than the equivalent of 5 per centum of the total sales made under this title after the date of this amendment shall be made available in advance for use as provided by this subsection over such period of years as the Secretary of Agriculture determines will most effectively carry out the purpose of this subsection: *Provided*, That no such funds shall be allocated under this subsection after June 30, 1960, except as may be specified, from time to time, in appropriation acts. Particular regard shall be given to provide in sale and loan agreements for the convertibility of such amount of the proceeds thereof as may be needed to carry out the purpose of this subsection in those countries which are or offer reasonable potential of becoming dollar markets for United States agricultural commodities. Notwithstanding any other provision of law, if sufficient foreign currencies for carrying out the purpose of this subsection in such countries are not otherwise available, agreements may be entered into with such countries for the sale of surplus agricultural commodities in such amounts as the Secretary of Agriculture determines to be adequate and for the use of the proceeds to carry out the purpose of this subsection;"

Use of foreign  
currencies.

73 STAT. 606.  
73 STAT. 607.



7 USC 1704.

Strategic  
materials.

60 Stat. 597.  
50 USC 98b.

72 Stat. 1790.  
7 USC 1704.

7 USC 1694.

63 Stat. 1058.  
7 USC 1431.

73 STAT. 607.

73 STAT. 608.

68 Stat. 458.

7 USC 1427, 1431,

1692-1694.

Food stamp  
system.

49 Stat. 774.  
7 USC 612c.

SEC. 5. Subsection (b) of section 104 of such Act is amended to read as follows:

"(b) To purchase or contract to purchase, in such amounts as may be specified from time to time in appropriation acts, strategic or other materials for a supplemental United States stockpile of such materials as the President may determine from time to time. Such strategic or other materials acquired under this subsection shall be placed in the above named supplemental stockpile and shall be released therefrom only under the provisions of section 3 of the Strategic and Critical Materials Stock Piling Act;"

SEC. 6. Section 104(k) of such Act is amended by striking out the colon and inserting in lieu thereof a comma and the following: "and to promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation:"

SEC. 7. Section 104(o) of such Act is amended by striking out so much thereof as follows the semicolon.

SEC. 8. Section 104 of such Act is further amended by inserting after paragraph (o) the following new paragraphs:

"(p) For supporting workshops in American studies or American educational techniques, and supporting chairs in American studies;

"(q) For assistance to meet emergency or extraordinary relief requirements other than requirements for surplus food commodities: *Provided*, That not more than a total amount equivalent to \$5,000,000 may be made available for this purpose during any fiscal year;

"(r) For financing the preparation, distribution, and exhibiting of audio-visual informational and educational materials, including Government materials, abroad: *Provided*, That not more than a total amount equivalent to \$2,500,000 may be made available for this purpose during any fiscal year, but nothing in this subsection shall limit or affect the use of foreign currencies to finance the preparation, distribution, or exhibition of such materials in connection with trade fairs and other market development activities under subsection (a);"

SEC. 9. Section 104 of such Act is further amended by inserting before the period at the end thereof a colon and the following: "*Provided, however*, That no foreign currencies shall be available for the purpose of subsection (p), except in such amounts as may be specified from time to time in appropriation Acts, and no foreign currencies shall be allocated under any provision of this Act after June 30, 1960, for the purposes specified in subsections (k), (p), and (r), except in such amounts as may be specified from time to time in appropriation Acts."

SEC. 10. Section 305 of such Act is amended to read as follows:

"Sec. 305. All Commodity Credit Corporation stocks donated abroad under title II of this Act and section 416 of the Agricultural Act of 1949, as amended, shall be clearly identified by appropriate marking on each package or container and insofar as practical in the language of the locality where such stocks are distributed as being furnished by the people of the United States of America and where available funds accruing under title I shall be used for this purpose."

SEC. 11. Title III of such Act is amended by adding at the end thereof the following new section:

"Sec. 306. (a) In order to promote the general welfare, raise the levels of health and of nourishment for persons whose incomes prevent them from enjoying adequate diets, and dispose in a beneficial manner of food commodities acquired by the Commodity Credit Corporation or the Department of Agriculture in carrying out price support operations or diverted from the normal channels of trade and commerce under section 32 of the Act of August 24, 1935, as amended,

the Secretary of Agriculture (in this section referred to as the 'Secretary') is hereby authorized to promulgate and put into operation a program to distribute to needy persons in the United States, including needy Indians, through a food stamp system such surplus food commodities. Such program shall provide for the distribution of such surplus food commodities only during the period beginning February 1, 1960, and ending January 31, 1962. The cost of such program, including the cost to the Federal Government of acquiring, storing, and handling such surplus food commodities, shall not exceed \$250,000,000 in any 12-month period beginning February 1 and ending January 31. Cost limitation.

"(b) In carrying out such program, the Secretary shall—

"(1) distribute surplus food made available by the Secretary for distribution under this program only when requested to do so by a State or political subdivision thereof;

"(2) issue, or cause to be issued, pursuant to subsection (c), food stamps redeemable by eligible needy persons for such types and quantities of surplus food as the Secretary shall determine;

"(3) distribute surplus food in commercially packaged form, preferably through normal channels of trade;

"(4) establish standards under which, pursuant to subsection (c), the welfare authorities of any State or political subdivision thereof may participate in the food stamp plan for the distribution of surplus foods to the needy;

"(5) consult the Secretary of Health, Education, and Welfare, and the Secretary of Labor, in establishing standards for eligibility for surplus foods and in the conduct of the program generally to assure achievement of the goals outlined in subsection (a) of this section; and

"(6) make such other rules and regulations as he may deem necessary to carry out the purpose of this section.

"(c) The Secretary shall issue, to each welfare department or equivalent agency of a State or political subdivision requesting the distribution of surplus food under subsection (b) (1), food stamps for each kind of surplus food to be distributed, in amounts based on the total amount of surplus food to be distributed and on the total number of needy persons in the various States and political subdivisions eligible to receive such food. The food stamps shall be issued by each such welfare department or equivalent agency to needy persons receiving welfare assistance, or in need of welfare assistance but ineligible because of State or local law, and shall be redeemable by such needy persons at local distribution points to be determined by the Secretary under subsection (b) (3). Issuance of food stamps.

"(d) Receipt by any person of benefits under this section shall not be deemed to be income or resources under the provisions of the Social Security Act or any other Federal legislation pertaining to the security of the aged, blind, disabled, dependent children, unemployed, or other similar groups. Any State or local subdivision thereof which decreases the cash or other assistance extended to any person or group as a consequence of the assistance made available under this section shall be ineligible for further participation under this section. 49 Stat. 620.  
42 USC 1305.  
73 STAT. 608.  
73 STAT. 609.

"(e) Surplus foods to be distributed under this section shall be limited to surplus foods acquired under the Agricultural Act of 1949 or diverted from the normal channels of trade under Section 32 of Public Law 320, 74th Congress. 63 Stat. 1051.  
7 USC 1421 note.  
7 USC 612c.

"(f) For the purposes of this section, a needy person is anyone receiving welfare assistance (financial or otherwise) from the welfare department or equivalent agency of any State or political subdivision Needy person.



thereof, or who is, in the opinion of such agency or agencies, in need of welfare assistance but is ineligible to receive it because of State or local law.

Report to  
Congress.

"(g) The Secretary of Agriculture, in consultation with the Secretary of Health, Education, and Welfare and the Secretary of Labor, shall make a study of, and shall report to Congress within six months after the date of enactment of this section, on the feasibility of, the costs of, and the problems involved in, extending the scope of the food stamp plan established by this section to include persons receiving unemployment compensation, receiving old-age and survivors insurance (social security) pensions, and other low-income groups not eligible to receive food stamps under this section.

Appropriation.

"(h) There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the purposes of this section."

68 Stat. 458.  
7 USC 1427,  
1431, 1692-  
1694.

SEC. 12. Title III of such Act is further amended by adding at the end thereof a new section as follows:

"SEC. 307. Whenever the Secretary of Agriculture determines under section 106 of this Act that any food commodity is a surplus agricultural commodity, insofar as practicable he shall make such commodity available for distribution to needy families and persons in the United States in such quantities as he determines are reasonably necessary before such commodity is made available for sale for foreign currencies under title I of this Act."

SEC. 13. Title III of such Act is further amended by adding at the end thereof a new section as follows:

Animal fats  
and edible oils.

"SEC. 308. Notwithstanding any other provision of law, the Commodity Credit Corporation is hereby authorized—

"(1) to dispose of its stocks of animal fats and edible oils or products thereof by donation, upon such terms and conditions as the Secretary of Agriculture deems appropriate, to nonprofit voluntary agencies registered with the Department of State, appropriate agencies of the Federal Government or international organizations, for use in the assistance of needy persons outside the United States;

"(2) to purchase for donation as provided above such quantities of animal fats and edible oils and the products thereof as the Secretary determines will tend to maintain the support level for cottonseed and soybeans without requiring the acquisition of such commodities under the price support program.

Commodity Credit Corporation may incur such additional costs with respect to commodities to be donated hereunder as it is authorized to incur with respect to food commodities disposed of under section 416 of the Agricultural Act of 1949, and may pay ocean freight charges from United States ports to designated ports of entry abroad."

63 Stat. 1058.  
7 USC 1431.

73 STAT. 609.  
73 STAT. 610.

SEC. 14. Such Act is further amended by adding thereto the following new title:

#### "TITLE IV—LONG-TERM SUPPLY CONTRACTS

"SEC. 401. The purpose of this title is to utilize surplus agricultural commodities and the products thereof produced in the United States to assist the economic development of friendly nations by providing long-term credit for purchases of surplus agricultural commodities for domestic consumption during periods of economic development so that the resources and manpower of such nations may be utilized more effectively for industrial and other domestic economic development without jeopardizing meanwhile adequate supplies of agricultural commodities for domestic use.

"SEC. 402. In furtherance of this purpose, the President is authorized to enter into agreements with friendly nations under which the United States shall undertake to provide for delivery annually of certain quantities of such surplus agricultural commodities for periods of not to exceed ten years, pursuant to the terms and conditions set out in this title, providing such commodities are in surplus at the time delivery is to be made.

"SEC. 403. Payment for such commodities shall be in dollars with interest at such rate as the Secretary may determine but not more than the cost of the funds to the United States Treasury as determined by the Secretary of the Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States having maturity comparable to the maturities of loans made by the President under this section. Payment may be made in approximately equal annual amounts over periods of not to exceed twenty years from the date of the last delivery of commodities in each calendar year under the agreement and interest shall be computed from the date of such last delivery.

"SEC. 404. In carrying out the provisions of this title, the Secretary of Agriculture shall endeavor to maximize the sale of United States agricultural commodities taking such reasonable precautions as he determines necessary to avoid replacing any sales which the Secretary finds and determines would otherwise be made for cash dollars.

"SEC. 405. In entering into such agreements, the Secretary shall endeavor to reach agreement with other exporting nations of such commodities for their participation in the supply and assistance program herein authorized on a proportionate and equitable basis.

"SEC. 406. In carrying out this title, the provisions of sections 102, 103(a), 106, 107, and 108 of this Act shall be applicable to the extent not inconsistent with this title."

7 USC 1702,  
1703, 1706-  
1708.

## TITLE II—MISCELLANEOUS

SEC. 201. (a) In order to insure the nutritional value of cornmeal, grits, and white flour when such foods are made available for distribution under section 416(3) of the Agricultural Act of 1949 or for distribution to schools under the National School Lunch Act or any other Act, such foods shall be enriched so as to meet the standards for enriched cornmeal, enriched corn grits, or enriched flour, as the case may be, prescribed in regulations promulgated under the Federal Food, Drug, and Cosmetic Act; and in order to protect the nutritional value and sanitary quality of such enriched foods during transportation and storage such foods shall be packaged in sanitary containers. For convenience and ease in handling, the weight of any sanitary container when filled shall not exceed fifty pounds.

7 USC 1431.  
60 Stat. 230.  
42 USC 1751 note.

52 Stat. 1040.  
21 USC 301.

73 STAT. 610.  
73 STAT. 611.

Definition.

(b) The term "sanitary container" means any container of such material and construction as (1) will not permit the infiltration of foreign matter into the contents of such container under ordinary conditions of shipping and handling, and (2) will not, for a period of at least one year, disintegrate so as to contaminate the contents of the container, necessitating the washing of the contents prior to use.

SEC. 202. In lieu of the limitation on annual payment rates for 1960 conservation reserve contracts prescribed in clause (2) of the sixth proviso under the head "Conservation Reserve" in Public Law 86-80, no such annual payment rate shall be established in excess of 20 per centum of the value of the land placed under contract, such value to be determined without regard to physical improvements thereon or geographical location thereof; but in no event shall such annual payment rate be established in excess of the maximum rate which the

Ante, p. 174.



county committee determines would have been established for such land under the 1959 Conservation Reserve Program, except that the county committee in making such determination shall not be required to obtain the landowner's or operator's estimate as to value or his certificate as to production history and productivity.

SEC. 203. Section 347(b) of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out the period at the end thereof and inserting a colon and the following: "*Provided, however,* That the national marketing quota for the 1960 crop of such cotton shall be not less than 90 per centum of the 1959 marketing quota for such cotton."

SEC. 204. Section 206(a) of the Agricultural Act of 1956 is amended by inserting before the period at the end thereof a comma and the following: "or to meet requirements of Government agencies",

Approved September 21, 1959.

66 Stat. 759.  
7 USC 1347.

70 Stat. 200.  
7 USC 1856.

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September 21, 1959

James C. Hagerty, Press Secretary to the President

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THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

I have today approved H. R. 8609, a bill "To extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes."

Since 1954, this "PL 480" program has assisted in expanding our exports to higher levels and has helped to develop the economies of recipient countries. Its extension is desirable and I am gratified that this was accomplished without crippling barter amendments and other changes which would seriously have hampered its continued administration in the best interest of the United States and our friends abroad.

The omission from the bill of the Administration's proposals for further strengthening this Food for Peace program prevents the broader use of surplus commodities for food reserves and economic development which would have been desirable. Of more fundamental concern, however, are two new program authorizations in the enacted bill:

The food stamp plan it authorizes carries the implication that more surplus foods would be made available to the needy people of the United States. Actually the bill would not do this. Needy people received Federal surplus foods last year by direct distribution through State and local facilities. If implemented, this authority would simply replace the existing distribution system with a Federally-financed system, further increasing the already disproportionate Federal share of welfare expenses. The food stamp administrative mechanism would be much more complex, and it is extremely doubtful that it would provide any greater benefit to needy people than the present direct method.

The new authorization for 10-year supply contracts with foreign governments implies that our agricultural surpluses will be with us for many years to come. This implication is unfortunate and I can only urge again that the Congress act on Administration proposals to deal with the surplus problem. Any contracts developed pursuant to this authorization will need to be carefully administered to assure their conformity with efforts to solve this problem as well as with our international agreements.











Calendar No. 518

86TH CONGRESS  
1ST SESSION

S. 1748

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 1 (legislative day, AUGUST 31), 1959

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, viz: At the proper place in the bill insert the following:

1       (    ) Section 202 (authorizing grants of surplus com-  
2 commodities for famine relief) is amended by striking out "The"  
3 at the beginning thereof and inserting "In order to facilitate  
4 the utilization of surplus agricultural commodities in meeting  
5 the requirements of needy peoples, and to promote economic  
6 development in underdeveloped areas in addition to that  
7 which can be accomplished under title I of this Act, and to  
8 assist friendly nations in establishing, expanding, or carry-  
9 ing out programs, including programs undertaken with the



1 assistance of experts and technicians of the United Nations  
 2 Food and Agriculture Organization, and the World Health  
 3 Organization for the relief of chronic hunger and malnutri-  
 4 tion, the", and by striking out "with friendly governments or  
 5 through voluntary agencies" and inserting in lieu thereof "by  
 6 or with friendly governments or voluntary relief agencies".

Calendar No. 518

86TH CONGRESS  
1ST Session

**S. 1748**

## **AMENDMENT**

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

SEPTEMBER 1 (legislative day, August 31), 1959  
Ordered to lie on the table and to be printed

Calendar No. 518

86TH CONGRESS  
1ST SESSION

**S. 1748**

---

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 1 (legislative day, AUGUST 31), 1959

Ordered to lie on the table and to be printed

---

## **AMENDMENTS**

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, viz:

- 1       At the proper place in the bill insert the following:
- 2       “(    ) Section 203 (which imposes limits on expendi-
- 3       tures under title II) is amended by striking out the first
- 4       sentence and inserting in lieu thereof the following: ‘Not
- 5       more than \$300,000,000, including the Corporation’s in-
- 6       vestment in the commodities, shall be expended annually
- 7       for all such transfers and for other costs authorized by this
- 8       title in each of the calendar years beginning January 1,
- 9       1960, and ending December 31, 1962.’, and by inserting
- 10      before the period at the end of the third sentence ‘and



1 charges for general average contributions arising out of the  
 2 ocean transport of commodities transferred pursuant hereto,  
 3 may be paid from such funds'."

4 On page 2, beginning with line 1, strike out all down  
 5 through line 3.

80TH CONGRESS  
 1ST SESSION

S. 1748

Calendar No. 518

## AMENDMENTS

Intended to be proposed by Mr. HUMPHREY to  
 the bill (S. 1748) to extend the Agricultural  
 Trade Development and Assistance Act of  
 1954, and for other purposes.

SEPTEMBER 1 (legislative day, August 31), 1959  
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**S. 1748**

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 1 (legislative day, AUGUST 31), 1959

Ordered to lie on the table and to be printed

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**AMENDMENT**

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, viz:

- 1       At the proper place in the bill insert the following:
- 2       “(t) For financing technicians and other personnel of
- 3 the United Nations Food and Agriculture Organization and
- 4 World Health Organization (including necessary equipment
- 5 and supplies) engaged in (i) consulting and advising on,
- 6 conducting, or administering government programs designed
- 7 to relieve chronic hunger and malnutrition, (ii) consulting
- 8 and advising on programs for the storage, management, and
- 9 operation of national food reserves, or (iii) training local
- 10 technical, administrative, and other personnel needed to carry
- 11 out such programs.”



86TH CONGRESS  
1ST SESSION

S. 1748

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## AMENDMENT

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Intended to be proposed by Mr. HUMPHREY to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

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SEPTEMBER 1 (legislative day, August 31), 1959  
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Calendar No. 518

86TH CONGRESS  
1ST SESSION

**S. 1748**

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 1 (legislative day, AUGUST 31), 1959

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**AMENDMENT**

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, viz:

1       On page 5, line 20, strike out the end quotes, and after  
2 line 20, insert the following:

3       “SEC. 402. (a) There is hereby established a Peace  
4 Food Policy Committee which shall consist of an Assistant  
5 Secretary, or officer of comparable level, of each of the  
6 following departments or agencies: Departments of State,  
7 Treasury, Commerce, Health, Education, and Welfare, and  
8 the International Cooperation Administration, and such  
9 other agencies as the President may determine.

10       “(b) It shall be the duty of the Peace Food Policy



1 Committee to advise and consult with the Administrator  
2 concerning the administration of this Act. The Committee  
3 shall meet from time to time upon request of the Peace  
4 Food Administrator and at such other times as it may deem  
5 necessary.

6 "SEC. 403. (a) There is hereby established a Peace  
7 Food Advisory Committee which shall consist of representa-  
8 tives of the following and such other groups as the President  
9 deems advisable who shall be appointed by the President  
10 for terms of two years:

11 " (1) The major agricultural organizations;

12 " (2) Exporters of food and fiber;

13 " (3) Industrial and business organizations;

14 " (4) Voluntary agencies, religious groups, educa-  
15 tional, medical, and health associations.

16 " (b) It shall be the duty of the Peace Food Advisory  
17 Committee to advise and consult with the Administrator,  
18 and to make such recommendations as it deems advisable,  
19 concerning the administration of this Act. The Committee  
20 shall meet from time to time upon request of the Adminis-  
21 trator and at such other times as it may deem necessary.  
22 In carrying out its duties under this Act, the Committee  
23 shall invite a representative of the United Nations Food  
24 and Agriculture Organization to meet with the Committee  
25 in order that, through him, the views of other exporting

1 countries might be heard and their interests taken into  
2 account.

3 “(c) Members of the Advisory Committee shall be en-  
4 titled, while attending meetings of the Committee, to receive  
5 compensation at the rate of \$50 per diem, and while away  
6 from their homes or regular places of business they may be  
7 allowed travel expenses, including per diem in lieu of sub-  
8 sistence, as authorized by law for persons in the Govern-  
9 ment service employed intermittently.”



86TH CONGRESS  
1ST SESSION

**S. 1748**

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# AMENDMENT

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Intended to be proposed by Mr. HUMPHREY to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

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SEPTEMBER 1 (legislative day, August 31), 1959

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Calendar No. 518

86TH CONGRESS  
1ST SESSION

**S. 1748**

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 1 (legislative day, AUGUST 31), 1959

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## **AMENDMENT**

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, viz: At the proper place in the bill insert the following:

1       (    ) Such Act is further amended by adding at the  
2 end thereof the following new title:

3       “TITLE IV—BINATIONAL FOUNDATIONS

4       “SEC. 401. (a) The President is authorized to negotiate

5 and carry out agreements with friendly nations to provide

6 for the establishment in such countries of nonprofit founda-

7 tions to foster and promote research, education, health, and

8 public welfare.



1       “(b) A foundation established under this title shall be  
2 under the direction of a board of trustees consisting of—

3               “(1) a number, to be determined by the agreement  
4 between the United States and the country in which the  
5 foundation is located, of the nationals of such country  
6 appointed by the Government thereof;

7               “(2) an equal number of nationals of the United  
8 States (one of whom shall be the chief of the United  
9 States diplomatic missions to such country) appointed by  
10 the President; and

11               “(3) one member, who shall be chairman, who  
12 shall be appointed by the government of such country  
13 with the approval of a majority of the members ap-  
14 pointed as provided in clauses (1) and (2).

15 Members of a board of trustees shall serve at the pleasure of  
16 the appointing authority, and vacancies shall be filled in the  
17 same manner as in the case of the original appointments.

18       “SEC. 402. The President is authorized to grant or  
19 loan, in accordance with the provisions of section 104, and  
20 without regard to the provisions of Public Law 213, Eighty-  
21 second Congress, to any foundation established under this  
22 title, for use in carrying out the purposes specified in section  
23 401 (a), local currencies which accrue to the United States  
24 as repayments of principal or payment of interest on loans  
25 heretofore or hereafter made by the United States under

1 section 104 (g). Any such currencies may be used for  
2 direct expenditure, or may be invested and the proceeds  
3 used, for carrying out this title."



86TH CONGRESS  
1ST Session

**S. 1748**

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## **AMENDMENT**

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Intended to be proposed by Mr. HUMPHREY to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

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SEPTEMBER 1 (legislative day, AUGUST 31), 1959  
Ordered to lie on the table and to be printed

Calendar No. 518

86TH CONGRESS  
1ST SESSION

# S. 1748

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## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 1 (legislative day, AUGUST 31), 1959

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## AMENDMENT

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, viz: At the proper place in the bill insert the following:

1       (    ) Section 104 (h) (relating to international educa-  
2   tional exchange activities) is amended by striking out the  
3   semicolon at the end thereof and inserting in lieu thereof a  
4   period and the following: "Such currencies may also be used  
5   in such amounts as may be specified from time to time in  
6   appropriation acts for making grants to United States non-  
7   profit organizations and institutions for carrying out such  
8   exchange of persons projects under this paragraph between  
9   the United States and other countries as may be agreed upon



1 between such organizations and institutions and the Secretary  
 2 of State, but no such grants shall be made to any organiza-  
 3 tion or institution which does not agree to provide the dollar  
 4 funds which the Secretary of State deems necessary to carry  
 5 forward agreed projects to a successful conclusion;”.

Calendar No. 518

86TH CONGRESS  
1ST SESSION

**S. 1748**

## **AMENDMENT**

Intended to be proposed by Mr. HUMPHREY to  
 the bill (S. 1748) to extend the Agricultural  
 Trade Development and Assistance Act of  
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SEPTEMBER 1 (legislative day, AUGUST 31), 1959  
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# S. 1748

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 1 (legislative day, AUGUST 31), 1959

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## AMENDMENTS

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, viz:

1       On page 1, between lines 2 and 3, insert the following:

2   “TITLE I—AMENDMENTS TO THE AGRICUL-  
3       TURAL TRADE DEVELOPMENT AND ASSIST-  
4       ANCE ACT OF 1954”

5       At the end of the bill add the following new titles:

6   “TITLE II—ENRICHMENT AND PACKAGING OF  
7       CERTAIN DONATED COMMODITIES

8   “ENRICHMENT AND SANITARY PACKAGING OF CERTAIN  
9       COMMODITIES

10   “SEC. 201. (a) In order to insure the nutritional value  
11   of cornmeal, grits, white rice, and white flour when such  
12   foods are made available for distribution under section



1 416 (3) of the Agricultural Act of 1949 or for distribution  
2 to schools under the National School Lunch Act or any  
3 other Act, such foods shall be enriched so as to meet the  
4 standards for enriched cornmeal, enriched corn grits, enriched  
5 rice, or enriched flour, as the case may be, prescribed in  
6 regulations promulgated under the Federal Food, Drug, and  
7 Cosmetic Act; and in order to protect the nutritional value  
8 and sanitary quality of such enriched foods during transpor-  
9 tation and storage such foods shall be packaged in sanitary  
10 containers. For convenience and ease in handling, the  
11 weight of any sanitary container when filled shall not exceed  
12 fifty pounds.

13 “(b) The term ‘sanitary container’ means any con-  
14 tainer of such material and construction as (1) will not per-  
15 mit the infiltration of foreign matter into the contents of such  
16 container under ordinary conditions of shipping and handling,  
17 and (2) will not, for a period of at least one year, disinte-  
18 grate so as to contaminate the contents of the container, ne-  
19 cessitating the washing of the contents prior to use.

20 “TITLE III—DEMONSTRATION FOOD STAMP  
21 ALLOTMENT PROGRAMS

22 “DEFINITIONS

23 “SEC. 301. As used in this title—

24 “(a) The term ‘food commodity’ means any food prod-  
25 uct raised or produced in the United States on farms, includ-

1 ing agricultural, horticultural, and dairy products, livestock,  
2 poultry, and honey.

3 “(b) The term ‘State’ includes the District of Columbia,  
4 Puerto Rico, and the Virgin Islands.

5 “(c) The term ‘Secretary’ means the Secretary of Agri-  
6 culture.

7 “(d) The term ‘food stamp’ means a certificate, coupon,  
8 or other similar medium of exchange issued to eligible re-  
9 cipients.

10 “DEMONSTRATION PROGRAMS AUTHORIZED

11 “SEC. 302. (a) The Secretary is authorized and di-  
12 rected, as soon as practicable after the date of enactment of  
13 this Act, to formulate and administer in geographically dis-  
14 persed areas of the United States demonstration food stamp  
15 allotment programs under which food commodities will be  
16 made available to persons with low incomes, unemployed  
17 persons, and such other persons as the Secretary determines  
18 to be in need of the type of assistance made available under  
19 such programs.

20 “(b) Demonstration food stamp allotment programs au-  
21 thorized by subsection (a) shall be administered by the Sec-  
22 retary in not less than three nor more than six different areas  
23 of the United States, and shall, to the extent practicable, be  
24 administered in areas determined by the Secretary of Labor  
25 to be areas of surplus labor. In carrying out the provisions



1 of this section the Secretary shall provide for at least one  
2 such program in a rural area of the United States.

3 "TYPES OF DEMONSTRATION PROGRAMS

4 "SEC. 303. (a) The Secretary shall, with respect to the  
5 demonstration food stamp allotment program to be admin-  
6 istered in any area, determine the type of program it is to  
7 be, the requirements of eligibility for participation therein,  
8 and the manner in which it is to be administered.

9 "(b) In formulating and administering any demonstra-  
10 tion food stamp allotment program pursuant to the pro-  
11 visions of this title the Secretary is authorized to consult and  
12 cooperate with appropriate State and local authorities as  
13 well as representatives of any private industry concerned  
14 with the operation of such program.

15 "(c) The Secretary is authorized and directed in carry-  
16 ing out the provisions of this title to utilize such stocks of  
17 the Commodity Credit Corporation (determined by the Sec-  
18 retary to be in surplus supply) as he shall deem fit.

19 "RULES AND REGULATIONS

20 "SEC. 304. The Secretary is authorized to promulgate  
21 such rules and regulations as he deems necessary to effectuate  
22 the provisions of this title.

1 "TERMINATION OF PROGRAMS—REPORT TO CONGRESS

2 "SEC. 305. (a) The demonstration food stamp allotment  
3 programs authorized by this title shall terminate prior to  
4 January 1, 1962.

5 "(b) The Secretary shall, as soon as practicable after  
6 the termination of such programs, submit to the Congress  
7 a final report on the operation of such programs, including  
8 such recommendation as he deems appropriate. The Secre-  
9 tary may also from time to time make such earlier reports  
10 to the Congress as he deems appropriate.

11 "APPROPRIATIONS

12 "SEC. 306. There is hereby authorized to be appropriated  
13 \$20,000,000 for carrying out the demonstration food stamp  
14 allotment programs.

15 "MAINTENANCE OF OTHER ASSISTANCE

16 "SEC. 307. Receipt by any person of benefits under this  
17 title shall not be deemed to be income or resources under  
18 the provisions of the Social Security Act or any other Federal  
19 legislation pertaining to the security of the aged, blind, dis-  
20 abled, dependent children, unemployed, or other similar  
21 groups. Any State or local subdivision thereof which de-  
22 creases the cash or other assistance extended to any person or



- 1 group as a consequence of the assistance made available under
- 2 this title shall be ineligible for further participation under this
- 3 title.





86TH CONGRESS  
1ST Session

S. 1748

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# AMENDMENTS

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SEPTEMBER 1 (legislative day, AUGUST 31), 1959  
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# S. 1748

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## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 1 (legislative day, AUGUST 31), 1959

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## AMENDMENT

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, viz: At the proper place in the bill insert the following:

1       (    ) Section 107 (which defines "friendly nation") is  
2 amended by inserting before the period at the end thereof a  
3 colon and the following: "*Provided*, That such term shall  
4 not exclude any nation referred to in clause (2) if the Presi-  
5 dent determines that the making and carrying out of agree-  
6 ments with such nation under this Act will be in the interest  
7 of attaining the foreign policy objectives of the United  
8 States".



86TH CONGRESS  
1ST SESSION

**S. 1748**

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# AMENDMENT

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**AMENDMENT**

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, viz:

- 1       At the proper place in the bill insert the following:
- 2       “(t) For financing local currency cost components of
- 3       projects undertaken by the United Nations Special Fund for
- 4       which such Fund pays foreign exchange costs.”



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## **AMENDMENT**

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Intended to be proposed by Mr. HUMPHREY to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

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Calendar No. 518

86TH CONGRESS  
1ST SESSION

S. 1748

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IN THE SENATE OF THE UNITED STATES

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- 1       At the proper place in the bill insert the following:
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- 3 projects undertaken by the United Nations Special Fund for
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86TH CONGRESS  
1ST SESSION

Calendar No. 518

**S. 1748**

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## **AMENDMENT**

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, viz: At the proper place in the bill insert the following:

1       (    ) Section 304 (b) (which prohibits certain trans-  
2 actions with the Union of Soviet Socialist Republics and  
3 areas dominated or controlled by the Communist regime in  
4 China) is amended by striking out "title I or title III" and  
5 inserting in lieu thereof "title I, title III, or title IV".



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## AMENDMENT

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Calendar No. 518

86TH CONGRESS  
1ST SESSION

# S. 1748

---

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SEPTEMBER 1 (legislative day, AUGUST 31), 1959

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## AMENDMENT

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, viz: At the proper place in the bill, insert the following:

1 ( ) Section 104 (b) (relating to strategic materials)

2 is amended to read as follows:

3 “(b) To purchase or contract to purchase strategic or  
4 other materials for a supplemental United States stockpile  
5 of such materials as the President may determine from  
6 time to time. Such strategic or other materials acquired  
7 under this subsection shall be placed in the above-named  
8 supplemental stockpile and shall be released therefrom only  
9 under the provisions of section 3 of the Strategic and Critical  
10 Materials Stock Piling Act;”.



86TH CONGRESS  
1ST SESSION

**S. 1748**

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86TH CONGRESS  
1ST SESSION

Calendar No. 518

# S. 1748

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 1 (legislative day, AUGUST 31), 1959

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## AMENDMENT

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, viz:

1       On page 5, line 20, strike out the end quotes, and after  
2 line 20, insert the following:

3       “SEC. 402. (a) There is hereby established a Peace  
4 Food Policy Committee which shall consist of an Assistant  
5 Secretary, or officer of comparable level, of each of the fol-  
6 lowing departments or agencies: Departments of State,  
7 Treasury, Commerce, Health, Education, and Welfare, and  
8 the International Cooperation Administration, and such other  
9 agencies as the President may determine.

10       “(b) It shall be the duty of the Peace Food Policy



1 Committee to advise and consult with the Peace Food Ad-  
 2 ministrator concerning the administration of this Act. The  
 3 Committee shall meet from time to time upon request of the  
 4 Peace Food Administrator and at such other times as it may  
 5 deem necessary."

Calendar No. 518

86TH CONGRESS  
1ST SESSION

**S. 1748**

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SEPTEMBER 1 (legislative day, August 31), 1959  
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Calendar No. 518

86<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

S. 1748

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IN THE SENATE OF THE UNITED STATES

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## AMENDMENT

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, viz: At the proper place in the bill insert the following:

1       (    ) Section 2 (which consists of a statement of policy)  
2 is amended to read as follows:

3               “CONGRESSIONAL FINDINGS AND POLICY

4       “SEC. 2. (a) In view of the abundant agricultural pro-  
5 duction of the American farmer made possible by the ad-  
6 vances of science and technology, and the continued hunger  
7 and want of clothing in many areas of the world, the Con-  
8 gress declares it to be the policy of the United States, in  
9 cooperation with other friendly nations, to put its abundance  
10 of food and fiber consistent with the availability of supplies



1 as effectively and rapidly as possible in the service of human  
2 need.

3 “(b) The Congress further declares it to be the policy  
4 of the United States to utilize our growing stocks of agri-  
5 cultural goods to aid in all possible ways those people who  
6 are in revolt against poverty, illiteracy, and disease, and  
7 who are determined to achieve that economic and social  
8 development necessary to national dignity and individual  
9 well-being.

10 “(c) To achieve the aforementioned purposes, and to pro-  
11 mote the foreign policy of the United States by the maximum  
12 efficient use of United States agricultural commodities, the  
13 Congress directs that this Act be administered in a manner:  
14 to enlist the cooperation of other agricultural surplus coun-  
15 tries; to expand international trade between the United States  
16 and friendly nations, particularly in agricultural commodities,  
17 by providing a means whereby surplus agricultural com-  
18 modities in excess of the usual marketings of such commodi-  
19 ties may be sold through private trade channels; to facilitate  
20 the convertibility of currency; to promote the economic  
21 stability of American agriculture and the national welfare;  
22 and to support the efforts and programs of the United  
23 Nations and its specialized agencies and affiliated organiza-  
24 tions. It is further directed that the foreign currencies  
25 which accrue to the United States under this Act be used

1 to expand international trade, to encourage international  
2 economic development, to purchase strategic materials, to  
3 pay United States obligations abroad, to promote collective  
4 strength, to facilitate mutual understanding through the ex-  
5 change of persons, to stimulate educational development,  
6 and to foster in other ways the foreign policy of the United  
7 States.”



86TH CONGRESS  
1ST SESSION

# S. 1748

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SEPTEMBER 1 (legislative day, August 31), 1959  
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Calendar No. 518

86TH CONGRESS  
1ST SESSION

S. 1748

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IN THE SENATE OF THE UNITED STATES

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## AMENDMENT

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, viz: At the proper place in the bill, insert the following:

1       (3) Section 101 (which relates to the negotiation of  
2 agreements) is amended by striking out "and" at the end  
3 of paragraph (d), by changing the period at the end of  
4 paragraph (e) to a semicolon, and by adding at the end of  
5 such section the following new paragraphs:

6           “(f) seek, insofar as practicable, to enter into such  
7 agreement for periods in excess of one year where sup-  
8 plies permit; and

9           “(g) give maximum attention to utilizing the  
10 authority and funds provided by this Act to further the



86TH CONGRESS  
1ST SESSION

# S. 1748

## AMENDMENT

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

SEPTEMBER 1 (legislative day, August 31), 1959  
Ordered to lie on the table and to be printed

1 economic and social development plans of under-  
2 developed countries.”

86TH CONGRESS  
1ST SESSION

Calendar No. 518

# S. 1748

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## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 1 (legislative day, AUGUST 31), 1959

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. HUMPHREY to the amendments reported by Mr. HUMPHREY, from the Committee on Agriculture and Forestry, to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, viz:

1       On page 5, strike out lines 12 through 20, and insert in  
2       lieu thereof the following:

3               “TITLE IV—ADMINISTRATION

4               “SEC. 401. (a) There is hereby established in the De-  
5       partment of Agriculture the office of Peace Food Admin-  
6       istrator. The Peace Food Administrator shall be appointed  
7       by the President by and with the advice and consent of  
8       the Senate, and shall receive compensation at the rate pro-  
9       vided by law for assistant secretaries. The Peace Food



1 Administrator shall perform his functions as assigned by the  
2 President in accordance with the provisions of this Act under  
3 the general supervision and direction of the Secretary of  
4 Agriculture.

5     “(b) (1) The President may carry out the functions  
6 conferred upon him by this Act and section 402 of the  
7 Mutual Security Act of 1954, as amended, either directly or  
8 through the Peace Food Administrator.

9     “(2) The President is authorized to transfer to the  
10 Department of Agriculture the functions of any other agency  
11 which he determines are related to the functions of, and can  
12 be more effectively or economically carried out by, the Peace  
13 Food Administrator, together with any personnel or property  
14 used primarily in carrying out such functions.

15     “(c) The Secretary of Agriculture is authorized to  
16 make such expenditures and appoint and fix the compensa-  
17 tion of such personnel as may be necessary to enable the  
18 Peace Food Administrator to carry out his functions.

19     “SEC. 402. (a) There is hereby established a Peace  
20 Food Policy Committee which shall consist of an Assistant  
21 Secretary, or officer of comparable level, of each of the fol-  
22 lowing departments or agencies: Departments of State,  
23 Treasury, Commerce, Health, Education, and Welfare, and  
24 the International Cooperation Administration, and such  
25 other agencies as the President may determine.

1       “(b) It shall be the duty of the Peace Food Policy  
2 Committee to advise and consult with the Peace Food  
3 Administrator concerning the administration of the Act.  
4 The Committee shall meet from time to time upon request  
5 of the Peace Food Administrator and at such other times as  
6 it may deem necessary.

7       “SEC. 403. (a) There is hereby established a Peace  
8 Food Advisory Committee which shall consist of representa-  
9 tives of the following and such other groups as the President  
10 deems advisable who shall be appointed by the President  
11 for terms of two years:

12           “(1) The major agricultural organizations;

13           “(2) Exporters of food and fiber;

14           “(3) Industrial and business organizations;

15           “(4) Voluntary agencies, religious groups, educa-  
16 tional, medical, and health associations.

17       “(b) It shall be the duty of the Peace Food Advisory  
18 Committee to advise and consult with the Peace Food Ad-  
19 ministrator, and to make such recommendations as it deems  
20 advisable, concerning the administration of this Act. The  
21 Committee shall meet from time to time upon request of the  
22 Peace Food Administrator and at such other times as it may  
23 deem necessary. In carrying out its duties under this Act,  
24 the Committee shall invite a representative of the United  
25 Nations Food and Agriculture Organization to meet with the



1 Committee in order that, through him, the views of other  
2 exporting countries might be heard and their interests taken  
3 into account.

4 “(c) Members of the Advisory Committee shall be  
5 entitled, while attending meetings of the Committee, to  
6 receive compensation at the rate of \$50 per diem, and while  
7 away from their homes or regular places of business they  
8 may be allowed travel expenses, including per diem in lieu  
9 of subsistence, as authorized by law for persons in the Gov-  
10 ernment service employed intermittently.”











86TH CONGRESS  
1ST SESSION

S. 1748

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# AMENDMENT

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Intended to be proposed by Mr. HUMPHREY to the amendments reported by Mr. HUMPHREY, from the Committee on Agriculture and Forestry, to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

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SEPTEMBER 1 (legislative day, AUGUST 31), 1959  
Ordered to lie on the table and to be printed

# S. 1748

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## IN THE SENATE OF THE UNITED STATES

AUGUST 28 (legislative day, AUGUST 26), 1959

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. COOPER to the bill (S. 1748)  
to extend the Agricultural Trade Development and Assist-  
ance Act of 1954, and for other purposes, viz:

1 On page 2, after line 3, insert the following:

2 (4) Title III of such Act is amended by adding at the  
3 end thereof a new section as follows:

4 "SEC. 306. Whenever surplus agricultural food com-  
5 modities are made available for sale for foreign currencies  
6 under title I of this Act, or for transfer on a grant basis under  
7 title II of this Act, the Secretary of Agriculture shall also  
8 make such commodities available for distribution under the  
9 provisions of section 32 of the Act of August 24, 1935 (7  
10 U.S.C. 612c), or section 416 of the Agricultural Act of  
11 1949 (7 U.S.C. 1431), or related provisions of law, to  
12 needy families and persons in the United States."



## AMENDMENT

Intended to be proposed by Mr. Cooper to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

August 28 (legislative day, August 26), 1959  
Ordered to lie on the table and to be printed

# S. 1748

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## IN THE SENATE OF THE UNITED STATES

AUGUST 28 (legislative day, AUGUST 26), 1959

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. COOPER to the bill (S. 1748)  
to extend the Agricultural Trade Development and Assist-  
ance Act of 1954, and for other purposes, viz:

- 1 On page 2, after line 3, insert the following:
- 2 (4) Title III of such Act is amended by adding at the
- 3 end thereof a new section as follows:
- 4 "SEC. 306. No surplus agricultural food commodities
- 5 shall be available for sale for foreign currencies under title
- 6 I of this Act, or for transfer on a grant basis under title II
- 7 of this Act, unless the Secretary of Agriculture shall have
- 8 first made such commodities available for distribution, under
- 9 the provisions of section 32 of the Act of August 24, 1935
- 10 (7 U.S.C. 612c), or section 416 of the Agricultural Act of
- 11 1949 (7 U.S.C. 1431), or related provisions of law, to needy
- 12 families and persons in the United States."



86TH CONGRESS  
1ST SESSION

**S. 1748**

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## **AMENDMENT**

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Intended to be proposed by Mr. Cooper to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

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August 28 (legislative day, August 26), 1959  
Ordered to lie on the table and to be printed

# S. 1748

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## IN THE SENATE OF THE UNITED STATES

AUGUST 28 (legislative day, AUGUST 26), 1959

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. BRIDGES (for himself, Mr. BUTLER, Mr. KUCHEL, Mr. FREAR, and Mr. BEALL) to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, viz: At the end of the bill add a new section as follows:

1 SEC. II. The Agricultural Trade Development and As-  
2 sistance Act of 1954 is further amended by adding at the  
3 end of title III a new section as follows:

4 "SEC. 306. Shipments of surplus agricultural commodi-  
5 ties destined to foreign countries, exported under titles I, II,  
6 or III of this Act, shall be delivered directly to the export  
7 vessel at a United States port. For the purpose of this sec-  
8 tion 'export vessel' shall mean the ocean vessel transport-  
9 ing the surplus agricultural commodities from the United  
10 States port of loading to foreign port of discharge."



Calendar No. 518

86TH CONGRESS  
1ST SESSION

**S. 1748**

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## AMENDMENT

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Intended to be proposed by Mr. BRIDGES (for himself, Mr. BUTLER, Mr. KUCHEL, Mr. FREAR, and Mr. BEALL) to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

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AUGUST 28 (legislative day, AUGUST 26), 1959

Ordered to lie on the table and to be printed

Calendar No. 518

86TH CONGRESS  
1ST SESSION

# S. 1748

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IN THE SENATE OF THE UNITED STATES

AUGUST 21, 1959

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. BUTLER to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, viz: On page 2, after line 3, insert the following:

1       (4) Title III of such Act is amended by adding at the  
2 end thereof a new section as follows:

3       “SEC. 306. Any shipment of surplus agricultural com-  
4 modities to be exported to a foreign country under this Act  
5 shall be delivered to the ocean vessel on which such com-  
6 modities are to be transported to the foreign port of dis-  
7 charge only at a United States port.”



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## AMENDMENT

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Intended to be proposed by Mr. BUTLER to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

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AUGUST 21, 1959

Ordered to lie on the table and to be printed

# S. 1748

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IN THE SENATE OF THE UNITED STATES

AUGUST 20, 1959

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, viz: At the end of the bill add the following new section:

1        SEC. 2. The Agricultural Trade Development and As-  
2        sistance Act of 1954 is amended by inserting immediately  
3        after section 104 thereof the following new section;  
4        "SEC. 104A. There is hereby authorized to be appro-  
5        priated for the fiscal year beginning July 1, 1959, and for  
6        each succeeding fiscal year, from the foreign currencies  
7        which accrue under this title, not to exceed the equivalent of  
8        \$5,000,000 for financing the translation, production, and  
9        distribution of educational motion pictures and filmstrips  
10        abroad."



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**AMENDMENT**

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Intended to be proposed by Mr. HUMPHREY to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

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AUGUST 20, 1959

(Ordered to lie on the table and to be printed)

Calendar No. 518

86TH CONGRESS  
1ST SESSION

# S. 1748

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## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 1 (legislative day, AUGUST 31), 1959

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, viz: At the proper place in the bill insert the following:

1       (    ) Section 2 (which consists of a statement of policy)  
2 is amended to read as follows:

3               “CONGRESSIONAL FINDINGS AND POLICY

4       “SEC. 2. (a) In view of the abundant agricultural pro-  
5 duction of the American farmer made possible by the ad-  
6 vances of science and technology, and the continued hunger  
7 and want of clothing in many areas of the world, the Con-  
8 gress declares it to be the policy of the United States, in  
9 cooperation with other friendly nations, to put its abundance  
10 of food and fiber consistent with the availability of supplies



1 as effectively and rapidly as possible in the service of human  
2 need.

3 “(b) The Congress further declares it to be the policy  
4 of the United States to utilize our growing stocks of agri-  
5 cultural goods to aid in all possible ways those people who  
6 are in revolt against poverty, illiteracy, and disease, and  
7 who are determined to achieve that economic and social  
8 development necessary to national dignity and individual  
9 well-being.

10 “(c) To achieve the aforementioned purposes, and to pro-  
11 mote the foreign policy of the United States by the maximum  
12 efficient use of United States agricultural commodities, the  
13 Congress directs that this Act be administered in a manner:  
14 to enlist the cooperation of other agricultural surplus coun-  
15 tries; to expand international trade between the United States  
16 and friendly nations, particularly in agricultural commodities,  
17 by providing a means whereby surplus agricultural com-  
18 modities in excess of the usual marketings of such commodi-  
19 ties may be sold through private trade channels; to facilitate  
20 the convertibility of currency; to promote the economic  
21 stability of American agriculture and the national welfare;  
22 and to support the efforts and programs of the United  
23 Nations and its specialized agencies and affiliated organiza-  
24 tions. It is further directed that the foreign currencies  
25 which accrue to the United States under this Act be used

1 to expand international trade, to encourage international  
2 economic development, to purchase strategic materials, to  
3 pay United States obligations abroad, to promote collective  
4 strength, to facilitate mutual understanding through the ex-  
5 change of persons, to stimulate educational development,  
6 and to foster in other ways the foreign policy of the United  
7 States.”



86TH CONGRESS  
1ST SESSION

# S. 1748

## AMENDMENT

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

SEPTEMBER 1 (legislative day, August 31), 1959  
Ordered to lie on the table and to be printed

Calendar No. 518

86TH CONGRESS  
1ST SESSION

**S. 1748**

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 1 (legislative day, AUGUST 31), 1959

Ordered to lie on the table and to be printed

---

## **AMENDMENT**

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, viz: At the proper place in the bill insert the following:

1       (    ) Title III is further amended by adding at the end  
2 thereof a new section as follows:

3       “SEC. 306. Notwithstanding any other provision of law,  
4 the Commodity Credit Corporation is hereby directed—

5       “(1) to dispose of its stocks of animal fats and  
6 edible oils or products thereof by donation, upon such  
7 terms and conditions as the Secretary of Agriculture  
8 deems appropriate, to nonprofit voluntary agencies  
9 registered with the Department of State, appropriate



1 agencies of the Federal Government or international  
2 organizations, for use in the assistance of needy persons  
3 outside the United States;

4 “(2) to purchase for donation as provided above  
5 such quantities of animal fats and edible oils and the  
6 products thereof as the Secretary determines will main-  
7 tain the support level for cottonseed and soybeans with-  
8 out requiring the acquisition of such commodities under  
9 the price support program.

10 Commodity Credit Corporation may incur such additional  
11 costs with respect to commodities to be donated hereunder as  
12 it is authorized to incur with respect to food commodities dis-  
13 posed of under section 416 of the Agricultural Act of 1949,  
14 and may pay ocean freight charges from United States ports  
15 to designated ports of entry abroad.”





86TH CONGRESS  
1ST SESSION

S. 1748

## AMENDMENT

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes.

SEPTEMBER 1 (legislative day, AUGUST 31), 1959  
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